annual report Stet Hellas Telecommunications S.A.'03

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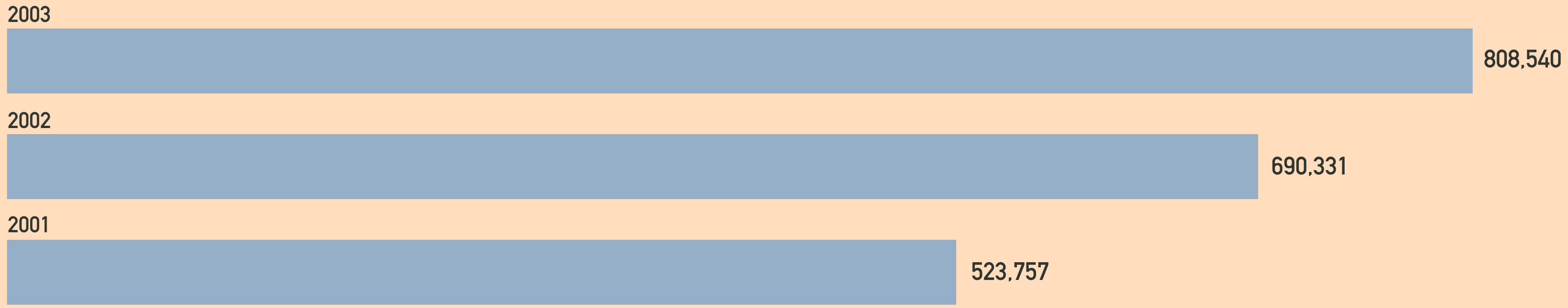
*
*Superior Standards

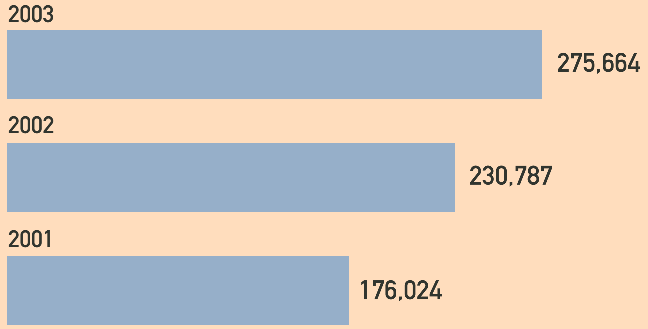
The Company

Financial Highlights

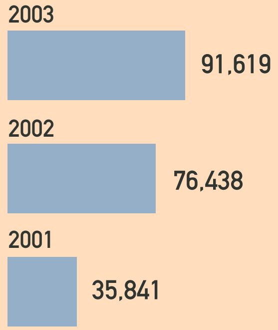
Total Operating Revenues
(in thousands Euro)

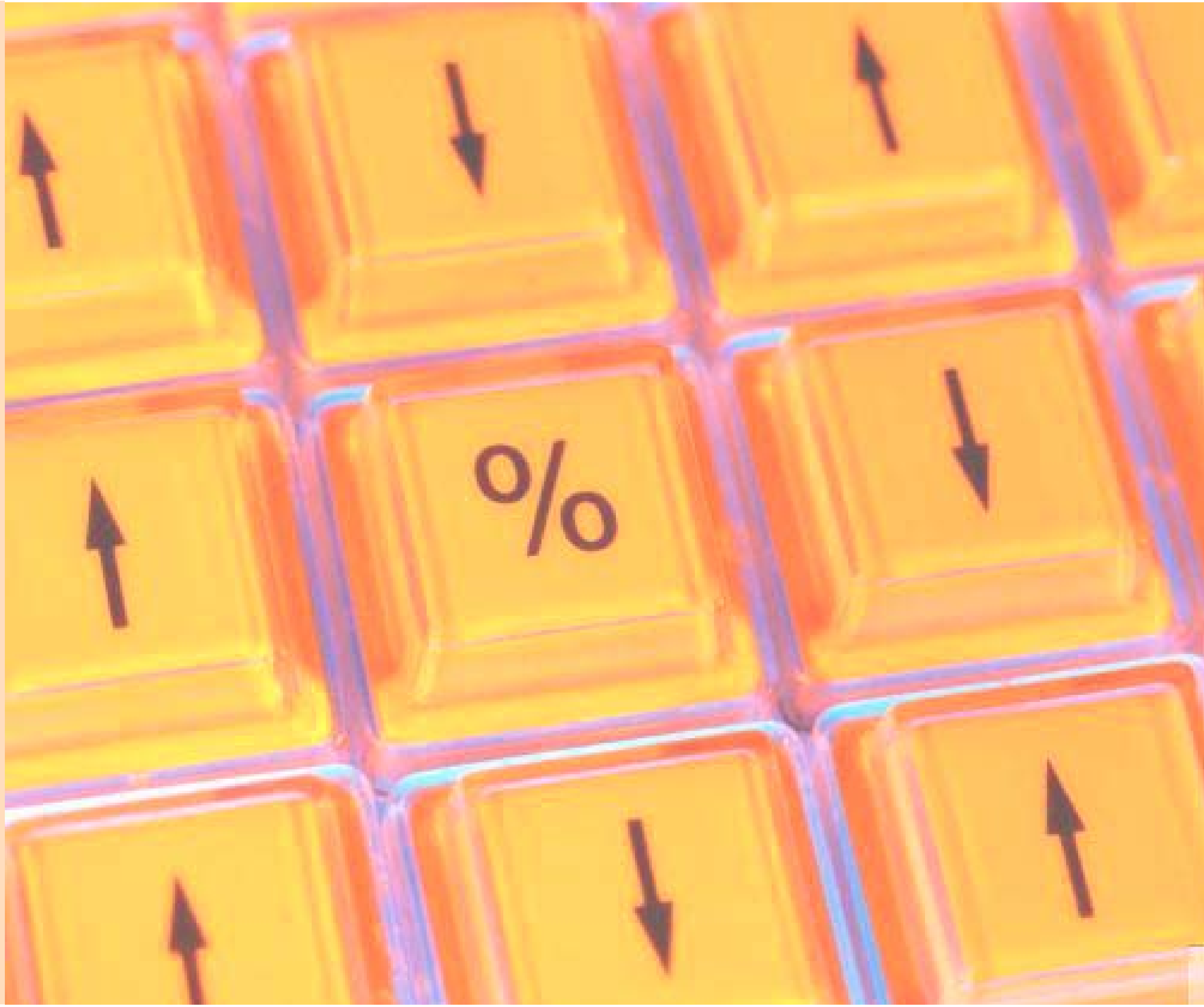


Earnings before Interests, Taxes, Depreciation and Amortization (EBITDA)
(in thousands Euro)



