

**HELLAS TELECOMMUNICATIONS II, SCA**  
**Consolidated Financial Statements**  
**31 December 2007**



## HELLAS TELECOMMUNICATIONS II, SCA

### INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

	<b>Page</b>
Report of Independent Auditors .....	2
Consolidated Balance Sheet .....	3 - 4
Consolidated Income Statement .....	5
Consolidated Statement of Changes in Equity .....	6 - 7
Consolidated Cash Flow Statement.....	8
Notes to the consolidated financial statements.....	9 - 66
1. Reporting entity and basis of preparation.....	9
2. Significant accounting policies.....	11
3. Acquisitions.....	23
4. Revenue .....	27
5. Cost of sales.....	27
6. Selling, general and administrative expenses .....	27
7. Financial income / (expenses) .....	28
8. Depreciation .....	28
9. Payroll costs.....	29
10. Income taxes.....	29
11. Property, plant and equipment.....	33
12. Intangible assets.....	35
13. Impairment testing of goodwill and intangibles with indefinite lives .....	37
14. Inventories .....	39
15. Trade and other receivable .....	39
16. Cash and cash equivalents .....	40
17. Equity .....	40
18. Debt .....	42
19. Other long-term liabilities due to related companies (PECs) .....	45
20. Employee benefits provision .....	45
21. Other long term liabilities.....	47
22. Provisions .....	48
23. Trade and other payables.....	50
24. Derivative financial instruments.....	50
25. Related party disclosures .....	51
26. Commitments and contingencies.....	54
27. Management equity participation plans.....	57
28. Financial risk management and financial instruments.....	58

## **Independent Auditors' Report**

To the Shareholders of

Hellas Telecommunications II SCA

We have audited the accompanying consolidated financial statements of Hellas Telecommunications II SCA and its subsidiaries ("the Company"), which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The comparative figures presented are based on consolidated financial statements of the Company as at and for the year ended 31 December 2006, which were audited by another auditor, whose report dated 28 February 2007 expressed an unqualified opinion on those statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

/s/ KPMG Certified Auditors A.E.

28 February 2008

Athens, Greece

**HELLAS TELECOMMUNICATIONS II, SCA**  
**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2007**

[In thousands of Euro]

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment.....	11	626,092	549,628
Goodwill.....	12, 13	962,332	772,156
Intangible assets .....	12	738,241	815,823
Other receivables.....		4,522	3,689
<b>Total non current assets.....</b>		<b><u>2,331,187</u></b>	<b><u>2,141,296</u></b>
<b>Current assets</b>			
Inventories.....	14	12,838	13,556
Trade and other receivables.....	15	318,726	279,084
Derivative financial instruments.....	24	62,002	40,182
Amounts due from related companies .....	25	15,050	54
Cash and cash equivalents.....	16	110,071	44,412
<b>Total current assets.....</b>		<b><u>518,687</u></b>	<b><u>377,288</u></b>
<b>Total assets.....</b>		<b><u>2,849,874</u></b>	<b><u>2,518,584</u></b>

The notes on pages 9 to 67 are an integral part of these consolidated financial statements.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2007**

[In thousands of Euro]

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
<b>Equity</b>			
Share Capital .....	17	1,577	1,577
Convertible Preferred Equity Certificates (CPECs).....	17	6,487	6,487
Other Reserves .....		26,259	27,929
Accumulated deficit .....		(1,115,322)	(1,044,084)
<b>Total Equity</b> .....		<b><u>(1,080,999)</u></b>	<b><u>(1,008,091)</u></b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Long term debt, net of current maturities .....	18	2,914,503	2,681,504
Deferred income taxes .....	10	161,107	156,894
Employee benefit provisions .....	20	5,670	4,362
Other long-term liabilities due to related companies (PECs) .....	19	215,793	191,683
Capital lease obligations, less current portion .....	18,26	-	4,736
Other long-term liabilities .....	21	19,428	13,230
Provisions .....	22	11,592	22,141
<b>Total non current liabilities</b> .....		<b><u>3,328,093</u></b>	<b><u>3,074,550</u></b>
<b>Current liabilities</b>			
Trade and other payables .....	23	470,898	411,041
Income taxes payable .....		59,134	24,909
Amounts due to related companies .....	25	34,886	416
Derivative financial instruments .....	24	22,345	5,853
Capital lease obligations, current portion .....	18,26	-	683
Current maturities of long term debt.....	18	3,312	-
Taxes other than income .....		10,560	8,608
Provisions .....	22	1,645	615
<b>Total current liabilities</b> .....		<b><u>602,780</u></b>	<b><u>452,125</u></b>
<b>Total liabilities</b> .....		<b><u>3,930,873</u></b>	<b><u>3,526,675</u></b>
<b>Total Equity and liabilities</b> .....		<b><u>2,849,874</u></b>	<b><u>2,518,584</u></b>

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**HELLAS TELECOMMUNICATIONS II, SCA**  
**CONSOLIDATED INCOME STATEMENT**  
**For the year ended 31 December 2007**

**[In thousands of Euro]**

		<u>2007</u>	<u>2006</u>
	<u>Notes</u>		
Revenue.....	4	1,216,011	1,100,029
Cost of sales .....	5	(529,169)	(485,659)
<b>Gross profit.....</b>		<b><u>686,842</u></b>	<b><u>614,370</u></b>
Selling, general and administrative expenses.....	6	(470,463)	(467,539)
<b>Operating income .....</b>		<b><u>216,379</u></b>	<b><u>146,831</u></b>
Financial income .....	7	43,000	16,694
Financial expense .....	7	(302,473)	(192,857)
<b>Net financial income/(expenses) .....</b>	7	<b><u>(259,473)</u></b>	<b><u>(176,163)</u></b>
<b>Loss before taxes .....</b>		<b><u>(43,094)</u></b>	<b><u>(29,332)</u></b>
Income tax expense .....	10	(28,144)	(26,164)
<b>Loss for the year .....</b>		<b><u>(71,238)</u></b>	<b><u>(55,496)</u></b>

The notes on pages 9 to 67 are an integral part of these consolidated financial statements.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2007**

[In thousands of Euro]

	Other Reserves					Total
	Share Capital	CPECs	Contribution from shareholders	Cash Flow Hedge Reserve	Accumulated Deficit	
<b>Balance, 31 December 2006</b>	<b>1,577</b>	<b>6,487</b>	<b>7,349</b>	<b>20,580</b>	<b>(1,044,084)</b>	<b>(1,008,091)</b>
- Loss for the year	-	-	-	-	(71,238)	(71,238)
- Release to income statement, net of tax	-	-	-	(3,892)	-	(3,892)
-Management equity plans value (note 27)	-	-	2,222	-	-	2,222
<b>Balance, 31 December 2007</b>	<b>1,577</b>	<b>6,487</b>	<b>9,571</b>	<b>16,688</b>	<b>(1,115,322)</b>	<b>(1,080,999)</b>

The notes on pages 9 to 67 are an integral part of these consolidated financial statements.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2007**

[In thousands of Euro]

	<b>Other Reserves</b>					
	<b>Share Capital</b>	<b>CPECs</b>	<b>Contribution from shareholders</b>	<b>Cash Flow Hedge Reserve</b>	<b>Accumulated Deficit</b>	<b>Total</b>
<b>Balance, 31 December 2005</b>	<b>1,000</b>	<b>49,000</b>	-	<b>5,337</b>	<b>(37,250)</b>	<b>18,087</b>
- Proceeds from issuance of shares (note 17)	577	-	-	-	-	577
- Proceeds from issuance of CPECs (note 17)	-	28,268	-	-	-	28,268
- Redemption of CPECs (note 17)	-	(70,781)	-	-	(951,338)	(1,022,119)
- Loss for the year	-	-	-	-	(55,496)	(55,496)
- Gains on swap valuation up to August 2006, net of tax (note 24)	-	-	-	16,505	-	16,505
- Release to income statement, net of tax	-	-	-	(1,262)	-	(1,262)
-Management equity plans value (note 27)	-	-	7,349	-	-	7,349
<b>Balance, 31 December 2006</b>	<b>1,577</b>	<b>6,487</b>	<b>7,349</b>	<b>20,580</b>	<b>(1,044,084)</b>	<b>(1,008,091)</b>

The notes on pages 9 to 67 are an integral part of these consolidated financial statements.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 December 2007**

[In thousands of Euro]

	Notes	2007	2006
<b>Cash Flows from Operating Activities:</b>			
<b>Loss before taxes</b> .....		<b>(43,094)</b>	<b>(29,332)</b>
Depreciation and amortization .....	8	212,740	197,786
Loss on disposal of fixed assets.....		321	633
Financial income .....	7	(43,000)	(16,694)
Financial expense.....	7	302,473	192,857
Provisions and other non cash items.....		1,820	16,615
<b>Changes in operating assets and liabilities:</b>			
Inventories.....		1,301	(5,391)
Trade and other receivables.....		(1,356)	(55,097)
Amounts due from related companies .....		(2,640)	41,014
Trade and other payables and other current liabilities .....		(7,580)	73,485
Amounts due to related companies (current liabilities) .....		3,354	(1,145)
Other non-current assets .....		(685)	(436)
Other non-current liabilities .....		4,946	6,867
<b>Cash generated from Operations</b> .....		<b>428,600</b>	<b>421,162</b>
Interest paid.....	7	(218,860)	(139,521)
Income tax paid.....		(2,809)	(10,169)
<b>Net Cash provided by Operating Activities</b> .....		<b>206,931</b>	<b>271,472</b>
<b>Cash Flows from Investing Activities:</b>			
Acquisition of subsidiary (net of cash acquired) .....	3	(135,967)	(324,855)
Proceeds from sale of fixed assets.....		190	622
Capital expenditures.....		(164,020)	(149,234)
Interest received .....	7	10,215	2,532
<b>Net Cash used in Investing Activities</b> .....		<b>(289,582)</b>	<b>(470,935)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from issue of share capital and CPECs.....	17	-	28,845
Redemption of CPECs .....	17	-	(1,022,119)
Proceeds from long-term debt (net of issuance costs) .....	17	229,323	1,418,756
Repayment of long-term debt.....	18	(81,013)	(25,000)
Net Proceeds from PECs (net of issuance costs) .....	19	-	288,367
Repayment of PECs .....	19	-	(500,000)
<b>Net Cash provided by Financing Activities</b> .....		<b>148,310</b>	<b>188,849</b>
<b>Net increase in cash and cash equivalents</b> .....		<b>65,659</b>	<b>(10,614)</b>
<b>Cash and cash equivalents at beginning of year</b> .....		<b>44,412</b>	<b>55,026</b>
<b>Cash and cash equivalents at end of year</b> .....	16	<b>110,071</b>	<b>44,412</b>

The notes on pages 9 to 67 are an integral part of these consolidated financial statements.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**1. REPORTING ENTITY AND BASIS OF PRESENTATION:**

Hellas Telecommunications II SCA (“Hellas II”) was incorporated for an unlimited period of time under the laws of Luxembourg on 6 March, 2003 as a “*société à responsabilité limitée*”. Hellas II is a wholly owned subsidiary of Hellas Telecommunications I S.ár.l (“Hellas I”). The ultimate parent of Hellas II is Hellas Telecommunications S.ár.l (“Hellas”). Hellas II has its registered office at L – 1717 Luxembourg, 8 – 10, rue Mathias Hardt and its main purpose is the acquisition, transfer, sale and maintenance of its investments in Luxembourg and foreign countries, by purchase, subscription or in any other manner. Hellas II may also borrow, in any form, and proceed with the issuance of bonds, without a public offer, which may be convertible and to the issuance of debentures. It may also carry out any commercial, industrial, or financial activities which it may deem useful in accomplishment of its purpose. Hellas II is a corporate taxpayer subject to common tax law and does not fall in the scope of the holding company Luxembourg law of 31 July, 1929.

As at 31 December 2007, the significant investments held by Hellas II relate to the two operating subsidiaries WIND Hellas Telecommunications S.A. (“WIND Hellas”), into which Q Telecommunications S.A. was merged as at 1 June 2007, and Tellas Telecommunications S.A. (“Tellas”). These two subsidiaries provide mobile, fixed telecommunication and internet access services in the Hellenic Republic (“Greece”).

The consolidated financial statements of Hellas II as at 31 December 2007 comprise of Hellas II and its subsidiaries (together referred to as the “Company” and individually as “Company entities”) and are detailed below.

<b>Name</b>	<b>Country of Incorporation</b>	<b>Ownership by Hellas II</b>
Hellas Telecommunications (Luxembourg) III (“Hellas III”) .....	Luxembourg	100.00%
Hellas Telecommunications IV (“Hellas IV”) .....	Luxembourg	100.00%
Hellas Telecommunications (Luxembourg) V (“Hellas V”).....	Luxembourg	100.00%
Hellas Telecommunications (Luxembourg) (“Hellas VI”) .....	Luxembourg	100.00%
Hellas Telecommunications VII (“Hellas VII”).....	Luxembourg	100.00%
WIND Hellas Telecommunications S.A (previously named TIM Hellas Telecommunications S.A.) (“WIND Hellas”).....	Greece	100.00%
Q Telecommunications S.A. (merged into WIND Hellas as of 1 June 2007 and previously named Helen GAC Telecommunications S.A.) (“Q Telecom”).....	Greece	100.00%
WIND PPC Holding N.V. ....	Netherlands	50.00% plus 1 share
Tellas Telecommunications S.A. (“Tellas”).....	Greece	50.00% plus 1 share

**Basis of preparation:** The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (E.U.). The consolidated financial statements for the year ended 31 December 2007 were approved by the Board of Directors on 28 February 2008. The consolidated financial statements have been prepared under the historical cost convention, as modified by the measurement at fair value of derivative financial instruments. These consolidated financial statements are presented in Euro, which is the Company’s functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

*Significant accounting judgments, estimates and assumptions:* The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may be different from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Those judgments and estimations that could have the most significant effect on the consolidated financial statements of the Company are described below:

- a) *Impairment of goodwill:* the Company tests annually (at the reporting date) whether goodwill has suffered any impairment, in accordance with the accounting policy stated below. The recoverable amounts of cash-generating units (CGU) to which goodwill have been allocated have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating a value in use requires management to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of goodwill at 31 December 2007 was €62.3 million. By performing sensitivity analysis in the key assumptions, such as the pre-tax discount rate, growth rate, customer base and tariffs, the recoverable amount of each CGU exceeds its carrying amount.
- b) *Employee benefits:* the cost of employee benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and staff turnover. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.
- c) *Asset retirement obligation provision:* the cost of the asset retirement obligation provision involves making assumptions about discount rates, future inflation rates and future restoration costs, and, hence it is subject to uncertainty.
- d) *Fair value of equity instruments granted under management equity participation plans:* the equity instruments granted under management equity participation plans have been valued based on the expected cash flows discounted at rates applicable for items with similar terms and risk characteristics. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.
- e) *Indefinite useful life for Q-Telecom brand and related impairment:* management of the Company has determined that the Q-Telecom brand has an indefinite useful life which is based on studies for brand positioning, imaging and brand awareness. Furthermore the Company annually tests (at the reporting date) whether this brand has suffered any impairment, in accordance with the accounting policy stated below. As the brand is allocated to the WIND Hellas CGU, it is tested for impairment as part of that CGU.
- f) *Business combinations:* The allocation of the purchase price in a business combination is based on the fair value of the identifiable assets acquired and the liabilities assumed. The determination of these fair values is based, to a considerable extent, on management's judgment. Allocation of the purchase price affects the results of the Company as finite lived tangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets. On acquisition of mobile or fixed line network operators, the identifiable intangible assets may include licenses, customer bases and brands. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**2. SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Company entities.