Net Income
(in thousands Euro)





Stet Hellas Telecommunications S.A. and subsidiary

Selected Financial Data

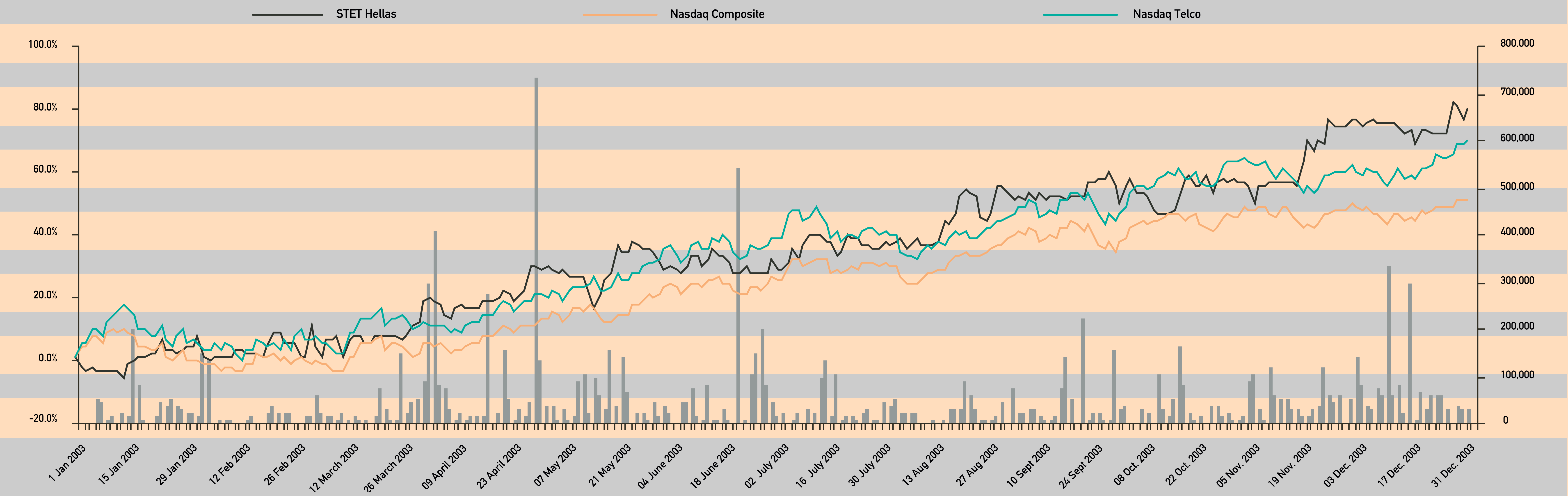
[Euro in thousands (except share and per share data)]

	2001 € Euro	2002 € Euro	2003 € Euro	2003 U.S. $
Statement of Income Data				
Operating revenues:				
Revenues from telecommunication services	504.801	666.453	761.934	959.808
Sales of handsets and accessories	18.956	23.878	46.606	58.709
Total operating revenues	**523.757**	**690.331**	**808.540**	**1.018.517**
Cost of sales and services provided	(195.392)	(252.752)	(331.420)	(417.489)
Gross profit	**328.365**	**437.579**	**477.120**	**601.028**
Provision for doubtful accounts	(5.693)	(5.081)	(7.100)	(8.944)
Selling, general and administrative expenses	(234.953)	(298.240)	(303.137)	(381.861)
Operating income	87.719	134.258	166.883	210.223
Interest and other financial income/(expense), net:	(16.637)	(14.471)	(10.818)	(13.627)
Income before income taxes	71.082	119.787	156.065	196.596
Income taxes (provision) benefit	(35.241)	(43.349)	(63.446)	(79.923)
Net income	**35.841**	**76.438**	**91.619**	**115.413**
Net Income per share-basic and diluted	0,48	0,92	1,10	1,39
Balance Sheet Data				
TOTAL ASSETS	868.553	994.592	1.026.328	1.292.867
Long-term debt, net of current maturities	122.067	222.067	100.000	125.970
Long-term debt due to related companies	60.000	60.000	60.000	75.582
Long-term liabilities less long-term debt	52.846	57.535	78.648	99.072
Total liabilities	619.285	626.373	624.809	787.076
Total shareholders' equity	249.268	318.219	401.519	505.791

Solely for the convenience of the reader, euro amounts have been translated into dollars at the rate of $1.2597 per € 1.00, the noon buying rate on December 31, 2003.

Share Price Performance

STET Hellas shares are listed and traded on the NASDAQ National Market (ADRs) and on the Euronext Amsterdam Exchange (DDRs).



Boosted by the stock market rebound of the past year, STET Hellas' share price performance witnessed significant gains in 2003, closing at $13.00—up 78.6%, outperforming even the NASDAQ Composite Index that gained 50.0% year-on-year and the NASDAQ Telco Index that gained an impressive 68.7% year-on-year.

Letter from the Chief Executive Officer

Dear Shareholders,

In 2003, STET Hellas' dedicated and disciplined efforts to improve earnings and cash flows produced another year of healthy results. Within a market context that is mostly characterized by parallel preparations for 3G mobile telephony and the upcoming Olympic Games, we set new growth and cash flow generation milestones, confirming the successful completion of the company's turnaround and underscoring the period of new growth opportunities, now on the horizon.

Over the past year, STET Hellas' management team delivered strong top-line growth, up 17.1% year-on-year, solid profitability improvement with EBITDA rising to 275.7 million Euro, up 19.4% year-on-year, and increased free cash flow generation of 92.3 million Euro. We used our financial strength not only to improve our balance sheet and provide a tangible return to all of our shareholders— delivering a stable dividend of € 0.10 per share, but also to simultaneously transform ourselves for the future: In a rapidly changing telecommunications environment, and as both competition and technological development will continue, our organization must be poised for success.

To this end we continued to successfully execute our tri-fold strategy of improving synergies with the Telecom Italia Mobile group and maintaining our leadership in innovation, consolidating our distribution paradigm, and consistently focusing on free cash flow generation.