*Principles of Consolidation:*

The accompanying consolidated financial statements include the accounts of the parent company and its subsidiaries, entities over which the parent company has control. Control exists when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that current are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly to the income statement. Intercompany balances and transactions and any intercompany unrealized profit or loss are eliminated in the consolidated financial statements.

*Foreign currency transactions:* Transactions in foreign currencies are translated to the respective functional currencies of Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

*Financial instruments*

*(i) Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, debt, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents include cash in hand, deposits held at call with banks. The Company considers time deposits and certificates of deposits with original maturity of three months or less to be cash equivalents.

Trade and other receivables are subsequently carried at amortized cost less any allowance for impairment.

Trade and other payables are initially measured at fair value, which is usually the original invoiced amount, and are subsequently carried at amortized cost using the effective interest rate method.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

Debt is subsequently measured at amortized cost using the effective interest method, less any impairment losses. Gains and losses are recognized in the consolidated income statement when the liabilities are derecognized as well as through the amortization process.

**(ii) Derivative financial instruments**

The Company uses derivative financial instruments such as interest rate swap agreements and cross currency swap agreements to mitigate its exposure of interest rate and foreign currency fluctuations associated with its borrowings. Such derivative financial instruments are initially recognized at fair value; attributable transaction costs are recognized in the consolidated income statement when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value in the consolidated income statement, unless specific hedge accounting criteria are met.

The Company designates certain derivative financial instruments as either: (1) fair value hedges, when hedging the exposure of changes in the fair value of recognized assets or liabilities or an unrecognized firm commitment (fair value hedge); (2) cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Derivative financial instruments that are designated and effective hedging instruments are classified as non current assets or liabilities if the remaining maturity of the hedged item is more than twelve months and as current assets or liabilities if the remaining maturity of the hedged item is less than twelve months. Derivative financial instruments that are not a designated and effective hedging instrument are classified as current.

Changes in the fair value of the derivative financial instruments that are designated and qualify as fair value hedges are recorded in the consolidated income statement within “financial income” or “financial expense”.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognized in a separate component in equity, while any ineffective portion is recognized immediately in the consolidated income statement. Amounts taken to equity are transferred to the consolidated income statement when the hedged transaction affects the consolidated income statement, such as when the hedged financial expense is recognized.

If the forecast transaction is no longer expected to occur, amounts previously recognized in equity are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction occurs.

**(iii) Share capital**

*Ordinary shares:* Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from equity, net of any tax effects.

*Convertible preferred equity certificates (CPECs):* CPECs are classified as equity. They are convertible into a fixed number of the Company’s shares at the option of the Company. In the event of redemption of CPECs above par value, the excess is charged directly to equity as dividends. Redemption of CPECs may occur when the Company does not have any other debt liability to pay or to provide for, with priority to the CPECs, and the redemption value is determined as the greater of par value and market value reduced by 0.5%.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

*Preferred equity certificates (PECs):* PECs are classified as long-term liabilities. The holder of PECs is not entitled to participate in the profits of the Company but is entitled to receive a percentage return as accrued interest which is based on the interest rate for payment-in-kind (PIK) notes issued by a subsidiary of Hellas I. Redemption of PECs is at a fixed date at a redemption price equal to the sum of the par value for each outstanding PEC and the accrued unpaid interest, if any, on each outstanding PEC. The redemption price is subject to the Company having sufficient funds available to settle its liabilities to all other creditors after any such payments.

Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss. Distributions to the equity holders are recognized against equity, net of any tax benefit.

*Derecognition of financial assets and liabilities:* A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass through” arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective amounts is recognized in the consolidated income statement.

*Borrowing costs:* Borrowing costs are recognized as an expense when incurred.

*Inventories:* Inventories are stated at the lower of cost and net realizable value, using the moving average cost method. Net realizable value is the estimated selling price in the normal course of business, less costs to sell.

*Property, plant and equipment:* Property, plant and equipment in the accompanying consolidated balance sheet is stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in consolidated income statement as incurred. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement, and any gain or loss is included in the accompanying consolidated income statement.

*Depreciation:* Depreciation is recognized in the consolidated income statement on a straight-line basis at rates equivalent to estimated average economic useful lives. Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. The rates used for the current and comparative periods are as follows:

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

	Annual rates
Building .....	2%-17%
Telecommunications systems, equipment and sites.....	5%-25%
Transportation equipment.....	25%
Furniture and equipment.....	10%-25%

Leasehold improvements are amortized over the shorter period between their useful life and the term of the lease.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

***Intangible assets***

(a) ***Goodwill:*** Goodwill represents the excess of the cost of the acquisition over the Company's interests in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in the consolidated income statement.

(b) ***Licenses:*** Licenses, which have been acquired separately, are measured on initial recognition at cost. The cost of licenses acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, licenses are carried at cost less accumulated amortization less any accumulated impairment loss.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset to which it relates. All other expenditure is recognized in the consolidated income statement as incurred. Amortization is recognized in the consolidated income statement from the date the licenses are available for use and are amortized on a straight-line basis as indicated below:

GSM 900 license .....	20 years
DCS 1800 license .....	15 years
UMTS license .....	17 years
Fixed wireless access licenses (25 GHz frequency band) .....	13 – 15 years

(c) ***Other intangible assets:*** Other intangible assets acquired by the Company have either finite or indefinite useful lives and are analyzed below. Those intangible assets with finite useful lives that have been acquired through business combinations have been measured at fair value as of the acquisition date less accumulated amortization and accumulated impairment losses. Those intangible assets with indefinite useful lives that have been acquired through business combinations have been measured at fair value as of the acquisition date less accumulated impairment losses. The remaining finite intangible assets have been measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the consolidated income statement as incurred.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

- (i) *Computer software*: Acquired computer software licenses are capitalized on the basis of the costs to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three (3) to ten (10) years.
- (ii) *Distribution network*: The distribution network is capitalized on the basis of the costs to acquire the right of use and is amortized over its average estimated useful life of ten (10) years.
- (iii) *Q brand*: The Q – brand was acquired as part of the acquisition of Q-Telecom in 2006 and was capitalized at fair value as of the date of the business combination. It has an indefinite useful life and is therefore not amortized but tested for impairment annually.
- (iv) *Other intangible assets*: Other intangible assets mainly include customer relationships identified as intangible assets through business combinations and were capitalized at fair value as of the date of those business combinations. The customer relationships are amortized over the expected useful life of the customer base, ranging from three (3) to eight (8) years.
- (v) *One off connection costs*: One off connection costs for leased lines paid to the incumbent, Hellenic Telecommunications Organization S.A. (OTE), for the activation of interconnection leased lines are capitalized at cost and amortized over their estimated useful lives of three (3) years.

***Impairment of assets***

***(i) Financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognized in consolidated income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Specifically relating to trade receivables, the allowance for impairment is stated at the amount considered necessary to cover potential risks when there is objective evidence (such as significant financial difficulties of the debtor) that the Company will not be able to collect all amounts due according to the original payment terms of receivables. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The two components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. An allowance account is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and they are written off against the financial asset directly.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

*(ii) Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company uses calculations of cash flows projections based on financial estimates covering a four-year period. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

*Employee benefits*

*(i) Short-term benefits*

Short term employee benefit obligations are measured on an undiscounted basis and are expensed in the consolidated income statement as the related service is provided. A liability is recognized for the amount expected to be paid under short-term bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(ii) Post-employment benefits*

Post-employment benefits include two categories: (1) defined contribution plans and (2) defined benefit plans.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the consolidated income statement when incurred and when they are due.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Specifically, the Company is required by Greek labor law to provide post-retirement benefits to its employees in the Greek operating subsidiaries. The discount rate is the yield at the reporting date on high quality government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. Accumulated gains or losses at each measurement date in excess of 10% of the defined benefit obligation are amortized over the expected future working lifetimes of the existing employees.

***(iii) Termination benefits***

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

***(iv) Share-based compensation***

Certain employees of the Company had been granted, by the former ultimate shareholders, shares in Hellas (ultimate parent of the Company up to 20 April 2007). The Company treats this as an equity-settled, share-based compensation plan since it relates to shares of one of the ultimate investors in the Company. The fair value of the employee services received in exchange for the grant of the shares is recognized as an expense in the consolidated income statement and is credited in equity (as contribution from the shareholders). The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted less any consideration paid by the employees, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest and the vesting period (e.g. in case of change of control). At each reporting date, the entity revises its estimates of the number of shares that are expected to vest and of the vesting period. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

***Taxation***

Income tax expense comprises current and deferred tax. Income tax expense is recognized in consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

**Recognition of revenues:** Revenue is recognized at the fair value of the consideration received or receivable net of discounts. Revenue from services is recognized in the consolidated income statement as the service is provided and only when the result can be reliably estimated. Revenues from the sale of goods, net of discounts and subsidies, are recognized when the Company transfers the risks and rewards related to the ownership of the goods. Specifically, the criterion followed by the Company for recognizing revenue in its consolidated income statement is as follows:

- Revenue arising from the post-paid traffic, interconnection and roaming is recorded based on usage made by each subscriber and telephone operator. Such revenue includes amounts paid for access to and usage of the group network by customers and other domestic and international telephone operators.
- Revenues from monthly service fees are billed in advance and are recognized ratably over the month when the services are provided.
- Value-added services are recognized in the period when services are rendered.
- Revenue from the sale of prepaid (scratch) cards and recharging is recorded based on the prepaid traffic actually used by subscribers during the year. All prepaid cards have a contractual life of one year or less. Upon the expiration of the prepaid cards, any unused airtime is recognized in the consolidated income statement. The unused portion of traffic is recorded as "Deferred revenue" in the balance sheet caption "Trade and other payables".
- Revenue from the sale of handsets and accessories is recorded when the products are delivered to and accepted by the customer.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

***Finance income and expenses***

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss (derivatives not part of a hedging relationship), and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on debt, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss (derivatives not part of a hedging relationship), and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

***Deferred revenue:*** Deferred revenue includes monthly service fees billed to customers in advance and the estimated unused portion of prepaid (scratch) cards.

***Government grants:*** Government grants are recognized at their fair value when there is a reasonable assurance that the grant will be received and the Company will comply with all conditions associated with the grant. Government grants relating to expenses are deferred and recognized in the income statement on a systematic basis over the period necessary to match the grants to the expenses they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in deferred revenue and are credited to the income statement on a straight-line basis over the useful lives of the related assets.

***Segment reporting:*** A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Company mainly provides mobile telecommunications services in the Hellenic Republic therefore the Company operates and manages its business in one business and geographical segment.

***Provisions:*** A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

***Asset retirement obligation:*** The Company has leased buildings or land upon which it constructs its transmission and relay towers. The Company enters into new leases each year and, in most cases, has the right to renew the initial lease term. The Company is legally required to dismantle the towers and, where necessary, recondition the building at the end of the lease life. The Company recognizes the present value of its liability for the asset retirement obligations and recognizes a corresponding asset of the cost basis of the leasehold improvement, which is depreciated on a straight-line basis over the expected life of the leasehold improvements. Asset retirement obligations are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects risks specific to the liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated income statement as a finance expense. The estimated future costs for the asset retirement are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

*Leases:* Payments made under operating leases are recognized in consolidated income statement on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

***Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 December 2007***

During the year, the following standards which are relevant to the Company's operations became effective and were adopted:

IFRS 7, "Financial Instruments: Disclosures": This standard requires new disclosures of qualitative and quantitative information about exposures to risks arising from financial instruments including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The new disclosures have been adopted in the annual consolidated financial statements of the Company for the year ended 31 December 2007.

IAS 1, "Presentation of Financial Statements": This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies, and processes for managing capital. The new disclosures have been adopted in the annual consolidated financial statements of the Company for the year ended 31 December 2007.

IAS 14, "Segment Reporting": This revised standard replaces the original IAS 14 "Reporting Financial Information by Segment" and is effective for fiscal years on or after 1 July 1998. This revised standard applies to entities whose equity or debt securities are publicly traded. It requires that information be reported for business and geographical segments and requires that an entity look to its internal organizational structure and internal reporting system for identifying segments. Detailed guidance is provided as to the definition of segment revenues and segment expenses, identification of reportable segments and the related disclosure requirements. The effects of the adoption of this new standard did not have a significant impact on the annual consolidated financial statements of the Company for the year ended 31 December 2007.

IFRIC 7, "Applying the Restatement Approach under IAS 29": None of the Company entities operate in a hyperinflationary economy and therefore this interpretation did not affect the Company's consolidated financial statements.

IFRIC 8, "Scope of IFRS 2": This interpretation clarifies that transactions within the scope of IFRS 2 "Share Based Payment" include those which the entity cannot specifically identify some or all of the goods and services received. The adoption of this interpretation did not affect the Company's consolidated financial statements in the year.

IFRIC 9 – "Reassessment of Embedded Derivatives": This interpretation states that the date to assess the existence of an embedded derivative is the date that the entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The adoption of this interpretation did not affect the Company's consolidated financial statements in the year.

IFRIC 10 – "Interim Financial Reporting and Impairment": This interpretation requires that an entity must not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The adoption of this interpretation did not affect the Company's consolidated financial statements in the year.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

*Accounting standards, interpretations and amendments to published standards not yet effective:*

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2008 or later periods, but which the Company has not early adopted. The new standards which are relevant to the Company's operations are as follows:

Revision to IAS 1, "Presentation of Financial Statements" (not yet endorsed by the EU): The revised standard is effective for annual periods beginning on or after 1 January 2009. The revision to IAS 1 is aimed at improving users' ability to analyze and compare the information given in financial statements. The changes made are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyze changes in a Company's equity resulting from transactions with owners in their capacity as owners (such as dividends and share repurchases) separately from 'non-owner' changes (such as transactions with third parties). In response to comments received through the consultation process, the revised standard gives preparers of financial statements the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with sub-totals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). Management is currently assessing the impact of this revision on the Company's consolidated financial statements.

Revision to IAS 23, "Borrowing Costs" (not yet endorsed by the EU): This revised standard is effective for annual periods beginning on or after 1 January 2009. The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Management is currently assessing the impact of this revision on the Company's consolidated financial statements.

Revision to IFRS 3 "Business Combinations" (not yet endorsed by the EU) and an amended version of IAS 27 "Consolidated and Separate Financial Statements" (not yet endorsed by the EU): These revisions were issued by IASB on 10 January 2008, which take effect on 1 July 2009. The main changes to the existing standards include: (i) minority interests (now called non-controlling interests) are measured either as their proportionate interest in the net identifiable assets (the existing IFRS 3 requirement) or at fair value; (ii) for step acquisitions, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired (therefore there is no longer the requirement to measure assets and liabilities at fair value at each step to calculate a portion of goodwill); (iii) acquisition-related costs are generally recognized as expenses (rather than included in goodwill); (iv) contingent consideration must be recognized and measured at fair value at acquisition date with any subsequent changes in fair value recognized usually in the profit or loss (rather than by adjusting goodwill) and (v) transactions with non-controlling interests which do not result in loss of control are accounted for as equity transactions. Management is currently assessing the impact that these revisions will have on the Company's consolidated financial statements.

Revision to IFRS 2 "Share-based Payment" (not yet endorsed by the EU): The revision is effective for annual periods on or after 1 January 2009 and provides clarification for the definition of vesting conditions and the accounting treatment of cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or other parties, should receive the same accounting treatment. The Company does not expect this standard to affect its consolidated financial statements as currently there no share-based payment plans.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
**(In thousands of euro, unless otherwise stated)**

IFRS 8 “Operating Segments” (not yet endorsed by the EU): IFRS 8 is effective for annual periods beginning on or after 1 January 2009 and supersedes IAS 14 (original version), under which segments were identified and reported based on a risk and return analysis. Under IFRS 8, segments are components of an entity regularly reviewed by the entity’s chief operating decision maker and are reported in the financial statements based on this internal component classification.

As stated above, the Company has applied IAS 14 “Segment Reporting” for the year ended 31 December 2007 and will also assess the application of IFRS 8 from 1 January 2009 on its consolidated financial statements.

IFRIC 11 - IFRS 2 “Group and Treasury Share Transactions”: This interpretation is effective for annual periods beginning on or after 1 March 2007 and clarifies the treatment where employees of a subsidiary receive the shares of a parent. It also clarifies whether certain types of transactions are accounted for as equity-settled or cash-settled transactions. The Company has applied the provisions of this IFRIC for its management equity plans, which are consistent with IFRS 2.

IFRIC 12 – “Service Concession Arrangements” (not yet endorsed by the EU): This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to companies that participate in service concession arrangements. Management has assessed the impact of this interpretation and has concluded that it is not relevant to the Company’s operations.

IFRIC 13 – “Customer Loyalty Programs”: This interpretation was issued on 28 June 2007 and is effective for annual periods beginning on or after 1 July 2008. It addresses accounting by entities that grant loyalty award credits to customers as incentives to buy their goods or services. The Company is in the process of assessing its impact on its consolidated financial statements.

IFRIC 14 – “The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction”: This interpretation is effective for annual periods beginning on or after 1 January 2008. IFRIC 14 addresses three issues: i) how entities should determine the limit placed by IAS 19 Employee Benefits on the amount of a surplus in a pension plan they can recognize as an asset ii) how a minimum funding requirement affects that limit and iii) when a minimum funding requirement creates an onerous obligation that should be recognized as a liability in addition to that otherwise recognized under IAS 19. The Company is in the process of assessing the impact that this new interpretation will have on its consolidated financial statements.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**3. ACQUISITIONS:**

**(a) WIND PPC Holding N.V.**

On 17 October 2007, WIND Hellas announced that it had signed a definitive agreement with PPC S.A (Public Power Corporation), to acquire (together with a complementary share purchase agreement with WIND Telecomunicazioni S.p.A. for the purchase of two of the class B shares of Wind PPC Holding N.V. - the parent company of Tellas) a controlling stake (50% + one share) in Wind PPC Holding N.V. The agreement followed the decision of PPC's Board of Directors on 31 July 2007 to accept Weather Investments' buy offer of Wind PPC Holding N.V. The cash consideration for the share acquisition was €180 million, which was fully financed by drawings under the Company's revolving credit facility (note 18). Furthermore, WIND Hellas provided €70 million to Tellas (via a drawdown from the revolving credit facility of €36 million and a cash advance of €34 million) for the settlement of its existing debt obligations. Loan and related expenses of €4.2 million were also incurred for the drawings from the revolving credit facility. As part of the regulatory approval obtained by WIND Hellas for the WPH acquisition, the Company is required to sell one of its fixed wireless access licenses by June 2008.

Tellas SA (the operating subsidiary of Wind PPC Holding N.V.), launched its commercial operation in February 2003 and has been leading the developments in the Greek telecom market ever since. Tellas was the first to provide the Greek public with innovative fixed telephony services, internet access services, combined services of fixed telephony and internet as well as broadband services, at competitive rates for all market segments, residential users, professionals, small enterprises and large companies.

The consolidated income statement for the twelve months to 31 December 2007 includes the results of Wind PPC Holding N.V. from the date of acquisition (1 October 2007) and the purchase price has been provisionally allocated based on estimated fair values as of the date of acquisition. The purchase price allocation is preliminary and a final determination of required purchase accounting adjustments for changes in estimates of the fair value of assets acquired and liabilities assumed will be made within one year of the purchase date, as allowed by IFRS 3.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

The following represents the preliminary allocation of the purchase price for the acquisition relating to Wind PPC Holding N.V.:

	<b>1 October 2007</b> <b>Preliminary Fair Values</b>	<b>30 September 2007</b> <b>Carrying values</b>
Property, plant and equipment.....	36,565	36,565
Goodwill .....	-	2,352
Other intangible assets .....	11,424	11,424
Inventory .....	583	3,089
Deferred Tax Assets.....	-	15,466
Trade and other receivables .....	52,576	53,016
Amounts due from related companies .....	12,356	12,356
Cash and cash equivalents .....	44,370	44,370
<b>Total assets</b> .....	<b>157,874</b>	<b>178,638</b>
Other long term liabilities .....	1,935	1,935
Deferred tax liabilities.....	-	4,670
Short term debt.....	81,013	81,013
Amounts due to related companies .....	28,376	28,376
Current liabilities .....	56,389	56,389
<b>Total liabilities</b> .....	<b>167,713</b>	<b>172,383</b>
Net assets .....	(9,839)	6,255
Net assets acquired .....	(9,839)	
Goodwill arising on acquisition .....	190,176	
	<b>180,337</b>	
Cash paid to former shareholders.....	180,000	
Costs of acquisition .....	337	
<b>Total consideration</b> .....	<b>180,337</b>	
Net cash acquired with the subsidiary.....	(44,370)	
<b>Net cash outflow</b> .....	<b>135,967</b>	

From the date of acquisition, WIND PPC Holding N.V. has contributed €8.4 million to the loss of the Company. If the combination had taken place at the beginning of the year, the loss of the Company would have been €103.6 million.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**(b) Q Telecom**

On October 27, 2005, an affiliate of WIND Hellas entered into a stock purchase agreement (the "Q Telecom Stock Purchase Agreement") with Info-Quest S.A. ("Info-Quest") to acquire 100% of the outstanding shares of Q Telecom, a business unit of Info-Quest, for total consideration of €355 million, (including the repayment of €25.0 million of outstanding indebtedness), €4.3 million of fees and expenses related to the acquisition and €7.8 million of fees and expenses relating to the financing of the acquisition. The Q Telecom acquisition was financed by approximately €29.0 million of equity provided by the previous shareholders, approximately €111.0 million of deeply subordinated shareholder loans provided by the previous shareholders, drawings of €200.0 million under a short-term debt facility and €27.1 million of cash. On 1 February 2006, substantially all of the proceeds from the issue and sale by Hellas V of €200.0 million aggregate principal of Senior Secured Notes were used to repay all amounts drawn under a short-term bridge facility, which was then cancelled. The Q Telecom Acquisition closed on 31 January 2006. Q Telecom merged into Helen GAC Telecommunications S.A on 1 June 2006 and the surviving entity from the merger was renamed Q Telecom.

Q Telecom was the fourth largest provider of GSM mobile telecommunications services in Greece and was the most recent entrant into the Greek market as a network operator prior to the acquisition. Q Telecom commenced commercial operations in June 2002 and its principal business is the provision of mobile telecommunications services, (including: voice; SMS; and certain value added services), primarily to pre-paid customers. Q Telecom holds both a fixed wireless access license and a GSM license, granted by the National Telecommunications and Post Commission in 2000 and 2001, respectively. Q Telecom has been merged into WIND Hellas effective 1 June 2007.

The consolidated income statement for the twelve months to 31 December 2006 includes the results of Q Telecom from the date of acquisition (31 January 2006) and the purchase price has been allocated based on estimated fair values of assets, liabilities and contingent liabilities as of the date of acquisition. The purchase price allocation is final.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

The following represents the final allocation of the purchase price for the acquisition of Q Telecom, to assets acquired and liabilities and contingent liabilities assumed:

	<b>31 January 2006</b> <b>Fair Values</b>	<b>31 January 2006</b> <b>Carrying values</b>
Property, plant and equipment .....	62,594	61,406
Tradename .....	67,100	-
Customer relationships .....	74,900	-
Other intangible assets .....	40,348	24,771
Deferred tax assets and other assets .....	-	3,008
Inventory .....	1,279	1,279
Trade and other receivables .....	44,391	44,391
Cash and cash equivalents .....	9,467	9,467
<b>Total assets</b> .....	<b>300,079</b>	<b>144,322</b>
Long term debt, net of current maturities .....	25,000	25,000
Other long term liabilities .....	157	157
Deferred tax liabilities .....	35,602	-
Income taxes payable .....	4,729	4,729
Current liabilities .....	62,452	62,452
<b>Total liabilities</b> .....	<b>127,940</b>	<b>92,338</b>
Net assets .....	172,139	51,984
Net assets acquired .....	172,139	
Goodwill arising on acquisition .....	162,184	
	<u>334,323</u>	
Cash paid to former shareholders .....	330,000	
Costs of acquisition .....	4,323	
<b>Total consideration</b> .....	<b>334,323</b>	
Net cash acquired with the subsidiary .....	(9,467)	
<b>Net cash outflow</b> .....	<b>324,856</b>	

From the date of acquisition, Q Telecom has contributed €77 thousand to the loss of the Company. If the combination had taken place at the beginning of the year, the loss of the Company would have been €59.4 million.

The goodwill of €162 million comprises the fair value of expected synergies arising from the acquisition and assembled workforce which due to the contractual terms imposed on acquisition, is not separable and therefore does not meet the criteria for recognition as specifically identifiable intangible asset under IAS 38 (“Intangible Assets”).

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**4. REVENUE:**

	<u>2007</u>	<u>2006</u>
Monthly service fees .....	239,383	200,431
Outgoing calls .....	193,153	171,764
Incoming calls from fixed line networks .....	83,888	93,629
Incoming calls from other mobile operators' network .....	177,215	199,230
Incoming SMS from other mobile operators' network .....	19,096	15,118
Prepaid airtime cards .....	269,788	236,622
Roaming revenues from the Company's customers .....	23,942	22,869
Roaming revenues from customers of international GSM network operators .....	31,367	35,820
Wholesale revenue from fixed telephony services .....	3,544	-
Data communications .....	65,985	54,847
Revenue from sales of handsets and accessories .....	77,312	61,583
Other .....	31,338	8,116
<b>Total Revenue .....</b>	<b><u>1,216,011</u></b>	<b><u>1,100,029</u></b>

**5. COST OF SALES:**

	<u>2007</u>	<u>2006</u>
Interconnection charges from fixed line operators .....	48,013	34,347
Interconnection charges from other mobile operators .....	173,784	187,214
Depreciation and amortization (note 8) .....	92,397	77,983
Roaming charges from national GSM operators .....	7,400	26,242
Roaming charges from international GSM network operators .....	14,810	13,906
Payroll (note 9) .....	23,324	20,552
Leased lines .....	11,786	5,565
Monthly access fees for LLU (direct fixed telephony) .....	1,591	-
Site activation costs .....	1,340	-
Installations' rentals .....	23,839	21,462
Cost of sales of handsets and accessories .....	130,885	98,388
<b>Total cost of sales .....</b>	<b><u>529,169</u></b>	<b><u>485,659</u></b>

**6. SELLING, GENERAL & ADMINISTRATIVE EXPENSES:**

	<u>2007</u>	<u>2006</u>
Commissions to dealers .....	75,974	95,165
Brand fees .....	5,187	7,186
Management fees .....	3,222	4,000
Payroll (note 9) .....	59,768	54,881
Depreciation & amortization (note 8) .....	120,343	119,803
Consultancy and other third party fees .....	41,698	41,767
Advertising expenses .....	63,965	42,344
Repair and maintenance .....	33,283	31,375
Rentals .....	9,543	8,155
Provision for impairment (note 15) .....	8,953	8,516
Various duties .....	14,818	10,185
Other selling, general & administrative expenses .....	33,709	44,162
<b>Total selling, general &amp; administrative expenses .....</b>	<b><u>470,463</u></b>	<b><u>467,539</u></b>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**7. FINANCIAL INCOME / (EXPENSES):**

	<u>2007</u>	<u>2006</u>
Interest income on bank deposits .....	3,569	2,049
Derivatives fair value.....	27,015	13,453
Foreign exchange gains .....	210	710
Derivatives related accrued interest .....	12,158	-
Others.....	48	482
<b>Financial income</b> .....	<b><u>43,000</u></b>	<b><u>16,694</u></b>

	<u>2007</u>	<u>2006</u>
Interest expense on borrowings – long term (note 18) .....	(271,376)	(160,253)
Interest expense on borrowings – short term .....	(998)	-
Derivatives fair value.....	(16,498)	(5,853)
Other financial expenses.....	(13,601)	(26,751)
<b>Financial expenses</b> .....	<b><u>(302,473)</u></b>	<b><u>(192,857)</u></b>
<b>Net Financial expenses</b> .....	<b><u>(259,473)</u></b>	<b><u>(176,163)</u></b>

Interest paid on long term borrowings for 2007 amounts to €18.9 million and is reflected in the consolidated cash flow statement. This amount is further analyzed as: €0.6 million paid for the Senior Unsecured loan of Hellas III, €9.9 million paid for the Senior Secured Notes of Hellas V and €8.4 million paid for the Subordinated Notes of Hellas II.

Interest paid on long term borrowings for 2006 amounts to €139.5 million is reflected in the consolidated cash flow statement. This amount is further analyzed as: €1.3 million paid for the Senior Unsecured loan of Hellas III, €8.3 million paid for the Senior Secured Notes of Hellas V, €5.7 million of accrued interest of PECs of Hellas II and €4.2 million of derivatives related accrued interest.

Interest received in 2007 of €0.2 million, as reflected in the consolidated cash flow statement, is analyzed as interest income on bank deposits of €2.6 million and derivative related interest of €7.6 million.

Interest received in 2006 of €2.5 million, as reflected in the consolidated cash flow statement, represents interest income on bank deposits.

**8. DEPRECIATION:**

	<u>2007</u>	<u>2006</u>
Depreciation of fixed assets (note 11) .....	84,503	69,501
Amortization of intangible assets (note 12).....	128,237	128,285
	<b><u>212,740</u></b>	<b><u>197,786</u></b>

These charges have been included as follows:

Cost of sales (note 5) .....	92,397	77,983
Selling, general and administrative expenses (note 6) .....	120,343	119,803
	<b><u>212,740</u></b>	<b><u>197,786</u></b>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**9. PAYROLL COSTS:**

	<u>2007</u>	<u>2006</u>
Salaries.....	63,390	53,381
Employers' contributions .....	12,797	10,274
Employee benefit provision (note 20).....	1,667	1,490
Management equity plans charge (note 27) .....	2,222	7,349
Other personnel costs .....	3,016	2,939
	<u><b>83,092</b></u>	<u><b>75,433</b></u>
Payroll cost has been included as follows:		
Cost of sales (note 5) .....	23,324	20,552
Selling, general and administrative expenses (note 6).....	59,768	54,881
	<u><b>83,092</b></u>	<u><b>75,433</b></u>

**10. INCOME TAXES:**

In accordance with Luxembourg tax regulations, the income tax rates applicable are corporate income tax rate of 22%, an unemployment fund surcharge of 4% on the corporate income tax and a municipal business income tax of 7.5% on a certain eligible tax base. Therefore, the overall corporate tax rate applicable for companies located in the city of Luxembourg is 29.63% (2006: 29.63%).