Even as I write this letter, we at STET Hellas have taken many significant steps to equip ourselves for the future. One such action was our recent re-branding from **TELESTET** to **TIM**, a strategic joint-initiative between STET Hellas' and Telecom Italia Mobile's managements, aimed at strengthening the company's image by leveraging on TIM's brand awareness as well as on the advanced technical know-how and innovation associated with the TIM group. The company's re-branding introduces to the Greek market a well-established and internationally recognized brand name and enables STET Hellas to take its rightful place within the European mobile landscape, thus securing the company's continuous prosperity in an interdependent global community.

Furthermore, we have taken the lead in the new era of **UMTS mobile telephony**, ushering in 3G services to the Greek market, in-line with our strategy of grasping new opportunities for continuous profitable growth. STET Hellas' 3G subscribers will be able to conduct video calls, experience a wide range of innovative value-added services, surf the Web and browse WAP with connection speeds up to 384 kbps. The future of mobile telecommunications is demanding, and we at STET Hellas remain committed to expanding each customers' mobile experience.

The company placed significant attention on the successful transition to 2.5G and 3G services over the past year, and for this reason we continued to roll out several high-tech and in-demand services over the course of last year, such as **TIM Dating, TIM MMS Weather, TIM Movies, and TIM Video News.** Furthermore, in the beginning of 2004, we united the entire spectrum of these advanced value-added services under a user-friendly graphical user interface called **TIM Imagine**, thus simplifying access to our customers' everyday communication, entertainment and information needs. Once again, our customer-centric approach in combination with our commitment to innovation was verified for the second year in a row, through the "Best Value Added Services" award during the Fourth InfoCom Conference on Telecommunications and IS technology in Greece.

However, offering innovative services is only part of the task at hand, and thus we focused on extending our distribution reach during the past year, by further strengthening our direct distribution channel of TELESTET Centers, now re-branded to "TIM" stores, that grew to 160 outlets at the end of 2003, while widening our distribution reach in non-traditional points-of-sales by enriching our commercial agreement with the Hellenic Postal Service, expanding on-board sales of the company's products and services to the vessels of Strintzis lines and Superfast ferries and extending sales of both contract and prepaid products to EFG Eurobank's credit card holders, making our products widely available in approximately 2,100 points-of-sale by the end of 2003.

On the network front, the preparations for the Athens 2004 Olympic Games were of strategic importance for us in 2003 as was the deployment of an end-to-end UMTS network, while our Information Technology's focus was on providing rich functionality and full support for our own distribution channel, working to enable our billing infrastructure to support upcoming 3G services, and updating the systems landscape in the critical area of pre-paid telephony to facilitate the provision of improved services.

On a final note, I am pleased to mention that our shareowners have benefited significantly from our share price performance over the past year. Boosted by the stock market re-bound of 2003, we witnessed significant capital appreciation of our stock, closing the year with a share price of $13.00—up 78.6% year-on-year and outperforming the NASDAQ Composite Index by almost 30 percentage points. Moreover, this strong outperformance was rewarded in June 2003, with the 21st position of the world's 2002 best performing technology companies on Business Week's Info Tech 100 list, as a result of the significant improvement in the company's financial and share price performance.

Looking ahead, the Greek regulatory environment will continue to challenge in 2004. The Greek NRA will place additional pressure on us to further reduce interconnection rates— in line with the NRA's goal of converging fixed-to-mobile and mobile-to-mobile interconnection rates. Additionally, the onset of the new regulatory framework which is expected to be passed at some point in 2004 and the subsequent introduction of a new Electronic Communication Law, will significantly change the market definitions affecting mainly interconnection and access-related issues among others, and place further regulatory constraints and obligations on the company. Furthermore, the launch of Number Portability is a significant turning point for the Greek telecommunications industry.

Nonetheless, our strong financial and operating performance of the past three years have enabled us to look towards the future with confidence in the fundamental strength of our company. We will continue our determined efforts towards long-term profitability improvement as well as a re-enforced position in the Greek mobile market, and we remain committed to breaking through the outstanding barriers to growth in mobile communications to deliver the full value of our assets to our customers and our shareholders.

Nikolaos Varsakis
Chief Executive Officer

The Company and its Shareholders

The Company

STET Hellas Telecommunications S.A., was founded in 1992 and has been providing mobile telecommunications services in the Greek market since June 1993. Following its re-branding in early 2004, the company operates under the "TIM" brand name and offers network access and related value-added services in the GSM 900 MHz and DCS 1800 MHz bands. One of four operators licensed to provide mobile telephony in Greece, STET Hellas focuses on innovation and quality service, and offers various prepaid and contract services, covering the needs of all the different market segments. The company introduced prepaid telephony to Greece in 1997, and was the first to offer WAP services in May 2000. STET Hellas has been offering full commercial GPRS services since June 2001, and obtained a UMTS license in July 2001. In August of 2002, the company launched Multimedia Messaging Services (MMS), first in Greece with automatic terminal settings activation over the air, facilitating customers' experience with this new technology. At the end of 2002, STET Hellas signed a commercial agreement leasing a Wireless Local Loop license that will enable the bundling of mobile and Fixed Wireless Access service elements, creating a one-stop-shop solution for the business market segment. Finally, the company "soft-launched" UMTS services near the tail end of 2003, while a full commercial UMTS launch took place in the beginning of 2004—introducing the new era of mobile telephony to the Greek market.

Shareholders

Following the acquisition of Verizon Europe Holdings II B.V.'s 17.45% stake in STET Hellas in August of 2002, TIM International N.V. (a fully owned subsidiary of Telecom Italia Mobile S.p.A.) holds 80.257% of the company*, while the remaining 19.743% of the company's shares are floated on the NASDAQ National Market and the Euronext Amsterdam Exchange.

Following a share capital increase in October 2001, the total number of STET Hellas registered shares authorized, issued and outstanding is 83,193,220.

STET Hellas Shareholder Structure

80.257%	TIM International N.V*
19.743%	Free Float**

* TIM International N.V. holds directly through ordinary shares, and indirectly through ADRs and DDRs, 81.40% of the total STET Hellas ordinary shares.
** N.V. Algemeen Nederlands Trustkantoor ANT is the custodian representing the STET Hellas ADSs and DDRs traded on the NASDAQ and Euronext Amsterdam stock exchanges.