In accordance with Greek tax legislation, the current corporate income tax rate applicable for companies residing in Greece is 25% (2006: 29%). This rate is applicable for fiscal years ending on and after 31 December 2007. Furthermore, Greek tax legislation requires the payment of an income tax advance of 65% of the current year's income tax liability. Such an advance is then offset with the following year's current tax liability.

Tax returns are filed annually but the taxable income or loss declared by companies remains provisional and are subject to revision until such time as the books and records of the company are examined by the tax authorities and the related tax returns are accepted as final.

WIND Hellas has been audited by the Greek tax authorities up to and including fiscal year 2002, while Tellas has been audited up to and including fiscal year 2006. Furthermore, the Greek tax authorities have commenced a tax audit of the accounts of WIND Hellas in the current year for the unaudited tax years 2003 through to 15 June 2005 however there has been no outcome as of yet. The Company believes it has adequately accrued for any future income taxes that may be owed for its unaudited tax years.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

The major components of income tax expense as at the reporting date are:

	2007	2006
<b>Consolidated income statement</b>		
Income taxes		
Current income tax charge.....	(22,633)	(8,349)
Deferred income tax .....	(5,511)	(17,815)
Income tax expense	(28,144)	(26,164)

The reconciliation of the effective tax rate is as follows:

	2007	2007	2006	2006
Loss for the year.....		(71,238)		(55,496)
Total income tax expense .....		28,144		26,164
Loss excluding income tax .....		(43,094)		(29,332)
Income tax using the Company's domestic tax rate.....	29.6%	(12,768)	29.6%	(8,691)
Effect of tax rates in foreign jurisdictions .....	8.5%	(3,660)	(0.3%)	101
Taxes regarding prior financial periods .....	2.9%	(1,263)	-	-
Fiscal effect on permanent differences .....	(14.6%)	6,307	(112.9%)	33,126
Unrecognized deferred tax assets .....	(91.7%)	39,528	(51.9%)	15,200
Effect of reduction in tax rates.....	-	-	46.3%	(13,572)
	(65.3%)	28,144	(89.2%)	26,164

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

Deferred tax assets and liabilities of the Company are summarized below:

	Consolidated balance sheet		Consolidated income statement	
	2007	2006	2007	2006
<b>Deferred tax assets:</b>				
Provision for liabilities and charges .....	3,065	5,689	(2,623)	(741)
Deferred airtime revenue .....	5,821	2,410	3,411	956
Derivative financial instruments.....	6,621	1,734	4,887	1,734
Roaming and Loyalty discounts .....	5,176	5,315	(140)	1,230
Other.....	2,376	3,214	(839)	(6,736)
Allowance for impairment .....	-	4,250	(4,250)	144
Deferred tax assets .....	23,059	22,612		
<b>Deferred tax liabilities:</b>				
Property, plant and equipment, intangible assets .....	(146,301)	(150,961)	4,660	(3,502)
Borrowings' deferred charges.....	(18,096)	(18,145)	50	(8,496)
Derivative financial instruments.....	(16,056)	(10,045)	(7,309)	(3,186)
Other.....	(3,713)	(355)	(3,358)	782
Deferred tax liability .....	(184,166)	(179,506)		
<b>Deferred income tax (expense) .....</b>			<b>(5,511)</b>	<b>(17,815)</b>
<b>Net deferred tax liability .....</b>	<b>(161,107)</b>	<b>(156,894)</b>		

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

<b>Movement in deferred tax liability</b>	<b>2007</b>	<b>2006</b>
Balance at 1 January .....	(156,894)	(98,396)
Q Telecom acquisition (note 3).....	-	(35,602)
Charged directly to equity (relates to derivative financial instruments) .....	1,298	(5,081)
Charge to the income statement .....	(5,511)	(17,815)
Balance at 31 December.....	(161,107)	(156,894)

The Company has tax losses in Greece and in Luxembourg that are available for offset against future taxable profits of the subsidiaries in which the losses arose. The tax losses available for carry forward in Greece amount to €140 million (2006: nil) which expire over a period of five years. The tax losses available for carry forward in the Luxembourg entities amount to €1,111 million (2006: €99 million) and can be carried forward indefinitely to be offset against taxable income. Deferred tax assets of €35 million (2006: nil) and €329 million (2006: €296 million), respectively have not been recognized in respect of these losses because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.

As at 31 December 2007, a deferred tax liability of €4.1 million (2006: nil) for temporary differences of €16.4 million (2006: nil) related to an investment in a subsidiary was not recognized because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**11. PROPERTY, PLANT AND EQUIPMENT:**

	Land	Buildings	Telecommunications systems, equipment and towers	Transportation equipment	Furniture and equipment	Construction in progress	Total
<b>Cost</b>							
Balance at 1/1/2007	14,432	59,810	497,548	54	47,986	45,142	664,972
Acquisition of WIND PPC Holding N.V. (note 3)	-	-	57,337	-	13,487	2,238	73,062
Additions	-	7,221	101,836	39	14,061	1,455	124,612
Disposals	-	(2,194)	(3,065)	(62)	(1,466)	-	(6,787)
Transfers and Others	-	130	14,284	124	112	(16,300)	(1,650)
<b>Balance at 31/12/2007</b>	<b>14,432</b>	<b>64,967</b>	<b>667,940</b>	<b>155</b>	<b>74,180</b>	<b>32,535</b>	<b>854,209</b>
<b>Accumulated depreciation</b>							
Balance at 1/1/2007	-	(7,246)	(89,519)	(14)	(18,565)	-	(115,344)
Acquisition of WIND PPC Holding N.V. (note 3)	-	-	(26,590)	-	(9,907)	-	(36,497)
Current year depreciation (note 8)	-	(5,868)	(67,436)	(33)	(11,166)	-	(84,503)
Disposals	-	2,160	2,671	1	1,445	-	6,277
Transfers and Others	-	225	1,532	-	193	-	1,950
<b>Balance at 31/12/2007</b>	<b>-</b>	<b>(10,729)</b>	<b>(179,342)</b>	<b>(46)</b>	<b>(38,000)</b>	<b>-</b>	<b>(228,117)</b>
<b>Net book value at 31/12/2007</b>	<b>14,432</b>	<b>54,238</b>	<b>488,598</b>	<b>109</b>	<b>36,180</b>	<b>32,535</b>	<b>626,092</b>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

	Land	Buildings	Telecommunications systems, equipment and towers	Transportation equipment	Furniture and equipment	Construction in progress	Total
<b>Cost</b>							
Balance at 1/1/2006	14,432	52,060	359,643	30	30,008	22,158	478,331
Acquisition of Q-Telecom (note 3)	-	2,518	66,296	-	6,827	364	76,005
Additions	-	4,284	68,445	24	6,479	39,019	118,251
Disposals	-	(313)	(3,451)	-	(325)	-	(4,089)
Transfers and Others	-	1,261	6,615	-	4,997	(16,399)	(3,526)
<b>Balance at 31/12/2006</b>	<b>14,432</b>	<b>59,810</b>	<b>497,548</b>	<b>54</b>	<b>47,986</b>	<b>45,142</b>	<b>664,972</b>
<b>Accumulated depreciation</b>							
Balance at 1/1/2006	-	(855)	(29,593)	(7)	(4,266)	-	(34,721)
Acquisition of Q-Telecom (note 3)	-	(975)	(10,019)	-	(2,418)	-	(13,412)
Current year depreciation (note 8)	-	(3,714)	(55,774)	(7)	(10,006)	-	(69,501)
Disposals	-	101	2,315	-	203	-	2,619
Transfers and Others	-	(1,803)	3,552	-	(2,078)	-	(329)
<b>Balance at 31/12/2006</b>	<b>-</b>	<b>(7,246)</b>	<b>(89,519)</b>	<b>(14)</b>	<b>(18,565)</b>	<b>-</b>	<b>(115,344)</b>
<b>Net book value at 31/12/2006</b>	<b>14,432</b>	<b>52,564</b>	<b>408,029</b>	<b>40</b>	<b>29,421</b>	<b>45,142</b>	<b>549,628</b>

Included in the “transfers and others” movements is the impact of the change of estimate for the asset retirement obligation provision (note 22).

The property, plant and equipment of the subsidiary WIND Hellas amounting to net book value of €579,590 thousand (2006: €549,628 thousand) has been pledged as security for debt (note 18).

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**12. INTANGIBLE ASSETS:**

	<b>Distribution Network</b>	<b>Software</b>	<b>Licences</b>	<b>Other Intangibles</b>	<b>Prepayments for purchases of software</b>	<b>Subtotal</b>	<b>Goodwill</b>	<b>Total</b>
<b>Cost</b>								
Balance at 1/1/2007	10,394	115,233	320,861	546,798	10,004	1,003,290	772,156	1,775,446
Acquisition of WIND PPC Holding N.V. (note 3)	-	33,014	8,849	3,147	58	45,068	190,176	235,244
Additions	-	39,596	-	1,057	(647)	40,006	-	40,006
Disposals	(10,394)	(1)	-	-	-	(10,395)	-	(10,395)
Transfers and Other	-	2,760	(15)	-	(2,736)	9	-	9
<b>Balance at 31/12/2007</b>	<b>-</b>	<b>190,602</b>	<b>329,695</b>	<b>551,002</b>	<b>6,679</b>	<b>1,077,978</b>	<b>962,332</b>	<b>2,040,310</b>
<b>Accumulated amortization</b>								
Balance at 1/1/2007	(7,452)	(44,321)	(43,134)	(92,560)	-	(187,467)	-	(187,467)
Acquisition of WIND PPC Holding N.V. (note 3)	-	(27,738)	(3,214)	(2,693)	-	(33,645)	-	(33,645)
Current year amortization (note 8)	(2,942)	(31,170)	(27,659)	(66,466)	-	(128,237)	-	(128,237)
Disposals	10,394	-	-	-	-	10,394	-	10,394
Transfers and Other	-	(779)	1	(4)	-	(782)	-	(782)
<b>Balance at 31/12/2007</b>	<b>-</b>	<b>(104,008)</b>	<b>(74,006)</b>	<b>(161,723)</b>	<b>-</b>	<b>(339,737)</b>	<b>-</b>	<b>(339,737)</b>
<b>Net book value at 31/12/2007</b>	<b>-</b>	<b>86,594</b>	<b>255,689</b>	<b>389,279</b>	<b>6,679</b>	<b>738,241</b>	<b>962,332</b>	<b>1,700,573</b>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

	Distribution Network	Software	Licences	Other Intangibles	Prepayments for purchases of software	Subtotal	Goodwill	Total
<b>Cost</b>								
Balance at 1/1/2006	10,394	77,853	285,599	404,798	9,537	788,181	609,972	1,398,153
Acquisition of Q-Telecom (note 3)	-	11,300	35,262	142,000	-	188,562	162,184	350,746
Additions	-	21,722	-	-	9,296	31,018	-	31,018
Disposals	-	(4,479)	-	-	-	(4,479)	-	(4,479)
Transfers and Other	-	8,837	-	-	(8,829)	8	-	8
<b>Balance at 31/12/2006</b>	<b>10,394</b>	<b>115,233</b>	<b>320,861</b>	<b>546,798</b>	<b>10,004</b>	<b>1,003,290</b>	<b>772,156</b>	<b>1,775,446</b>
<b>Accumulated amortization</b>								
Balance at 1/1/2006	(1,590)	(13,721)	(14,352)	(27,771)	-	(57,434)	-	(57,434)
Acquisition of Q-Telecom (note 3)	-	(4,932)	(1,282)	-	-	(6,214)	-	(6,214)
Current year amortization (note 8)	(5,862)	(30,124)	(27,500)	(64,799)	-	(128,285)	-	(128,285)
Disposals	-	4,478	-	-	-	4,478	-	4,478
Transfers and Other	-	(22)	-	10	-	(12)	-	(12)
<b>Balance at 31/12/2006</b>	<b>(7,452)</b>	<b>(44,321)</b>	<b>(43,134)</b>	<b>(92,560)</b>	<b>-</b>	<b>(187,467)</b>	<b>-</b>	<b>(187,467)</b>
<b>Net book value at 31/12/2006</b>	<b>2,942</b>	<b>70,912</b>	<b>277,727</b>	<b>454,238</b>	<b>10,004</b>	<b>815,823</b>	<b>772,156</b>	<b>1,587,979</b>

WIND Hellas finalized a formal agreement with Germanos S.A. ("Germanos"), a Greek retail telecommunications and electronics dealer, in 1999 which resulted in the right to use Germanos' distribution network for an average estimated useful life of ten (10) years. During the twelve months ended 31 December 2006, the Company revised its estimate of the useful life of this intangible asset based on new information as to the termination of the agreement with Germanos and the remaining unamortized balance was fully amortized by April 2007.

Total amortization expense related to the fixed wireless access finance lease during 2007 and 2006, included in the consolidated income statement, amounted to €157 thousand and €627 thousand respectively.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**13. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES:**

**(a) Goodwill:**

For the purpose of impairment testing, goodwill is allocated to the Company's two cash-generating units (CGUs), which are the two operating subsidiaries, WIND Hellas and Tellas. These two operating subsidiaries represent the lowest level within the Company at which the goodwill is monitored for internal management purposes.

The aggregated carrying amounts of goodwill allocated to each CGU are as follows:

2007			2006		
WIND Hellas	Tellas	Total	WIND Hellas	Q-Telecom	Total
772,156	190,176	962,332	609,972	162,184	772,156

The recoverable amount of each CGU is based on value-in-use calculations. These are determined using pre-tax cash flow projections based on financial budgets approved by Company management covering a four-year period. They reflect management's expectations of revenue growth, operating costs and margin for each CGU based on past experience. Cash flows beyond the four-year period are extrapolated using estimated growth rates indicated in the table below. These growth rates have been determined with regard to projected growth rates for the specific markets in which the CGU operates and are not considered to exceed the long term average growth rates for those markets. Discount rates applied in determining the recoverable amounts of the CGUs are derived from the Company's pre-tax weighted average cost of capital and are indicated in the table below:

	WIND Hellas	Tellas
Growth rate <sup>1</sup>	2.00%	1.5% - 2.5%
Discount rate <sup>2</sup>	11.24%	9.39%

<sup>1</sup>Growth rate used to extrapolate cash flows beyond the budget period.

<sup>2</sup>Pre-tax discount rate applied to the cash flow projections.