Board of Directors

STET Hellas is administered by the Board of Directors, which is responsible for the management and administration of the company. The members of the Board of Directors are elected for a three-year term by the General Assembly of the Shareholders. The current members of the Board of Directors are:

Stylianos Argyros. Chairman of the Board of Directors, Mr. Argyros has a broad range of business experience and has held high administrative posts in Greece as well as abroad. Studied at Amherst (B.Sc. in Chemistry) and M.I.T. (M.Sc. and Ph.D. in Materials Science). Also Chairman of the Board and Chief Executive Officer of PREVEZA MILLS S.A and Vice-President of ASPIS BANK. Member of the Board at: ELAN VENTURES S.A., S&B MINERALS S.A., DELTA HOLDING S.A, and P.G. NIKAS S.A.. Member of the Executive Committee of the TRILATERAL COMMISSION. Former Member of the European Parliament (M.E.P.). Mr. Argyros has served as President and Chairman of the Board of the Federation of Greek Industries, Vice President of UNICE, World President of the Textile Institute (U.K.) and Member of the Board of ALBA.

Nikolaos Varsakis. Managing Director and Chief Executive Officer. Mr. Varsakis joined STET Hellas with a vast experience in the telecommunications market. He began his career at the Philips Group, where he held a series of managerial positions internationally. In 1993, he co-founded Radio Korassidis Telecom and became the Managing Director. Prior to joining STET Hellas, he held the position of general manager at Radio Korassidis Microcenter. Mr. Varsakis holds a B.A. from University of La Verne and an MBA from The University of South California.

Attilio Achler. Member of the Board of Directors. Mr. Achler joined SIP (Societa' Italiana per l' Esercizio delle Telecomunicazioni p.a.) in 1971 where he assumed various positions in the areas of Transmission, Network, National Public Network/Radio Systems. In 1992 following a company reorganization he became responsible for the GSM Radio Network of the Mobile Telecommunication Services division, and in 1994, Mr. Achler assumed the responsibility of the Mobile Services/Network Administration division of Telecom Italia. A year later, he joined Telecom Italia Mobile with responsibility for the Network Administration division. He is currently responsible for the Network department. Mr. Achler is a holder of a Bachelor Degree in Engineering.

Giuseppe Roberto Opilio. Member of the Board of Directors. Mr. Opilio joined Telecom Italia Mobile in 1999, with 16 years of working experience with companies such as Parfina Group, Gepi Group S.p.A., American Society for Quality Control and Galgano Group Consulting and Management Training Company. Upon joining TIM, he assumed the position of Vice President in Human Resources and Organizational Development. In 2001, he assumed the position of HR Executive Vice President for the TIM Group, and in February 2004 he became the Executive Vice President for the Customer Operations.

Roberto Pellegrini. Member of the Board of Directors. Mr. Pellegrini joined Telecom Italia Mobile in 1998 as Marketing and Sales Director. He began his career with IBM and Amdahl in marketing and sales. In 1991 he was appointed General Director of GOAL SYSTEMS and in 1992 he was appointed Managing Director for Italy of the Legent Software Company and subsequently became Vice President for Southern Europe. In 1995, he joined Telecom Italia as a commercial director in the division of Mobile Services, and in July of 1995, Mr. Pellegrini joined Telecom Italia Mobile with responsibility for the division of Commercialization and Operating Marketing. In 1998, he became commercial director adding to his area of responsibility the Marketing, Advertising and Product Promotion divisions. Since 1999 he has been the director of the Business department. Mr. Pellegrini holds a B.S. in Electrical Engineering.

Elisabetta Ripa. Member of the Board of Directors. Ms. Ripa joined Telecom Italia Mobile in 1995 in the department of Planning, Strategic Marketing and International Affairs, with eight years of industry experience in companies such as L.D.M. S.r.l., Promomedia Italia S.a.s, SIP and Telesoft America. A year after joining TIM S.p.A., she became a member of the staff of the General Director with the responsibility for the Action Planning and Control division, Management Europe division (International Affairs) and International Management division (Planning and Control). In 2001, she began reporting directly to the Managing Director in the role of Head of Staff, and in August 2002 she also assumed the responsibility of the Mobile Business Development division. Mrs. Ripa holds a B.S. in Finance and Commerce.

Stefano Rossi. Member of the Board of Directors. Mr. Rossi joined SIP's legal department with many years of experience as an internal corporate attorney. In 1995 he moved to the International Legal Affairs department of STET International S.p.A., the former holding Company of Telecom Italia, where he participated in close interaction with the International Department to develop major cross border ventures with the Group. From 1997 to 2000 he served as Legal Project Manager in STET International assisting and cooperating with TIM S.p.A. and Telecom Italia S.p.A. in several international projects in the Mediterranean Basin and Latin America. In 2000, Mr. Rossi was appointed Vice President of Subsidiaries' Corporate Affairs of Telecom Italia Mobile.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*Superior Expectations

The Business

Key Milestones in the Company's Evolution

04
- January 2004 — STET Hellas is first in Greece to commercially launch UMTS
- February 2004 — Company re-brands from "TELESTET" to "TIM"

03
- January 2003 — Bundled-minutes based packages introduced
- May 2003 — "For All" – new pre-paid product launched

02
- August 2002 — STET Hellas launches MMS- first in Greece with automatic terminal settings activation "over the air"
- September 2002 — First 3G video call in Greece via STET Hellas' UMTS infrastructure

01
- June 2001 — STET Hellas launches full GPRS services
- July 2001 — UMTS license acquired
- December 2001 — Total customers reach 2,000,000

00
- May 2000 — WAP services introduced
- June 2000 — Greece's first m-commerce application launched

99
- July 1999 — On Line Stock Services available
- October 1999 — Total customers reach 1,000,000
- December 1999 — International roaming for prepaid customers launched

98
- June 1998 — Initial public offer of STET Hellas on the NASDAQ National Market and the Euronext Amsterdam stock exchanges

97
- May 1997 — Launch of prepaid telephony first in Greece

96

95
- June 1995 — Total customers reach 100,000

94

93
- June 1993 — STET Hellas Telecommunications S.A. commences commercial operations

Market Overview

The Greek mobile market continued to grow in 2003, bringing total mobile customers to more than 10 million at the end of the year, which indicates a nominal penetration level of around 95%. Nonetheless, room for growth still remains considering the combination of the relatively high inactivity level in the Greek mobile market and the tendency towards multiple SIM card ownership, as well as the traffic upside potential, stemming from the already evident trend of fixed-to-mobile substitution.

The market saw heightened competition over the past year, as the Greek mobile operators shifted their customer acquisition strategies towards the highest yielding market segments, in their common pursuit of sustainable growth.

The distribution battle intensified in 2003, with two mobile operators rapidly expanding their direct distribution networks as effective tools towards customer acquisition and retention, while STET Hellas took one step beyond to continue widening its distribution reach through increased presence in non-traditional points of sale.

Finally, parallel preparations for the 2004 Olympic Games and the passage towards third generation mobile telephony, combined with increased regulatory activity witnessed over the past year further challenged operators profitability. More specifically on the regulatory front, the decision on mobile number portability necessitated increased investments, the company was notified as having Significant Market Power in the mobile market— a year after the same decision was handed down to its peers, and a new draft telecom law imposing mandatory site co-location and tighter distance rules for antennae installations was proposed.

Our Customers

STET Hellas' total customer base reached 2,402,777 at the end of 2003, with prepaid customers totaling 1,584,863 or 66.0% of the total customer base, while contract customers numbered 817,914.

At the end of 2003, STET Hellas changed its disconnection policy for prepaid customers by introducing a shorter disconnection cycle, from (12 + 6 + 1) months to (12 + 1) months, thereby eliminating the 6-month period in which prepaid customers could receive incoming calls, while retaining the 12-month limit necessitating an airtime renewal to avoid outgoing call barring. As a result, 382,051 inactive prepaid customers were effectively disconnected on the last day of 2003. However, this "clean-up" process had no effect on the company's financial results, considering that these customers were inactive for a given period of time.

The company continued to focus on the improvement of its customer base quality, proven by the growth of Business and Bundled-minutes based customers to around 79% of the total contract customer base at the end of 2003, versus 45% in 2002. This positive trend was supported both by the offering of attractive bundled-minutes based packages throughout the year, as well as by STET Hellas' targeted and segmented sales approach towards the business market segment and the increased sales of the B BEST product through the company's direct distribution network.

In the prepaid segment, STET Hellas enjoyed another year of growth, lead by the company's highly successful FREE2GO and FOR ALL offers.

Attesting to the improved quality of the company's customer base is the rise seen in total traffic minutes that increased almost 288% during 2003 to 2,710 million minutes. Average monthly traffic per customer increased by approximately 9% to 84.8 minutes in 2003, versus 78.0 minutes in the previous year. The positive development in the average traffic trend was mainly driven by a more than 24% year-on-year increase in average outgoing traffic, as a result of a greater portion of high-end, high-yielding subscribers in the company's customer base.

In line with its customer-centric approach, STET Hellas continued to provide quality services to its customers and focus on a segmented customer service approach, balancing customer needs and cost of service. The company's ongoing customer focus and commitment is reflected by the high levels of customer satisfaction —growing to 94.5% during 2003 as expressed in the periodic surveys performed by the independent research firm, MRB.

Over the past year, the company further developed and implemented a set of targeted and innovative activities to increase the loyalty and lifetime value of its customers. The Customer Service department continued the "Welcome" contact— aiming to proactively exploit cross-selling opportunities, as well as the "Trouble Call Back" contact— focusing on the effective resolution of customer complaints. Furthermore, the "Business Customers Leads" campaign— conveying customers' preferences to STET Hellas' sales department was effectively implemented, supporting the increased penetration of the high-end business segment which resulted in the improvement of customer loyalty levels, as well as the image of the company as a whole.

	1999	2000	2001	2002	2003
Customers at the beginning of period	688,614	1,182,751	1,645,392	2,135,338	2,513,642
Net additions	494,137	462,641	489,946	378,304	(110,865)
Customers at end of period	1,182,751	1,645,392	2,135,338	2,513,642	2,402,777
Contract Customers	449,281	517,378	662,763	767,916	817,914
Prepaid Customers	733,470	1,128,014	1,472,575	1,745,726	1,584,863

Distribution

STET Hellas continued to focus on distribution in 2003 to enlarge its products and services reach, both through the expansion of its own distribution chain of TELESTET Centers, now re-branded to "TIM" stores, as well as by increasing its presence in non-traditional points of sale.

Given the importance of the "TIM" stores, both from a commercial and an operational point of view, the company steadily continued to expand its direct distribution channel throughout the year. At year-end these points-of-sales grew to 160 shops and generated approximately 40% of the company's total gross activations, versus around 18% in full-year 2002. The goal of this rollout is to establish an integrated offer with a one-stop-shop approach by offering in addition to sales, integrated services and customer support, act as an "educational" agent for 2.5G and 3G services, as well as increase control over this important component of the company's cost structure.

STET Hellas' aim towards further penetrating alternative distribution channels was met through enriching its commercial agreement with the Hellenic Postal Service, making the company's contract products the only ones available in over 700 postal offices throughout Greece, as well as by commencing a cooperation agreement with EFG Eurobank Ergasias S.A.— one of the largest banks in Greece, extending sales of both contract and prepaid products to the bank's credit card holders.

Additionally, STET Hellas extended on-board sales of the company's products and services to the vessels of Strintzis lines and Superfast ferries, ultimately better positioning its products and services to holiday travelers, and delivered another break-through in non-traditional distribution, by introducing sales of prepaid renewal cards, FREE2GO packages and connection packs through vending machines in high-traffic areas. As a result of these efforts, the company's core distribution network grew to more than 2,100 points-of-sale at the end of 2003.

STET Hellas also boosted sales of the B BEST product & services line by establishing a more targeted and segmented sales approach towards this market segment, that resulted in business customers accounting for around 43% of the Company's total contract customer base at the end of 2003.

Network

Throughout 2003, STET Hellas continued to invest in network infrastructure in order to meet increasing traffic demands, improve network performance, enrich its service portfolio, and meet regulatory requirements.

Network capacity has been increased through the installation of additional GSM Radio Base Stations (RBSs), the installation and integration of new Base Station Controllers (BSCs) and a new Mobile Switching Center (MSC), as well as the hardware modernization of several MSCs. In addition, a number of hardware expansions were performed in many nodes of the Company's Core Network and additional carriers were introduced in the Radio part, aiming to serve the increasing traffic demands and to improve network quality.

The company's focus of improving network performance and quality was one of the main drivers of STET Hellas' network deployment in 2003. Apart from the expansion activities, optimization on the Radio sub-system— through the design and implementation of a new frequency plan took place in the Attica and Thessaloniki areas, while data transcript integrity checks were performed on the Core Network. Furthermore, the installation and integration of two new management systems for network monitoring was accomplished.

In-line with regulatory requirements, STET Hellas undertook all necessary activities to support the Mobile Number Portability feature for all existing and future customer subscriptions. All necessary network modifications have been completed, and commercial availability of the service commenced in the Greek market on March 1, 2004, in accordance with Greek NRA regulation.