Other key assumptions used in the value of use calculations were as follows:

- *Post-paid and prepaid customer additions:* Strong subscriber growth in the Greek market is anticipated while an overall increasing market share is assumed driven by an increase in the prepaid segment. Market subscriber growth is expected to continue while market penetration is expected to grow, as fixed to mobile substitution is continuing as well as increasing double SIM card usage. Net additions however are expected to slightly decline with a stabilizing churn rate as a result of higher network quality and better customer service; application of modern churn prediction models; and improved bad debt management.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

- *Stable post-paid and prepaid customer average revenue per user (as a combined assumption of customers' usage and tariffs charged):* Blended ARPU (postpaid and prepaid) is expected to remain relatively stable. Postpaid ARPU however is expected to be relatively high as a result of increased outgoing voice average usage due to new activations and migrations towards higher bundle tariff plans (and prepaid to postpaid migration on a lesser scale). A major ARPU driver going forward is the organic growth of usage and the increasing value added services usage generated that mitigates the dilutive effect from the declining mobile terminating rates and the expansion of the prepaid subscriber base. Interconnection rates are anticipated to decrease in line with regulator expectations.
- *Declining interconnection rates:* Interconnection rates are anticipated to decrease in line with regulator expectations.
- *Improved earnings before interest taxes, depreciation and amortization (EBITDA) margin:* EBITDA margin is expected to improve as a result of the expanded revenue base, reduction in subscriber acquisition costs, more efficient cost management and Company-wide synergies.
- *Growth in the penetration rate, in direct fixed telephony (LLU) and broadband (BB) market:* Growth is anticipated in an aggressive direct fixed telephony (LLU) deployment and accelerated customer acquisition supported by the increased broadband (BB) penetration in Greece. The active subscriber base is growing due to total market growth. The blended ARPU will expand significantly due to the contribution of double-play customers. Broadband services will be the largest revenue growth driver for Tellas contributing the majority of revenues by 2010. Tellas is aiming to gain the second market position in the broadband domestic market by 2011 with a market share of more than 16%. EBITDA margin is expected to be improving up to 2011 as a result of higher revenues despite the increase in interconnection costs due to increase in usage and customer base transformation from Indirect to Direct as well as from business customers focus.

With regards to the assessment of the value in use of each one of the Company's CGUs, the Company believes that no reasonably possible change in any of the basic assumptions would cause the carrying value of the CGUs to exceed their recoverable amount.

**(b) Q brand name:**

The intangible asset relating to the brand name for Q amounted to €7.1 million (2006: €7.1 million) and is included in "Other Intangibles" in the intangible assets schedule (note 12). This asset is not amortized since it has an indefinite life and forms part of the WIND Hellas CGU for impairment testing purposes. The determination of the recoverable amount of the Q brand is based on the key assumptions outlined above for the WIND Hellas (CGU) and the Company believes that no reasonably possible change in any of the basic assumptions would cause the carrying amount of the CGU to exceed its recoverable amount.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**14. INVENTORIES:**

	<b>2007</b>	<b>2006</b>
Terminals .....	8,268	9,323
Prepaid airtime boxes .....	470	1,224
SIM cards .....	395	850
Spare parts.....	1,352	1,199
Accessories .....	627	581
Prepaid airtime cards .....	175	260
Modems and routers .....	1,245	-
Other .....	306	119
	<b>12,838</b>	<b>13,556</b>

There have been no write downs of inventories to net realizable value (2006: nil).

Inventories of the subsidiary WIND Hellas amounting to €1.6 million (2006: €13.6 million) have been pledged as security for debt (note 18).

**15. TRADE AND OTHER RECEIVABLES:**

	<b>2007</b>	<b>2006</b>
Customers for services rendered.....	168,608	127,965
Customers for sales of handsets and accessories.....	30,259	25,169
Unbilled revenues .....	32,550	21,704
Interconnection fees receivable .....	72,400	100,396
International GSM network operators for roaming services.....	-	2,722
Trade receivables (note 28) .....	<b>303,817</b>	<b>277,956</b>
Income tax advance .....	26,296	11,946
Value added tax receivable .....	8,470	2,729
Receivable from Post Office.....	810	986
Prepaid expenses.....	22,806	14,475
Other .....	10,796	12,537
	<b>372,995</b>	<b>320,629</b>
Less: Allowance for impairment .....	(54,269)	(41,545)
	<b>318,726</b>	<b>279,084</b>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	<b>2007</b>	<b>2006</b>
Balance at 1 January .....	<b>41,545</b>	<b>32,527</b>
Acquisition of subsidiary .....	12,106	2,017
Charge for the year (note 6).....	8,953	8,516
Unused amounts reversed .....	(24)	(14)
Write off of receivable.....	(8,311)	(1,501)
Balance at 31 December .....	<b>54,269</b>	<b>41,545</b>

The trade and other receivables of the subsidiary WIND Hellas amounting to €6.1 million (2006: €149.9) have been pledged as security for debt (note 18).

The Company's exposure to credit risk and impairment losses related to trade receivables is further disclosed in note 28.

**16. CASH AND CASH EQUIVALENTS:**

	<b>2007</b>	<b>2006</b>
Cash at bank and on hand .....	37,571	10,630
Time deposits .....	72,500	33,782
	<b>110,071</b>	<b>44,412</b>

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 28.

Cash at bank and time deposits of the Company excluding the cash of Tellas, amounting to €0.3 million (2006: €44.0 million) has been pledged as security for debt (note 18).

**17. EQUITY:**

**Share capital and CPECs**

	<b>Ordinary share capital</b>		<b>CPECs</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Number of shares/certificates				
Issued at 1 January .....	15,769	10,000	6,487,136	490,000
Issued in the year.....	-	5,769	-	282,681
Redeemed prior to change in par value .....	-	-	-	(434,594)
Increase due to change in par value .....	-	-	-	33,470,649
Redeemed after change in par value .....	-	-	-	(27,321,600)
Issued at 31 December .....	<b>15,769</b>	<b>15,769</b>	<b>6,487,136</b>	<b>6,487,136</b>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

As at 31 December 2007, the authorized and issued share capital, having a par value of €100 each, were fully paid. In 2006, the Company increased its subscribed ordinary share capital by 5,769 new ordinary shares with a par value of €100 each.

Regarding the CPECs, on 15 June 2005, the Company issued 490,000 CPECs with initial par value of €100 each. In the first quarter of 2006, the Company issued additional convertible preferred equity certificates of 282,680 and in April 2006, the Company redeemed 434,590 at a par value of €100 each. Also, in April 2006, the par value of each CPEC was changed from €100 each to €1 each increasing the issued CPECs by 33,471 thousand. On 21 December 2006, the Company redeemed 27.3 million CPECs for cash consideration of €74 million. The excess amount paid over the par of €51.3 million is accounted for as a dividend on the CPECs, which corresponds to €34.8 per CPEC. As at 31 December 2007 and 2006, issued and outstanding CPECs were 6.5 million with a par value of €1 each.

**Statutory reserve**

Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the existence of the company, but can be used to eliminate a deficit. As at 31 December 2007, the Company did not have statutory reserves for its operating subsidiaries, WIND Hellas and Tellas.

**Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to forecasted transactions that have not yet occurred (note 24).

**Dividends**

Under Greek corporate law, the two operating subsidiaries of the Company, WIND Hellas and Tellas, are required to distribute a minimum amount equal to 35% of the annual after-tax profits, after deduction of the statutory reserve, to its shareholders as a dividend. The Company can, however, waive such a dividend with the significant majority consent of its shareholders.

Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed which are as follows: (a) No dividends can be distributed to the shareholders as long as the company's net equity, as reflected in its statutory financial statements, is or after such distribution will be less than the share capital plus non-distributable reserves and (b) No dividends can be distributed to the shareholders as long as the unamortized balance of "Pre-operating expenses," as reflected in the statutory financial statements, exceeds the aggregate of distributable reserves plus retained earnings.

No dividends have been declared during 2007 and 2006. Furthermore, after the balance sheet date, no dividends have been declared.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**18. DEBT:**

This note provides information about the contractual terms of the Company's debt, which is measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 28.

**Terms and debt repayment schedule**

Terms and conditions of outstanding debt were as follows:

	Ref	Currency	Nominal interest rate	Year of Maturity	2007		2006	
					Face value	Carrying amount	Face value	Carrying amount
<b>Current</b>								
Bond Loan	(v)	€	3M Euribor + 1.75%	2008	3,312	3,312	-	-
Obligations under finance lease	(note 26)	€	7%	2007	-	-	683	683
					<b>3,312</b>	<b>3,312</b>	<b>683</b>	<b>683</b>
<b>Non Current</b>								
Obligations under finance lease	(note 26)	€	7%	2016	-	-	4,736	4,736
					-	-	<b>4,736</b>	<b>4,736</b>
Senior Secured Notes - €25 million issue	(i)	€	3M Euribor + 3.5%	2012	925,000	916,234	925,000	914,695
Senior Secured Notes - €200 million issue	(i)	€	3M Euribor + 3.5%	2012	200,000	194,390	200,000	193,471
Senior Secured Notes - €7.3 million issue	(i)	€	3M Euribor + 3.5%	2012	97,250	96,581	97,250	96,494
Senior Notes - €355 million issue	(ii)	€	8.50%	2013	355,000	346,519	355,000	345,383
Subordinated Notes - €60 million issue	(iii)	€	3M Euribor + 6.00%	2015	960,000	930,675	960,000	927,999
Subordinated Notes - US \$275 million issue	(iii)	\$	3M Libor + 5.75%	2015	210,406	204,020	210,406	203,462
Revolving Credit Facility	(iv)	€	3M Euribor + 2.25%	2012	220,000	216,146	-	-
Bond Loan	(v)	€	3M Euribor + 1.75%	2009	3,312	3,312	-	-
Bond Loan	(v)	€	3M Euribor + 1.75%	2010	3,313	3,313	-	-
Bond Loan	(v)	€	3M Euribor + 1.75%	2011	3,313	3,313	-	-
					<b>2,977,594</b>	<b>2,914,503</b>	<b>2,747,656</b>	<b>2,681,504</b>
Total					2,980,906	2,917,815	2,753,075	2,686,923

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
**(In thousands of euro, unless otherwise stated)**

- (i) On 7 October 2005, Hellas V issued senior secured floating rate notes (the “Senior Secured Notes”) with a principal amount of €25.0 million under an indenture agreement (the “Senior Secured Indenture”) dated 7 October 2005, as supplemented on 31 January 2006 and amended and restated as of 18 December 2006, among itself, the guarantors party thereto and the Bank of New York, as trustee. Furthermore, on 1 February 2006, Hellas V issued additional Senior Secured Notes with a principal amount of €200.0 million under the Senior Secured Indenture in connection with the financing of the Q-Telecom acquisition (note 3). Finally, on 21 December 2006, Hellas V issued additional Senior Secured Notes with a principal amount of €97.25 million under the Senior Secured Indenture. As at 31 December 2007 and 2006, total principal outstanding for the Senior Secured notes was €1,222.25 million. The Senior Secured Notes constitute a single class of debt securities under the Senior Secured Indenture, they mature on 15 October 2012 and bear interest at a rate per annum, reset quarterly, equal to EURIBOR plus 3.5%. The funds raised by the issuance of the €200.0 Senior Secured Notes were used to settle a senior secured bridge facility agreement entered into by Hellas V on 31 January 2006. This bridge facility was cancelled following the settlement (note 3).
- (ii) On 7 October 2005, Hellas III issued senior notes (the “Senior Notes”) with a principal amount of €355.0 million. The Senior Notes mature on 15 October 2013 and bear interest at a fixed rate per annum of 8.50%. The Senior Notes were issued under an indenture dated as of 7 October 2005, as supplemented on 31 January 2006 and amended and restated as of 18 December 2006, between, among others, Hellas III and the Bank of New York, as trustee.
- (iii) On 21 December 2006, Hellas II issued Euro-denominated floating rate subordinated notes (the “Euro Subordinated Notes”) with a principal amount of €60.0 million and US dollar-denominated floating rate subordinated notes (the “Dollar Subordinated Notes”) with a principal amount of \$275.0 million (collectively referred to as the “Subordinated Notes”) in accordance with an indenture agreement dated 21 December 2006 among Hellas II, The Bank of New York, as trustee and Deutsche Bank AG as security agent. The Euro Subordinated Notes bear interest at a rate per annum, reset quarterly, equal to EURIBOR plus 6.0% and the Dollar Subordinated Notes bear interest at a rate per annum, reset quarterly, equal to LIBOR plus 5.75%. The Subordinated Notes mature on 15 January 2015.
- (iv) A senior subscription agreement (the “Revolving Credit Facility”) was entered into on 3 April 2005 and subsequently amended and restated on 15 July 2005, 12 September 2005, 31 January 2006, 21 December 2006 and 20 April 2007 (the Super Priority Subscription Agreement) and most recently on 17 December 2007 between, among others, Hellas V and WIND Hellas as borrowers and J.P. Morgan Europe Limited as issuing bank, agent and security agent. The Revolving Credit Facility initially provided for commitments of up to €250 million in the form of a revolving facility and a domestic facility, which commitments were automatically reduced to €200 million upon consummation of the cash-out merger of WIND Hellas with and into Troy GAC Telecommunications S.A. on 3 November 2005. The facility was further reduced to €150 million on 20 April 2007, the closing date of the acquisition of Hellas Telecommunications S.A. by Weather Investments S.p.A (note 25). Pursuant to the most recent amendment on 17 December 2007, the facility was increased by €100 million to a total of €250 million, in order to fund the acquisition of Wind PPC Holding N.V (note 3). The Revolving Credit Facility matures on 3 April 2012 and bears interest at a rate of EURIBOR plus a margin ranging from 1.5% to 2.25%. As at 31 December 2007, €220 million was drawn under this facility. The Revolving Credit Facility is guaranteed by Hellas II, Hellas IV, Hellas V, Hellas VI and WIND Hellas.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
**(In thousands of euro, unless otherwise stated)**

- (v) As at 31 December, 2007, WIND Hellas obtained a bond loan totalling €13.25 million from a local Greek financial institution for the expansion of its network infrastructure. This bond loan bears interest at EURIBOR plus 1.75% and the principal amount is payable over a four year period in equal annual instalments, as reflected in the table above.

Hellas III and Hellas V obtained consents from the holders of the Senior Notes and the Senior Secured Notes, respectively, and Hellas V has obtained waivers and consent from creditors under the Revolving Credit Facility to permit the issuance of €7.25 million of Senior Secured Notes and the Subordinated Notes on 21 December 2006.

On 2 March 2007, Hellas II, Hellas III and Hellas V completed a consent solicitation process, having obtained consents from the holders of the Subordinated Notes, the Senior Notes and the Senior Secured Notes, respectively, to among other things, permit the one-time waiver of the change of control covenant of each of (i) the amended and restated indenture dated 18 December 2006 (the "Senior Secured Indenture"), among Hellas V, the Guarantors as defined therein, The Bank of New York and others, pursuant to which the Senior Secured Notes were issued, (ii) the indenture dated 21 December 2006 (the "Subordinated Indenture"), among Hellas II, The Bank of New York and others, pursuant to which the Subordinated Notes were issued, and (iii) the amended and restated indenture dated 18 December 2006 (the "Senior Indenture"), among Hellas III, the Guarantors as defined therein, the Bank of New York and others, pursuant to which the Senior Notes were issued, which would otherwise have required the relevant company to make a change of control offer upon completion of the proposed sale by the sellers of Hellas to Weather Investments S.p.A. (note 25).

The Senior Secured Notes are guaranteed by Hellas II and certain of its subsidiaries, including WIND Hellas on a senior basis and are secured by liens on substantially all of the assets of Hellas II and certain of its subsidiaries, including WIND Hellas. The Senior Notes are guaranteed by Hellas II and certain of its subsidiaries, including WIND Hellas, on a senior subordinated basis and are secured by junior liens on the shares of WIND Hellas, all inter-company bond loans owed to Hellas III and the bank accounts of Hellas III. The Subordinated Notes are secured by liens over certain equity interests in Hellas II.

Transactions costs directly related to the issuance of the Senior Notes, the Senior Secured Notes, the Subordinated Notes and the Revolving Credit Facility have been considered as reductions in the proceeds from these issuances and are amortized over the life of the debt instruments using the effective interest method.

The Senior Secured Notes and the Subordinated Notes (collectively, the "Notes") have been issued under the Senior Secured Indenture and the Subordinated Indenture, respectively, among Hellas V and the Senior Secured Guarantors, and Hellas II, as applicable, the Senior Secured Trustee or the Subordinated Trustees, respectively, and the Security Agent (collectively, the "Indentures").

The Indentures contain covenants including, among others, the following restrictions:

- incur or guarantee additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem the Company's stock;
- make investments or other restricted payments;
- create liens;
- enter into certain transactions with affiliates;

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

- enter into agreements that restrict the Company's restricted subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of the Company's assets.

If an event of default of the covenants and the continuance of the default, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an event of default relating to certain events of bankruptcy, insolvency or reorganization of the parent guarantor occurs and is continuing, the principal of and interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences. Further to the abovementioned covenants, the Revolving Credit Facility contains various covenants substantially similar to the covenants in the indentures governing the Senior Secured Notes, the Senior Notes and the Subordinated Notes. In addition, the Revolving Credit Facility contains a financial covenant relating to the maintenance of the ratio of net senior secured debt to consolidated earnings before income taxes depreciation and amortization of Hellas II and certain of its subsidiaries which is tested quarterly. As at 31 December 2007, the Company is in compliance with all covenants.

For interest expense incurred for 2007 and 2006 for the Company's debt, refer to note 7.

**19. OTHER LONG-TERM LIABILITIES DUE TO RELATED COMPANIES (PECs):**

On 15 June 2005, the Company issued preferred equity certificates ("PECs") with an aggregate par value of €350 million, which earned interest in 2005 of €21.6 million. Within the first quarter of 2006, additional PECs were issued with a par value of €69.7 million while in April 2006, the Company issued further PECs with a par value of €43.5 million, net of direct costs of €15.9 million. On 21 December 2006, the Company redeemed €500 million of outstanding PECs plus accrued interest to Hellas I and issued new PECs with a par value of €191.1 million. As at 31 December 2006, the PECs outstanding amounted to €191.7 million, which are analyzed as outstanding PECs par value of €191.1 million and accrued interest of €0.6 million. The accrued interest has been determined with reference to the interest rate earned on PIK Notes issued by Hellas Telecommunications Finance SCA, a subsidiary of Hellas I, of three-month EURIBOR plus 8%. These outstanding PECs have a mandatory redemption date of 21 December 2036 at a redemption price equal to the sum of the par value for each outstanding PEC and accrued interest earned.

During 2007, no PECs were issued however interest of €24.1 million was accrued resulting in total PECs outstanding as at 31 December 2007 of €215.8 million (2006: €191.7 million).

**20. EMPLOYEE BENEFITS PROVISION:**

In accordance with Greek legislation, the Company has the obligation, under certain circumstances, to indemnify its employees upon their retirement. The relevant legislation defines an amount of one-off pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. This obligation meets the definition of a defined benefit obligation.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

The amounts recognized in the consolidated balance sheet are determined as follows:

	<b>2007</b>	<b>2006</b>
Present value of obligations .....	5,922	5,714
Unrecognized net loss .....	(252)	(1,352)
Net liability in consolidated balance sheet .....	5,670	4,362
	<u>5,670</u>	<u>4,362</u>

The movement in the defined benefit obligation over the year is as follows:

	<b>2007</b>	<b>2006</b>
<b>Balance at 1 January</b> .....	5,714	4,222
Acquisition of subsidiary .....	336	149
Current service cost.....	849	718
Interest cost .....	250	177
Actuarial losses/(gains).....	(1,003)	606
Benefits paid directly by the Company .....	(743)	(733)
Extra payments for employees made redundant.....	519	575
<b>Balance at 31 December</b> .....	5,922	5,714
	<u>5,922</u>	<u>5,714</u>

The movement in net liability in balance sheet is as follows:

	<b>2007</b>	<b>2006</b>
<b>Balance at 1 January</b> .....	4,362	3,456
Acquisition of subsidiary .....	385	149
Benefits paid.....	(744)	(733)
Total expense recognised in income statement .....	1,667	1,490
<b>Balance at 31 December</b> .....	5,670	4,362
	<u>5,670</u>	<u>4,362</u>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

The amounts recognized in the consolidated income statement are as follows:

	<b>2007</b>	<b>2006</b>
Current service cost.....	849	718
Interest cost .....	250	177
Amortisation of unrecognised net (gain)/loss.....	23	20
Extra payments for employees made redundant.....	545	575
Net benefit expense (note 9).....	1,667	1,490
	<b>1,667</b>	<b>1,490</b>

The principal actuarial assumptions at the reporting date used were as follows:

	<b>2007</b>	<b>2006</b>
Discount rate .....	4.8%	4.2%
Future salary increases .....	4.5%	4.5%
Average future working life (WIND Hellas).....	17.72	17.36
Average future working life (Tellas) .....	18.84	-
Average future working life (Q Telecom).....	-	15.95

*Mortality rate*

Assumptions regarding future mortality experience are set based on the mortality table which is accepted by the Greek Government department which reviews Greek pension funds. This table is called EVK2000 and is based on Swiss mortality.

**21. OTHER LONG TERM LIABILITIES:**

	<b>2007</b>	<b>2006</b>
Brand fees .....	18,059	13,230
Deferred revenue.....	1,369	-
	<b>19,428</b>	<b>13,230</b>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

On 15 June 2005, TIM Italia S.p.A. executed a licensing agreement whereby they granted the Company an exclusive and non transferable license to use in Greece and, in limited circumstances, outside of Greece: (i) the TIM trademark until 31 December, 2009; and (ii) the “TIM Hellas” corporate name until 15 June 2007.

As consideration for the use of the “TIM” brand, WIND Hellas was required to pay TIM Italia a brand fee equal to 0.75% of WIND Hellas’ annual invoiced revenue from telecommunication services. According to the agreement the brand fee would accrued until the earlier of the termination of the licensing agreement or its expiration on 31 December 2009. The brand fee would be payable in cash to TIM Italia in a lump sum on 30 January 2010, unless the licensing agreement was terminated prior to its expiration, in which case the brand fee would be due on 31 December 2009. As of 29 May 2007, the Company terminated the licensing agreement and ceased using both the “TIM” brand and the “TIM Hellas” corporate name. According to licensing agreement contract, the consideration for the brand fee is accrued up to and including 29 August 2007. This amount is payable on 31 December 2009.

Deferred revenue concerns a subsidy from the Greek State (Infosociety Zone 3 project) provide to the operating subsidiary Tellas for the construction and development of an appropriate infrastructure in order to provide broadband services (ADSL) in part of the Peloponnese and Greek islands. The infrastructure was not completed as of 31 December 2007, and is included in property, plant and equipment under construction. Consequently, amortization of the grant has not yet commenced.

**22. PROVISIONS:**

	<b>2007</b>	<b>2006</b>
Asset retirement obligations .....	6,615	7,463
Litigation provision (note 26).....	4,977	14,678
	<u>11,592</u>	<u>22,141</u>

The Company has rented land and buildings for the construction of its base stations and signs annual rental agreements for the use of these assets and has the right of renewal. The Company has the legal obligation to dismantle its stations at the expiration of the agreements, where the renovation of the buildings is required. A provision is recognized for the present value of the costs to be incurred for the restoration of the rented properties. An equivalent amount is recognized in the cost of the related asset and is depreciated using the same method and useful life estimate as the underlying asset. The amount of the unwinding of discount on the liability is included in financial expenses in the accompanying consolidated income statement. It is expected that the greater part of the provision recognized will be used in the next eight years with the assumption that the rental agreements will not be renewed.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**Asset retirement obligation**

	<b>2007</b>	<b>2006</b>
<b>Balance at 1 January</b> .....	8,078	11,504
Provision utilised during the year.....	(204)	(55)
Charged/(credited) to the income statement:		
-Unused amounts reversed .....	(74)	(107)
-Discout unwinding .....	335	460
Change of estimates (note 11) .....	(459)	(3,724)
New additions .....	584	-
<b>Balance at 31 December</b> .....	<b>8,260</b>	<b>8,078</b>

**Analysis of Asset Retirement Obligation:**

	<b>2007</b>	<b>2006</b>
Non - current .....	6,615	7,463
Current .....	1,645	615
	<b>8,260</b>	<b>8,078</b>

**Litigations provision**

	<b>2007</b>	<b>2006</b>
<b>Balance at 1 January</b> .....	14,678	14,678
Acquisition of subsidiary.....	975	-
Provision utilised during the year.....	(676)	-
Charged/(credited) to the income statement:		
-Unused amounts reversed .....	(10,000)	-
<b>Balance at 31 December</b> .....	<b>4,977</b>	<b>14,678</b>

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**23. TRADE AND OTHER PAYABLES**

	<u>2007</u>	<u>2006</u>
Suppliers - accounts payable (note 28).....	349,168	300,919
Deferred revenue.....	40,325	41,522
Accrued interest .....	55,934	28,034
License fee to National Telecommunications and Postal Committee ("NTPC") (note 28).....	3,006	2,764
Payroll and related expenses (note 28).....	12,502	12,287
Current portion of UMTS license payable (note 28).....	-	14,674
Loyalty program accrual .....	7,918	6,738
Other accrued liabilities .....	2,045	4,103
	<u><b>470,898</b></u>	<u><b>411,041</b></u>

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 28.

**24. DERIVATIVE FINANCIAL INSTRUMENTS:**

As at 31 December 2007, the Company had the following derivative financial instruments outstanding:

	<u>2007</u>		<u>2006</u>	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps.....	62,002	-	40,177	478
Cross currency interest rate swap .....	-	22,345	-	5,375
Interest rate swaptions .....	-	-	5	-
<b>Total</b>	<u><b>62,002</b></u>	<u><b>22,345</b></u>	<u><b>40,182</b></u>	<u><b>5,853</b></u>

As at 31 December 2007 the Company has nine derivatives financial instruments outstanding as follows:

- (i) Three interest rate swap contracts with notional amounts of €1,125 million. The notional amounts indicated are effective to 14 October 2010. These amounts are subsequently reduced to €50 million effective 15 October 2010 to 15 October 2012. These contracts were entered into in October 2005.
- (ii) Four interest rate swap contracts with notional amounts of €1,057.25 million. The notional amounts indicated are effective to 15 October 2009. These amounts are subsequently reduced to €480 million effective 15 October 2009 to 15 October 2012. These contracts were initially entered into by the Company in December 2006 with a total notional amount of €1,060 million and in January 2007, the notional amounts of two of these contracts were amended from €100 million to €7.25 million, while the other terms remained unchanged.
- (iii) Two cross-currency interest rate swap contracts with notional amounts of €10 million. The notional amounts indicated are effective to 15 January 2010. The cross currency interest rate swap provides the option to the Company to convert its dollar floating receiver's amount to Euro floating receiver's amount. These contracts were initially entered into by the Company in December 2006 as one cross-currency interest rate swap contract and were subsequently amended in January 2007 to split them into two contracts. All other terms remained the same.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
**(In thousands of euro, unless otherwise stated)**

The above contracts were entered into by the Company in order to mitigate its exposure to interest rate fluctuations associated with its variable rate debt (note 18).

The first three interest rate swap contracts qualified for hedge accounting (cash flow hedges) up to August 2006 and the resulting gains or losses, net of tax impact, from the valuation of the derivatives up to that date (net gain of €16.5 million) were reflected directly within equity in 2006. Starting September 2006, the Company revoked the designation of the swap contracts as a cash flow hedge and any further changes in their fair value has been included in other financing income in the accompanying consolidated income statement.

The remaining four interest rate swap contracts and the two cross currency interest rate swap contracts do not meet the strict criteria of hedge accounting and thus the change in their fair value has been included in financial income or financial expense in the accompanying consolidated income statement.

The Company was also a party to three swaption agreements which are not outstanding as at 31 December, 2007. These contracts were entered into in order to mitigate the Company's exposure to the above mentioned swap agreements, in case of early repayment or call back of its loans. The interest rate swaption contracts were intended to provide a hedge against the cash flows related to interest payments on the swap agreements. The notional amounts of the swaptions amounted to €25 million effective 16 July 2007 to 14 October 2010, while the notional amount of the swaptions was reduced to €50 million effective 15 October 2010 to 15 October 2012. The exercise date of the swaptions was July 2007, and they were not exercised on that date. These contracts were measured at fair value, however they did not meet the strict criteria of hedge accounting, therefore the change in their fair value amounting € thousand for the twelve month period ended 31 December 2007, has been included in other financing expense in the accompanying consolidated income statement.

The Company's exposure to credit, currency and interest rate risks related to derivatives is disclosed in note 28.

## **25. RELATED PARTY DISCLOSURES:**

### **Parent and ultimate controlling party**

As at 10 April 2007, the shares of Hellas, the ultimate parent company of Hellas II, were acquired by Weather Investments S.p.A. from the previous ultimate shareholders, Texas Pacific Company ("TPG") and APAX Partners ("APAX"), two private equity funds. As a result, the new ultimate controlling party of the Company is Weather Investments S.p.A..