Aiming to further contribute to the improvement of its network performance and in line with the company's major shareholder's (TIM) strategy, a new prepaid solution based on Intelligent Network (IN) technology was installed. The new solution is able to support Mobile Number Portability and address forthcoming commercial demands.

In addition, new interconnections with three new fixed alternative carriers were established, while new points of interconnection with the existing operators were implemented in order to increase network efficiency.

Moreover, the construction of STET Hellas' optical fibre network in the Athens area commenced during 2003, interconnecting a number of major hub sites. The new optical network provides increased capacity, protection against severe weather conditions and 3rd party interference. Furthermore, the rollout of a Fixed Wireless Access network commenced with the installation of a number of LMDS base stations in the Athens and Thessaloniki areas.

The network preparations for the Athens 2004 Olympic Games were of strategic importance for STET Hellas in 2003; the Impact Analysis and the Crash Program feasibility studies were completed and the relevant project plans were identified.

In accordance with its UMTS licence requirements and aiming to enrich the company's services portfolio for both circuit switched and packet switched services, an end-to-end UMTS network has been deployed. The UMTS services were soft launched to a select group of users in late 2003, and commercially launched in the first month of 2004.

Finally, in order to enable the launch of various advanced data services, meet the projected needs during the 2004 Olympic Games and further rollout the Company's UMTS network, an IP backbone network was established, capable of serving both user and network management traffic.

Information Systems

Year 2003 can be characterized as a year of major accomplishments for STET Hellas' IS Department, whose strategic drivers during the year were to provide rich functionality and full support for its direct distribution channels, enable the company's billing infrastructure to support upcoming 3G services, and update the systems landscape in the critical area of pre-paid telephony to facilitate the provision of improved services.

Regarding the "TIM" stores, various services were introduced during the year, to support a wide variety of business functions (e.g. customer electronic cancellation, contract request, change of SIM cards, payments and Point-of-Sale inventory monitoring for contract customers handset upgrade). These services are currently available in all of our own stores, and are of critical importance in serving existing or potential customers through the company's direct distribution chain. In addition, a unified retail system was implemented and integrated with the company's back-office systems, to facilitate centralized inventory management and the introduction of an automatic replenishment process.

Regarding 3G billing, STET Hellas successfully implemented a state-of-the-art UMTS billing system— in-line with Telecom Italia Mobile's strategy and aiming at increasing synergies with the Telecom Italia group. Another major project in the area of billing was the launch of an advanced Bill Generation System based on XML technology, whose introduction makes it possible to personalize and change the bill layout on demand.

Additionally, STET Hellas' IS organization also undertook all necessary activities to support the introduction of Mobile Number Portability, in accordance with regulatory requirements.

Regulatory Achievements

The company responded effectively to the continuously aggressive regulatory environment of Greek telecommunications in 2003.

During the year, the Greek National Regulatory Authority (NRA) declared STET Hellas as having Significant Market Power (SMP) in the mobile market— one year after the same decision was handed down to its peers. Regarding this NRA's decision, the company petitioned at the Council of State against the SMP classification on the grounds that the market conditions for determining such a notification have not differed significantly since last year, when STET Hellas received an exemption for the SMP in the mobile market notification.

However, the NRA excluded the company from a decision declaring the rest of the mobile incumbent operators as having Significant Market Power in the Interconnection Market, as a result of its successful line of defense against such a decision.

Additionally, the company worked closely with the Greek NRA and the other mobile operators throughout the year, to meet the legal requirements for the final phase of the implementation of Mobile Number Portability— which commenced on March 1st, 2004, and proceeded with reducing the interconnection charges for fixed-to-mobile call termination, following the relevant guidelines set by the National Regulator.

Following the official publication of the New European Regulatory Framework for electronic communications (a series of EU Directives that were passed in 2000 necessitating the EU member states to redefine their telecommunications regulatory environment by implementing new electronic communication legislation no later than July 2003), the Greek Ministry of Transport and Communications issued an official Public Consultation with regard to a new draft Law. Following STET Hellas' and the other Greek mobile operators' feedback, the Ministry issued a revised draft Law and forwarded it to the other Ministries for approval prior to official submission before the Parliament. However, national approval of this Law has been postponed due to the national elections and the subsequent change in government in March of 2004.

Related to this new European Regulatory Framework, STET Hellas successfully hosted for the first time in Greece a "GSM Europe Plenary Meeting" in May of this past year, with representatives from the Greek NRA, the European Commission, and the majority of European mobile operators in attendance, to address concerns stemming from the implementation in Greece of the new EU framework.

Finally, STET Hellas' international regulatory efforts and close cooperation with the European Union throughout the year was enhanced through its cooperation not only with the Telecom Italia Mobile regulatory team, but also through the GSM Europe Association and its specialized working groups, which the company is a member of.


*
*Superior Ideals

The People

Human Resources

During 2003, more than 180 new employees joined the company's highly skilled, customer-focused work force, bringing the total number of full-time equivalent employees to 1,361—with women accounting for 46.5% of the work force while men represented the remaining 53.4%. New employees were hired primarily in the areas of Customer Service, Information Systems, Sales and Network. Women made up 46.5% of the work force and men 53.4%. The average employee age was 32 years.

The quality of STET Hellas' employees is reflected in their high level of education: 42.4% are holders of Bachelor degrees, with an additional 18.7% bearing a Masters or Doctoral degree, while another 24% holds other advanced or technical degrees. All employees are fluent in Greek and English, with a number of them having a third or fourth language on their CV.

During the year the company placed a major emphasis on the improvement of the managerial skills of its employees through initiatives such as the "Performance Appraisal" seminar that is geared towards providing all its supervisors, managers and directors with appropriate tools for effective staff appraisals. Additionally, the Company proceeded with 3G Technology training for all technical staff, to better-equip its employees to meet the demands of UMTS. Furthermore, the "TIM College" project is another example of STET Hellas' focus on encouraging sector knowledge and managerial education.

Additionally, to come closer to realizing the company's goal of becoming the preferred employer in the Greek market among young graduates, STET Hellas organized the "3rd Annual Career Day" attended by more than 500 students from reputable Universities and Colleges in Greece, to inform prospective candidates of employment opportunities with the company.