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year. The terms and conditions of the transactions with these related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

<b>Services from related party:</b>		<b>Services to related party</b>	<b>Services from related party</b>	<b>Amounts owed by related party</b>	<b>Amounts owed to related party</b>
<b>Shareholder of Hellas and ultimate parent company – Weather Investmens S.p.A.</b>					
- Consulting services	2007	-	4,376	-	4,376
	2006	-	-	-	-
<b>Previous Shareholder – APAX Partners</b>					
- Other expenses	2007	-	27	-	-
	2006	-	-	-	-
<b>Ultimate parent company - Hellas</b>					
- Fees for refinancing	2007	-	-	-	-
	2006	-	1,214	-	-
<b>Parent company – Hellas I</b>					
- Consulting services	2007	-	1,222	-	-
	2006	-	4,000	-	-
- Advisory fees (Q Telecom)	2007	-	-	-	-
	2006	-	5,000	-	-
- Shareholders' expenses	2007	-	114	-	-
	2006	-	272	-	272
<b>Subsidiary of shareholder of Hellas and ultimate parent company – WIND Telecomunicazioni S.p.A.</b>					
- Telecommunication services	2007	2,176	558	13,741	11,509
	2006	-	-	-	-
- Other expenses	2007	119	252	533	16,026
	2006	-	-	-	-
<b>Subsidiary of parent company – Tellas S.A. Telecommunications S.A.</b>					
- Telecommunication services	2007	1,921	447	-	-
	2006	-	-	-	-
<b>Subsidiary of ultimate parent company – Mobinil</b>					
- Telecommunication services	2007	58	289	14	98
	2006	-	-	-	-
<b>Subsidiary of ultimate parent company – Orascom Algeria</b>					
- Telecommunication services	2007	7	22	2	7
	2006	-	-	-	-
<b>Subsidiary of ultimate parent company – Orascom Tunisia</b>					
- Telecommunication services	2007	6	22	1	4
	2006	-	-	-	-
<b>Subsidiary of ultimate parent company – Orascom Iraq</b>					
- Telecommunication services	2007	-	-	2	-
	2006	-	-	-	-

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

<b>Loans/Cash advances/others from/to related party:</b>		<b>Interest received from related party</b>	<b>Interest paid to related party</b>	<b>Amounts owed by related party</b>	<b>Amounts owed to related party</b>
<b>Subsidiary of Parent – Hellas Finance</b>					
- Interest	2007	-	-	-	-
	2006	483	-	-	-
<b>Parent company – Hellas I</b>					
- Interest	2007	-	24,110	-	-
	2006	-	51,570	-	-
- Interest free cash advances	2007	-	-	-	-
	2006	-	-	32	-
- Advances received	2007	-	-	-	14
	2006	-	-	-	14
- Loans received plus accrual	2007	52	-	733	-
	2006	-	-	-	-
<b>Ultimate parent company – Hellas</b>					
- Interest free cash advances	2007	-	-	-	-
	2006	-	-	22	-
- Advances received	2007	-	-	-	130
	2006	-	-	-	130
- Loans and accrued interest	2007	2	-	24	-
	2006	-	-	-	-
<b>Shareholder and ultimate parent company – Weather Investmens S.p.A.</b>					
- Consent fees	2007	-	-	-	2,722
	2006	-	-	-	-
<b>Compensation of key management personnel of the Company</b>		<b>2007</b>	<b>2006</b>		
Short- term employee benefits (salaries,employers' contributions, bonuses) .....		13,798	6,617		
Management equity plans (note 27) .....		2,222	7,349		
<b>Total compensation to key management personnel .....</b>		<b>16,020</b>	<b>13,966</b>		

Outstanding balances at year end are unsecured and settlement occurs in cash.

For transactions with related parties relevant to the Preferred Equity Certificates, refer also to note 19.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**26. COMMITMENTS AND CONTINGENCIES:**

**a) Commitments**

**Capital commitments:** The Company has a number of outstanding capital commitments on supplier contracts which at 31 December, 2007, amounted to approximately €12.7 million.

**Lease commitments:** As at 31 December 2007, the Company was a party to a number of non-cancelable lease agreements. The operating leases relate to real estate property and transportation leases, which expire on various dates through 2020. In April 2007, the Company settled its finance lease obligations of €5.4 million relating to a Fixed Wireless Access (FWA) license in the 25 GHz frequency band (note 18).

The future minimum lease payments under operating lease agreements as at 31 December, 2007 are as follows:

Year	Operating leases
2008.....	38,040
2009.....	36,213
2010.....	34,312
2011.....	32,049
2012.....	29,435
Thereafter.....	98,198
Total minimum rental commitments .....	<u>268,247</u>

Total rent expense under operating leases for the year ended 31 December, 2007 and 2006 amounted to €33.4 million and €29.6 million, respectively and is included in the accompanying consolidated income statement.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**b) Contingencies**

The Company is a party to various litigation and claims, the major of which are:

*(i) DELAN Arbitration:* WIND Hellas is involved in a dispute with Delan Cellular Services S.A. (“Delan”) relating to a September 1996 agreement between WIND Hellas and Delan pursuant to which Delan agreed to develop and market pre-paid telecommunications services using WIND Hellas’ network. WIND Hellas terminated the agreement in January 1997 because of Delan’s failure to adequately develop a platform for the pre-paid product in accordance with the contractual timetable. WIND Hellas subsequently developed the product, and Delan filed a claim against WIND Hellas in a Greek arbitration tribunal in February 1998 seeking damages of approximately €343 thousand due to breach of contract and €79.5 million in lost profits plus accrued interest (which is calculated by the Greek courts from the date the claim was filed to the date of the judgment using the Bank of Greece interest rates). Although the arbitration proceeding concluded in March 2001, the arbitration panel president was unable to reach a decision and as a result, he submitted his resignation in December 2003. A new chairman of the arbitration panel was appointed to the matter in January 2005, at which time Delan also submitted additional evidence. New hearings on this matter were held in April 2005. On 4 July 2006, the Athens Arbitration Tribunal reached a decision and found against the Company the amount of €30.7 million plus legal interest. The Company submitted a petition to the Athens Court of Appeals for the annulment of this award. The Court of Appeals granted a stay of execution of this award pending the hearing of the appeal, which took place in January 2007. The Athens Court of Appeals issued a decision in July 2007 annulling the decision of the Arbitration Court and in accordance with the Greek Civil Procedure rules, the lawyers of WIND Hellas notified Delan of this decision on 6 September 2007. As at 29 October 2007, the courts issued a certificate to WIND Hellas that no appeals have been filed before the Supreme Court within the applicable limitation period of one month from the decision being served to the relevant parties, and consequently, this matter was considered closed by Company management.

However, as at 29 February 2008, WIND Hellas received a court summons that the Delan case was appealed by Alpha Digital TV S.A. (“Alpha”), a company that absorbed Delan in February 2007 and as a result of this absorption, Alpha became the full successor of the Delan claim against WIND Hellas. Alpha now claims that they should have been formally notified of the decision issued in July 2007 to their address on 6 September 2007 rather than the notification being delivered to Delan. As a result, a three-year limitation period is applicable for the filing of this appeal instead of one month. Alpha filed their petition for appeal before the Supreme Court in November 2008 and WIND Hellas was formally notified of this appeal on 29 February 2008. Even though a hearing date for the annulment of the Appeals Court decision has been set for 5 May 2008, Company management believes that the chances of Alpha succeeding in its appeal is remote.

*(ii) Vasiliadis Enterprises S.A. Litigation:* In March 2001, Vasiliadis Communications S.A. (“Vasiliadis”), one of the Company’s former master dealers, filed suit against WIND Hellas claiming damages of over €9.2 million for breach of contract. Following Vasiliadis’ bankruptcy, WIND Hellas filed a counterclaim totaling €1.8 million for damages resulting from Vasiliadis’ closure of its stores after receiving financial support from WIND Hellas. A decision from the Athens Court of First Instance ruled in favor of Vasiliadis and awarded Vasiliadis €1.0 million in damages for lost profits. This decision was appealed by both parties. This decision was appealed by both parties. Subsequently, the Court of Appeals issued a ruling in September 2004 and awarded Vasiliadis €1.1 million in damages for lost profits plus accrued interest and €50 thousand for legal expenses. Both WIND Hellas and Vasiliadis filed petitions for the amendment of this ruling before the Supreme Court (Arios Pagos). The hearing for the petitions took place on 26 February 2007 whereby WIND Hellas was required to pay Vasiliadis an amount of €676 thousand.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
**(In thousands of euro, unless otherwise stated)**

Vasiliadis has filed a second claim against WIND Hellas in February 2005 related to claims of a similar nature as described above but for the period following the filing of the first claim from the first quarter of 2001 through to the end of 2001. In this claim, they are seeking damages of approximately €1.9 million for lost profits plus accrued interest. A hearing on this matter that was scheduled for October 2006 was re-scheduled for 18 October 2007. At the date of the hearing the case was adjourned and it was further re-scheduled for 24 January 2008. A decision on the matter is expected by the end of September 2008.

*(iii) Lantec Communications S.A. Litigation:* Lantec Communications S.A. ("Lantec"), one of the Company's former master dealers, filed suit against WIND Hellas in March 2002 claiming damages of approximately €2.7 million in lost profits relating to the termination by WIND Hellas of its exclusive agreement with Lantec due to Lantec's failure to meet the targets of WIND Hellas' commercial policy as stipulated in the agreement, as well as for breach of contract. The claim was dismissed by the Multimember First Instance Court of Athens following a hearing in March 2004 and WIND Hellas was awarded €1.1 million for legal fees. Lantec appealed this ruling and their appeal was heard on November 10, 2005. On March 27, 2006, the Court of Appeal issued its decision rejecting Lantec's appeal. Lantec, which has merged with Lannet, has filed a petition for annulment of this ruling with the Supreme Court (Arios Pagos). The Supreme Court hearing for this petition was scheduled for September 2007 however due to the parliamentary elections in September 2007, the hearing did not take place and the Supreme Court (Arios Pagos) has set the date for the hearing for 6 October 2008.

*(iv) TCS Capital Management:* In November 2006, TCS Capital Management ("TCS"), the largest minority shareholder of WIND Hellas prior to the Cash-out Merger, filed a lawsuit in the United States District Court of New York against the former Sponsors ("Sponsors" refers to a consortium of private equity investment funds affiliated with, or advised and managed by Apax and Texas Pacific Group), WIND Hellas, Telecom Italia, the former board of directors of WIND Hellas and others alleging that these entities engaged in market manipulating activities in connection with the Cash-out Merger. TCS has claimed that it suffered economic harm because the price paid to the minority shareholders of WIND Hellas in the Cash-out Merger for their shares of WIND Hellas had been artificially depressed as a result of these activities and did not reflect the full value of the minority interests. TCS is seeking unspecified damages. No date has been set for a hearing on this matter. Currently, motions to dismiss the action on various grounds are pending however the outcome of this matter cannot be predicted at this time.

*(v) Benroubis S.A.:* Benroubis S.A. ("Benroubis") is a company which, inter alia, operates retail stores and produces household appliances. Tellas had requested the approval of the trademark "IZI" for a group of new services. Benroubis filed an injunction request before the civil courts claiming that Tellas should refrain from using this trademark as Benroubis had already registered the trademark "IZZY" for equipment produced by it, including fixed telephone sets. The court granted an injunction prohibiting the use of the trademark "IZI" by Tellas and Tellas immediately withdrew from the market, its products bearing the relevant trademark. The Administrative Trademark Committee (responsible for the registration of trademarks) accepted the request of Tellas for the registration of "IZI", despite the fact that Benroubis S.A. had intervened and requested the rejection of Tellas' application. Consequently, Benroubis filed a law suit claiming €1.0 million from Tellas on the grounds of unfair competition (for use of the trademark). Independent of the outcome of the judicial dispute, Tellas has fully covered the risk arising from this case, as the advertising agency used by Tellas (DDB) has undertaken to reimburse Tellas any amount that Tellas may be required to pay to Benroubis.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

(v) *National Telecommunications Posts Committee (N.T.P.C.):* In 2006 and 2007 a high number of customers filed complaints against Tellas before the Telecoms Regulator. These complaints and the relevant replies of Tellas were considered by the Telecoms Regulator, resulted in the imposition of a series of fines. The fines imposed in 2007 amounted to a total of €1.85 million. Tellas has appealed against all decisions of the Regulator with respects to the imposition of such fines and unless the court decides to suspend the decisions and until the issuance of a final decision, Tellas will have to pay the fines before the court rules on the appeals. However, Tellas believes that the appeals are based on solid legal arguments, which are likely to result in a significant reduction of the amounts fined. The fines described under above, were based on complaints filed during 2006 and the first half of 2007. However, complaints were still being filed during the second half of the year. We cannot exclude the possibility of a new fine being imposed on Tellas during 2008 for complaints filed in the second half of 2007.

The Company has recorded a provision of €4.9 million as at 31 December 2007 (2006: €4.7 million) which is its best estimate of the possible outcomes of the above-mentioned legal cases (note 22).

*Other:* In the normal course of business, the Company is at times subject to other pending and threatened legal actions and proceedings. Management believes that the outcome of such actions and proceedings will not have a material adverse effect on the consolidated financial position or results of operations of the Company.

## **27. MANAGEMENT EQUITY PARTICIPATION PLANS:**

The Chief Executive Officer ("CEO") of WIND Hellas entered into a subscription agreement on 15 July 2005 pursuant to which he purchased €1.5 million of ordinary shares and CPECs which then represented 3.0% of total equity of Hellas (the ultimate parent company). In September 2005, Hellas offered to certain executive officers and members of senior management of WIND Hellas the opportunity to invest in the equity of Hellas. Under the terms of a subscription agreement similar to the subscription agreement entered into by the CEO of WIND Hellas, each of these executive officers and members of senior management were allowed to purchase €25,000 to €250,000 worth of ordinary shares and CPECs of Hellas, based upon their position. In aggregate, this equaled an additional 3% of the total equity of Hellas at that time. These agreements provided that the shares of Hellas would vest in equal monthly installments over a 48-month period and were subject, at all times, to repurchase rights in the event that employment was terminated.

On 5 October 2005, the CEO of WIND Hellas also paid an additional €5 million which was exchanged for ordinary shares, CPECs and PECs (€4 million relates to PECs) issued by Hellas. The ordinary shares and CPECs represented an additional 2% of the total equity of Hellas at that time. These shares, CPECs and PECs have vested and are not subject to repurchase rights.

In February 2006, in connection with the Q Telecom Acquisition, the CEO and senior management of WIND Hellas and the senior management of Q Telecom were offered the opportunity to invest in the equity of Hellas under the terms of a subscription agreement similar to the subscription agreement entered into on 15 July 2005. Each of these persons was allowed to purchase €15,000 to €40,000 worth of ordinary shares and CPECs of Hellas, based on their position. Each of the subscription agreements provided that the shares of Hellas would vest in equal monthly installments over a 48-month period and were subject, at all times, to repurchase rights in the event that employment was terminated. Additional shares were granted to senior management of WIND Hellas during the last two quarters of 2006.

In April 2006, 56% of the CPECs held by management were redeemed at their par value (note 17).

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
**(In thousands of euro, unless otherwise stated)**

In December 2006, approximately 73% of the outstanding CPECs were redeemed at fair value and, in accordance to the terms of the above agreements; these shares were fully vested (note 17).

As at 31 December 2006, the CEO of WIND Hellas had in aggregate a 4.1% equity stake in Hellas. Other employees of WIND Hellas and Q Telecom held in total an additional 5.7% in equity of Hellas.

The Company believed that the consideration paid by the CEO and certain executives of WIND Hellas in 2005 for the acquisition of ordinary shares and CPECs of Hellas was equal to the fair value of such shares and CPECs purchased. Therefore, for the twelve months ended 31 December 2006, no compensation expense was recognized for the shares and CPECs granted in 2005, in the accompanying consolidated income statement.

The fair value of the Hellas shares granted during the first two quarters of 2006 was estimated using discounted cash flows and analysis of valuation multiples for the WIND Hellas business, while for Q Telecom the estimation of fair value was based on the value derived from the acquisition. The fair value of the shares granted during the last two quarters of 2006 was estimated based on the value for which the shares were redeemed in December 2006. There were no further shares issued in 2007.

As at 20 April 2007, as a result of the acquisition of Hellas by Weather Investments S.p.A. (note 25), all the above outstanding shares vested and were settled. As at 31 December 2007 the CEO and other employees of the Company, do not have an interest in Hellas.

The total expense recognized in the consolidated income statement for 2007 and 2006 with respect to these management equity plans was €2.2 million and €7.3 million (note 9), respectively. This expense corresponds to 632 shares (4% of equity capital of Hellas) granted to WIND Hellas and Q Telecom employees during the year 2006 that were fully vested and settled in 2007.

**28. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS:**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital as well as quantitative disclosures.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. For this purpose, a Risk Management Department was established in April 2007. The Risk Management Department which is responsible for proposing, co-developing and monitoring the Company's risk management policies, reports to the Chief Financial Officer. They also have periodic reporting obligations to the Executive Committee. The Executive Committee reports regularly to the Board of Directors on its activities.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

The Company's risk management activities are established to identify, analyze, evaluate and rate (in terms of expected probability and impact) the risks faced by the Company, to propose and set appropriate risk limits and countermeasures to risks, and to monitor risks and adherence to limits. Risk management policies and systems (as well as operational processes) are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations, and in which ownership of risks and of related countermeasures reducing risks, is clearly assigned.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

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

	<b>Note</b>	<b>2007</b>	<b>2006</b>
Trade receivables .....	15	303,817	277,956
Derivative financial instruments .....	24	62,002	40,182
Cash and cash equivalents .....	16	110,071	44,412

*Trade receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's customers primarily relate to contract billing consumers and business subscribers, receivables from other telecommunication operators (interconnection and roaming) and receivables from the distribution network related to the purchase of terminals, SIM cards and scratch cards (note 15). With respect to the interconnection fees receivables, approximately 87% of the amount outstanding as at 31 December 2007 (2006: 98%) is attributable to three major national mobile and fixed telecommunication operators. As these telecommunication operators are also suppliers of the Company, we also have interconnection fees payable to these three operators representing approximately 66% (2006: 97%) of the total outstanding interconnections fees payable. Regarding the revenues and costs generated by these three major national mobile and fixed telecommunications operators, approximately 23% (2006: 28%) of the Company's total revenues and approximately 23% (2006: 26%) of the Company's total operating costs are attributed to them. Other than the above, there is no other significant concentration of credit risk relating to customers. It should be noted that both operating entities of the Company, WIND Hellas and Tellas, operate in their domestic market, which is Greece. Therefore, geographically, there is no concentration of credit risk.

Aged debts typically arise from customer credit problems, disputes or fraud. The Company's has established a credit control policy that provides that all new subscribers undergo a credit check prior to being accepted. The Company has a system to monitor unusual or fraudulent activity in order to minimize the risk of bad debt. In addition, it has implemented an SMS reminder service which automatically reminds customers when bills are overdue. The Company also receives collateral from its wholesalers and franchisees in order to mitigate its credit risk.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

*Impairment losses*

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The two components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Companies of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. An allowance account is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable and is written off against the financial asset directly.

The aging of trade receivables and the related allowance for impairment losses at the reporting date was as follows:

	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
Not past due .....	185,982	(838)	208,022	-
Past due from 0-30 days .....	16,300	(1,688)	11,066	(2,451)
Past due from 31-120 days .....	10,669	(1,617)	7,195	(456)
Past due from 121-150 days .....	3,581	(843)	1,483	(131)
Beyond 150 days.....	87,285	(49,283)	50,190	(38,507)
	<b>303,817</b>	<b>(54,269)</b>	<b>277,956</b>	<b>(41,545)</b>

For the movement in the allowance for impairment in respect of trade receivables, refer to Note 15. It should be noted that the allowance for impairment mainly relates to end-user consumers which is based on historical default rates. The overall accumulated impairment loss as a percentage of total gross receivables is 18% (2006: 15%) with the increase being attributed to the acquisition of WPH (note 3).

Trade receivables from wholesalers and franchisees are secured by letters of credit which for year 2007 is €34,997 thousand (2006: €26,149 thousand) out of which €2,049 thousand (2006: €1,361 thousand) relate to receivables which are past due.

*Investments*

The Company limits its exposure to credit risk by only investing excess funds in short term time deposits which are held with counterparties that have a good credit rating.

*Guarantees*

The Company's policy is to provide financial guarantees to secure borrowings. Refer to note 18 for a description of guarantees outstanding.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors its risk of a shortage of funds using liquidity planning practices. These practices consider the maturity of both financial assets (e.g. accounts receivables, other financial assets) and financial liabilities and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility.

In addition, the Company maintains the Revolving Credit Facility which currently has available funds of €30 million that can be drawn down to meet the Company's short-term financing needs. Refer to Note 18 for terms and conditions of the Revolving Credit Facility.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

<b>31 December 2007</b>	<b>Carrying amount</b>	<b>Contractual cashflows</b>	Less than 1 year	1-3 years	3-5 years	5-7 years	7-9 years	More than 9 years
<i>Non-derivative financial liabilities</i>								
Debt -fixed interest (note 18)	(346,519)	<b>(538,732)</b>	(30,678)	(61,188)	(61,272)	(385,594)	-	-
Debt -floating interest (note 18)	(2,571,296)	<b>(4,030,146)</b>	(242,573)	(467,500)	(1,901,809)	(239,733)	(1,178,530)	-
PECs (note 19)	(215,793)	<b>(7,857,279)</b>	-	-	-	-	-	(7,857,279)
License fee to NTPC (note 23)	(3,006)	<b>(3,006)</b>	(3,006)	-	-	-	-	-
Suppliers - accounts payable (note 23)	(349,168)	<b>(349,168)</b>	(349,168)	-	-	-	-	-
Payroll and related expenses payable (note 23)	(12,502)	<b>(12,502)</b>	(12,502)	-	-	-	-	-
Other long term liabilities (note 21)	(19,428)	<b>(18,059)</b>	-	(18,059)	-	-	-	-
<i>Derivative financial liabilities</i>								
- Cross currency interest rate swap - cash outflow	-	(249,749)	(22,451)	(227,298)	-	-	-	-
- Cross currency interest rate swap - cash inflow	-	219,660	18,237	201,423	-	-	-	-
<b>Cross currency interest rate swap net (note 24)</b>	<b>(22,345)</b>	<b>(30,089)</b>	<b>(4,214)</b>	<b>(25,875)</b>	-	-	-	-
<i>Derivative financial assets</i>								
- Interest Rate swaps (net cash inflow) (note 24)	62,002	<b>70,596</b>	19,231	32,294	19,071	-	-	-

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

<b>31 December 2006</b>	<b>Carrying amount</b>	<b>Contractual cashflows</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>5-7 years</b>	<b>7-9 years</b>	<b>More than 9 years</b>
<i>Non-derivative financial liabilities</i>								
Debt -fixed interest (note 18)	(345,383)	<b>(569,326)</b>	(30,594)	(61,272)	(61,188)	(416,272)	-	-
Debt -floating interest (note 18)	(2,336,121)	<b>(3,911,773)</b>	(188,171)	(427,724)	(424,025)	(1,553,527)	(1,318,326)	-
PECs (note 19)	(191,683)	<b>(6,841,381)</b>	-	-	-	-	-	(6,841,381)
Finance Lease liabilities (note 18)	(5,419)	<b>(7,423)</b>	(1,062)	(1,574)	(1,574)	(1,574)	(1,639)	-
Current portion of UMTS license payable (note 23)	(14,674)	<b>(14,674)</b>	(14,674)	-	-	-	-	-
License fee to NTPC (note 23)	(2,764)	<b>(2,764)</b>	(2,764)	-	-	-	-	-
Suppliers - accounts payable (note 23)	(300,919)	<b>(300,919)</b>	(300,919)	-	-	-	-	-
Payroll and related expenses payable (note 23)	(12,287)	<b>(11,077)</b>	(11,077)	-	-	-	-	-
Other long term liabilities (note 21)	(13,230)	<b>(13,230)</b>	-	(13,230)	-	-	-	-
<i>Derivative financial liabilities</i>								
- Cross currency interest rate swap - cash outflow	-	(279,527)	(18,375)	(45,074)	(216,078)	-	-	-
- Cross currency interest rate swap - cash inflow	-	277,885	18,935	44,936	214,014	-	-	-
<b>Cross currency interest rate swap net (note 24)</b>	<b>(5,853)</b>	<b>(1,642)</b>	560	(138)	(2,064)	-	-	-
<i>Derivative financial assets</i>								
- Interest Rate swaps (net cash inflow) (note 24)	40,182	<b>44,751</b>	6,751	21,083	12,722	4,195	-	-

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company enters into derivative financial instruments agreements, in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Department. Generally the Company seeks to economically hedge its exposure in order to manage market risks. The Company does not enter into commodity contracts.

The off-balance sheet risk related to the outstanding interest rate swap and swaption agreements involves the risk of a counter party not performing under the terms of the contract. The Company monitors its positions, the credit ratings of counterparties and the level of contracts it enters into with any one party. The Company has a policy of entering into contracts with parties that meet stringent qualifications and, given the high level of credit quality of its derivative counterparty, the Company does not believe it is necessary to obtain collateral arrangements.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

*Currency risk*

The Company is not exposed to significant currency risk of sales, purchases and borrowings. All sales and purchases are in Euro, the Company's functional currency. The majority of the Company's interest-bearing loans and borrowings are also in Euro except for the US dollar subordinated notes with a principal outstanding amount of USD 275 million (note 18). In addition, interest for borrowings is denominated in currencies that match the cash flow generated by the underlying operations of the Company, primarily in Euros. Interest on the US dollar subordinated notes is in USD. This risk is mitigated by the Company as it has entered into a cross currency interest rate swap contract (note 24).

As the Company is not exposed to a significant currency risk, no sensitivity analysis has been prepared.

*Interest rate risk*

The Company adopts a policy of ensuring the majority of its exposure to changes in interest rates borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps. As at 31 December 2007, taking into consideration the interest rate swaps, 84% (2006: 92%) of floating interest-bearing financial liabilities had a fixed rate of interest.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments (excluding derivative financial instruments) was:

	<b>Carrying amount</b>	
	<b>2007</b>	<b>2006</b>
<b>Fixed rate instruments</b>		
Financial liabilities.....	(346,519)	(345,383)
	<b>(346,519)</b>	<b>(345,383)</b>
<b>Variable rate instruments</b>		
Financial liabilities.....	(2,571,296)	(2,336,121)
Other long-term liabilities due to related companies (PECs).....	(215,793)	(191,683)
	<b>(2,787,089)</b>	<b>(2,527,804)</b>

The Company is exposed to interest rate risk on its fixed rate instruments. As at 31 December 2007 and 2006, none of the derivatives (interest rate swaps, cross currency swap) were designated as hedging instruments, therefore changes in interest rates impacting their fair value would affect profit or loss only and as such are included in the sensitivity analysis below. There is no impact in equity for 2007 and 2006.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit and loss by the amounts shown below. The assumptions used in preparing the analysis are detailed below and have also been applied to 2006:

	<b>Impact on Profit / (loss)</b>	
	<b>before tax – in €million</b>	
	<b>50 bp</b>	<b>50 bp</b>
	<b>increase</b>	<b>decrease</b>
<b>31 December 2007</b>		
Variable rate instruments .....	(€2.4)	€2.4
Interest Rate Swap .....	€29.6	(€29.6)
Cash flow sensitivity (net).....	<b>€27.2</b>	<b>(€27.2)</b>
<b>31 December 2006</b>		
Variable rate instruments .....	(€0.8)	€0.8
Interest Rate Swap .....	€48.5	(€48.5)
Cash flow sensitivity (net).....	<b>€47.7</b>	<b>(€47.7)</b>

The interest rate sensitivity analyses are based on the following assumptions:

- Changes in market interest rates affect interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence they are included in the sensitivity analysis above.
- The Company as at 31 December 2007 and 2006 was party to interest rate swaps and cross currency swaps, with terms that exactly match the majority of its variable rate debt. Although these derivatives have not been designated as hedging instruments, the effect of changes in interest rates on the interest payments/receipts of the derivative financial instruments and the corresponding non derivative variable interest financial instruments exactly match and are both recorded in the consolidated income statement, and as a result they are not taken into account in the sensitivity analysis above.
- No sensitivity analysis has been done for cash and cash equivalents balances, since they form part of working capital which is used only in short term investments.

**Fair Values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and /or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to the asset or liability.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

*Property, plant and equipment*

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

*Intangible asses*

The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

*Inventories*

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventories.

*Trade receivables*

The fair value of trade receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

*Derivative financial instruments*

The fair value of interest rate swaps is determined by a valuation technique: discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

*Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
(In thousands of euro, unless otherwise stated)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2007		2006	
	Carrying Amount	Fair value	Carrying Amount	Fair value
<b>Financial Assets</b>				
Trade receivables .....	303,817	303,817	277,956	277,956
Derivative financial instruments.....	62,002	62,002	40,182	40,182
Amounts due from related companies.....	15,050	15,050	54	54
Cash and cash equivalents .....	110,071	110,071	44,412	44,412
<b>Financial Liabilities</b>				
Floating rate debt .....	2,571,296	2,571,296	2,336,121	2,336,121
Fixed rate debt .....	346,519	322,953	345,383	335,874
Other long-term liabilities due to related companies (PECs).....	215,793	215,793	191,683	191,683
Capital lease obligations .....	-	-	5,419	5,419
Other long-term liabilities.....	19,428	19,428	13,230	13,230
Trade payables .....	349,168	349,168	300,919	300,919
Amounts due to related companies.....	34,886	34,886	416	416
Derivative financial instruments.....	22,345	22,345	5,853	5,853

**Interest rates used for determining fair value**

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2007	2006
Derivative financial instruments.....	3.1%-4.7%	3.1% -5.3%
Debt.....	11.0% -11.3%	9.9% -10.2%
Leases.....	-	7.0%

**Capital management**

The Company policy is to maintain a strong capital base so as to maintain its creditor and market confidence and to sustain future development of the business. The Company monitors monthly its revenue growth, cost control measures, margin fluctuations and free cash flow generated from its operations. Currently, the Company is expanding into the fixed line telephony sector with its recent acquisition of WPH.

In addition, the Company borrows centrally, mainly utilizing long term debt, to meet anticipated funding requirements. Historically, the funding requirements stem around the acquisition of subsidiaries for the expansion of the Company's operations. The borrowings obtained are lent to subsidiaries. The Company is obligated to meet certain covenants, including a financial debt covenant, for the borrowings they have undertaken (note 18). On a quarterly basis, the Company verifies to the third party lending institution that the financial covenant has been met.

**HELLAS TELECOMMUNICATIONS II, SCA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
**(In thousands of euro, unless otherwise stated)**

In previous years, the Company had issued certain shares to its employees. At present, no such share based plans exist.

Also, Greek corporate law has certain restrictions in paying dividends and maintaining certain mandatory statutory reserves (note 17).

Finally, under Greek company law, entities are required to maintain their total equity at an amount equal to at least 50% of its issued and paid in share capital. Should the equity of the company fall below this level, the Board of Directors must convene the General Meeting of the Shareholders, within six months after the financial year end, to decide the appropriate actions that are necessary.

There were no changes in the Company's approach to capital management during the year.