Top Management

We completed the restructuring of our management in 2002, implementing a more flat organizational structure by creating a chief officer level to which executive directors of related divisions report. These chief officers report directly to STET Hellas' Chief Executive Officer. As of December 2003, STET Hellas' top management consists of the following individuals:

Nikolaos Varsakis. Managing Director and Chief Executive Officer. Born in 1956, Mr. Varsakis joined STET Hellas in February 2001 with vast experience in the telecommunications market. He began his career at the Philips Group, where he held a series of managerial positions internationally. In 1993, he co-founded Radio Korassidis Telecom and became the Managing Director. Prior to joining STET Hellas, he held the position of general manager at Radio Korassidis Microcenter. Mr. Varsakis holds a B.A. from University of La Verne and an MBA from The University of South California.

Ruggero Caterini. Chief Financial Officer. Born in 1961, Mr. Caterini joined STET Hellas in September 2002 with 12 years of experience in financial operations. He began his financial career with Istituto Mobiliare Italiano S.p.A., and he joined TIM in 1996, where he was involved in economic evaluations for TIM's international subsidiaries within the Administration & Control department. In September 1998, he assumed the role of the controller for TIM's South American subsidiaries .A year later, he was appointed CFO and Investor Relations Director of Tele Celular Sul Participacoes, TIM's Brazilian subsidiary. Prior to joining the company, he was the CFO of Mobilkom Austria. Mr. Caterini holds a B.S. degree in Mechanical Engineering from the University of Rome "La Sapienza".

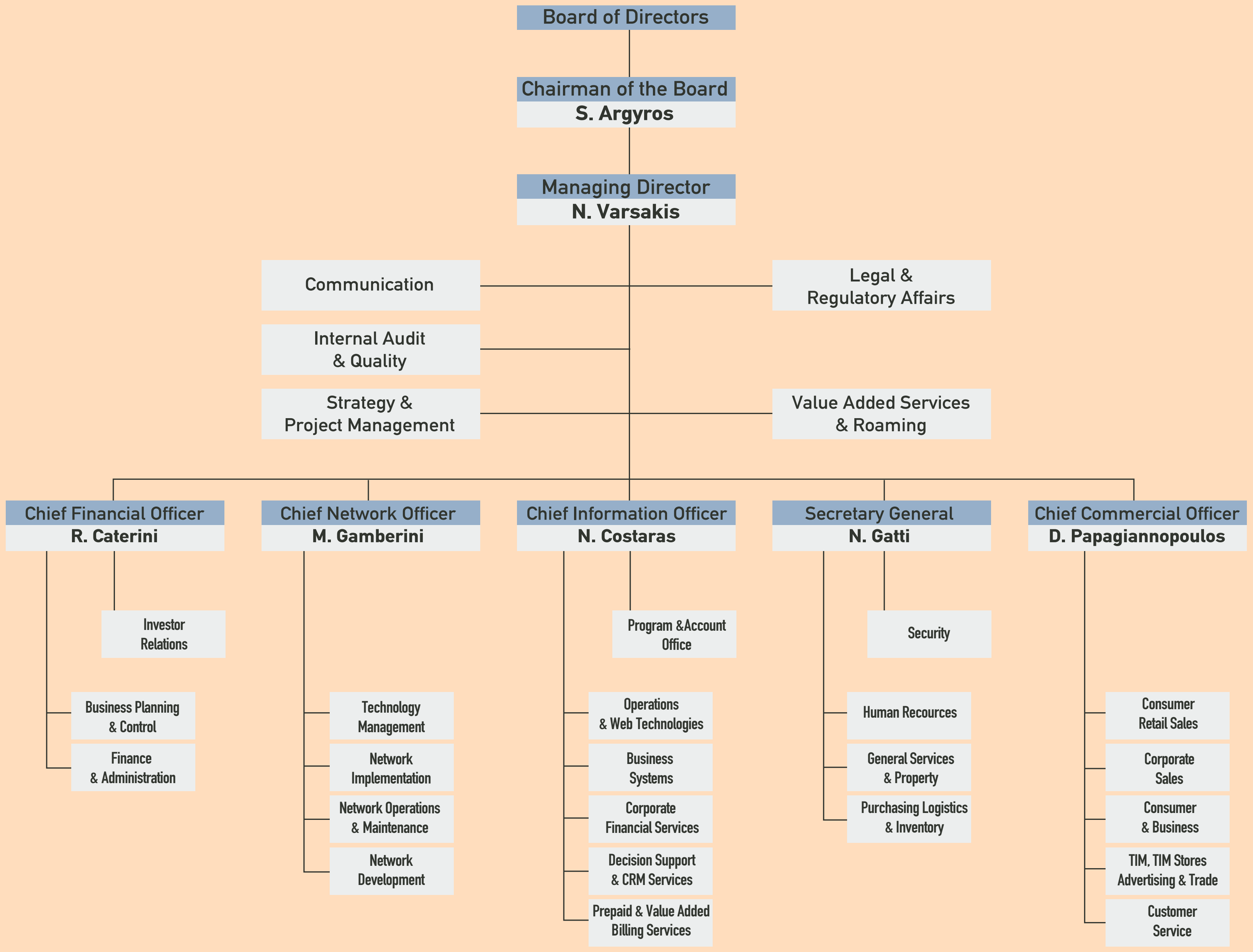
Nikolaos Costaras. Chief Information Officer. Born in 1955, Mr. Costaras joined STET Hellas in November 2002 as an IS Executive Director, having 12 years broad experience in Information Systems. He began his career in Credit Bank and assumed a series of managerial positions in Greek IT and Telecommunication companies. Mr. Costaras holds a B.S. in Computer Science and an MSc in Computer Science and Software Design.

Michele Gamberini. Chief Network Officer. Born in 1963, Mr. Gamberini joined STET Hellas in November 2002, with 8 years experience in the sector of radio and cell planning. Prior to his current position, he has also worked for Omnitel and Telecom Italia Mobile. Mr. Gamberini holds a B.S. in Electronic Engineering from the University of Rome "La Sapienza" and a Post-Degree Specialization School in Telecommunications, Istituto Superiore Poste e Telecomunicazioni.

Nicola Gatti. Secretary General. Born in September 1963, he joined STET Hellas in September 2002 with 16 years of experience in the telecommunications sector. He started his career in the Research and Development department of Telecom Italia, where he was involved in many different functions such as the Service Architecture department, the Key Account department. Before joining the company as a Secretary General, he was a project and area manager in the Strategic Marketing Planning and International Affairs department of TIM. Mr. Gatti holds a B.S. in Electrical Engineering, from the University of Rome "La Sapienza".

Dimitris Papagiannopoulos. Chief Commercial Officer. Born in 1963, Mr. Papagiannopoulos joined STET Hellas in October 2001 with 10 years of experience in marketing and sales positions. He began his career in Memotek Systems SA and joined DHL International (Hellas) in 1994. Prior to joining STET Hellas he was the Commercial Director of DHL International (Switzerland). Mr. Papagiannopoulos holds a B.S. in Business Administration and an MSc in Political Science from the London School of Economics.

Company Structure



Sponsorships

STET Hellas' sponsorship programs continued to broaden in 2003, demonstrating for another year the company's commitment to supporting a wide range of non-profit cultural, educational, sports-related and charitable community endeavors throughout Greece. The sponsorship programs for the past year fell into four different categories and included:

STET Hellas and The Arts

Music concert in the Theater of Herodus Atticus with George Dalaras

STET Hellas celebrated its 10-year anniversary with one of the great music events of the year, the concert of the popular Greek singer George Dalaras, entitled "Oblation to Asia Minor". The concert took place in the ancient theater of Athens on June 21st, 2004 with over 6,000 people in attendance.

Festival "Ermoupolia 2003"

For the second consecutive year, STET Hellas was the main sponsor of "Ermoupolia 2003", the most significant cultural festival in the Cyclades region, that took place on the island of Syros. "Ermoupolia" contained around forty different events (theater plays, music concerts, exhibitions etc.) over a period of two months.

STET Hellas and Society

Doctors Without Borders – Greece

"Medecines Sans Frontieres" is among the various humanitarian organizations that STET Hellas supports. The company's cooperation with the "Medicines Sans Frontiers" organization began in late 2001, and over the past year continued with the sponsorship of a photography exhibition that traveled across Greece, providing viewers with a harsh visual reality that many children across the world experience daily, while stimulating contributions towards the improvement of their living conditions, through an SMS donation service.

Youth Assistance

STET Hellas complemented its multidimensional sponsorship programs in 2003 by continuing to support various child support foundations, that included the **"Hellenic Society for the Protection and Rehabilitation of Disabled Children"**, the **"Make A Wish Foundation"**, the **"Children's Smile Association"** and **"Action Aid Hellas"**.

Environmental protection

In a continuous effort to protect Greece's scarce forest resources, STET Hellas once again supported the efforts of nine municipalities in Western Athens, as well as the Association for Development in Western Athens to secure Mt. Egaleo's fire safety, by donating prepaid packages to cover the volunteers' communication needs with the Operations Center and the Fire Brigade.

Additionally, the company integrated a widespread recycling program as part of the company's everyday procedures during the year and expanded both its plastic and metal recycling programs. Based on international data on recycling levels, the company is estimated to have saved more than 1,000 trees during the past year.

Sponsorships

STET Hellas and Athletics

Sailing boat Zantino

The company's long-standing relationship with sailing began in 1994 when it began its sponsorship of the ZANTINO sailing boat. The ZANTINO's all-female crew, the only one of its kind in Greece, is captained by Mr. Panagiotis Strouzas, and has won various distinctions in many races.

The Aegean Sailing Rally

The company continued— for a fifth consecutive year, its exclusive sponsorship of the "National Aegean Sailing Rally," the most well known race in Greece attracting more than 60 sailing crews each year. STET Hellas also organized cultural events in the islands that were included in the race.

National Sponsor of the Greek Rowing Federation

In 2003, STET Hellas continued sponsoring the Greek Rowing Federation, an organization composed of more that 50 clubs from all over the country whose athletes have achieved significant international records, including ones at the Olympic Games in Sydney and the World Championships of Lucerne. STET Hellas also sponsors the National Rowing teams in their preparations for the 2004 Olympic Games.

Maroussi – TELESTET basketball team

STET Hellas was the official sponsor, for the third year in a row, of the Maroussi basketball team, which participated in the National League with significant distinctions on both national and European levels.

"TELESTET" All Star Game

STET Hellas was the exclusive sponsor of the first "All-Star" soccer game organized by the Hellenic Football Association. Top-level Greek and Cypriot players competed against the respective foreign players from leading national category teams. STET Hellas "All Star Game" was unique because both the players and coaches were chosen from the sports fans themselves.

STET Hellas and Education

Following the success of its initiative to donate modern technological equipment to the schools of the Evros Prefecture in 2001 and in the Dodecanese in 2002, STET Hellas once more supported the children of another remote area of Greece in the areas of Ioannina and Thesprotia by donating new technological equipment, and providing computer training to both students and teachers of 45 primary and secondary schools in the area.


*
*Superior Performance

The Results

Financial Review

Year 2003 was another year of significant profitability improvement and increasing cash flow generation for the company, with STET Hellas' management team continuing to deliver positive results, once more setting new growth and cash flow generation milestones, confirming the successful completion of the company's turnaround and underscoring the period of new growth opportunities, now on the horizon.

Following is an overview of the key 2003 financial results, based on US Generally Accepted Accounting Principles (US GAAP).

Total operating revenues increased by 17.1% to € 808.5 million up from € 690.3 million in 2002. **Service revenues** increased by 14.3% year-on-year to € 761.9 million, accounting for 94.2% of total operating revenues, while revenues from equipment sales almost doubled in the year, reaching € 46.6 million boosted by the wide expansion of the company's direct distribution network as well as the surge of customer handset upgrades to facilitate the uptake of innovative value-added services introduced during the year.

The increase in service revenues was primarily driven by: higher monthly fee revenues that grew to € 102.3 million (up 27.8% year-on-year), deriving from the widespread uptake of our bundled-minutes based packages; further increased contribution of mobile-to-mobile interconnection revenues; increased roaming revenues that grew by 21.7% year-on-year; as well as continued strong improvement in outgoing traffic revenues that were positively affected by increasing outgoing traffic. More specifically, **average monthly traffic per customer** (AMOU) grew to 84.8 minutes, compared with 78.0 minutes in 2002, while average contract traffic significantly increased to 201.0 minutes, up 25.4% year-on-year.

Contract ARPU grew to € 46.8 in 2003 from € 43.9 in 2002, which, in combination with the high number of prepaid net additions, contained blended ARPU at € 23.8 versus € 24.4 in 2002.

Cost of sales and services provided was € 331.4 million for the year, representing 43.5% of service revenues, compared to last year's level of 37.9%. This increase was mainly due to increased mobile-to-mobile interconnection charges, analogous to the boost seen in revenues.

EBITDA (operating income before depreciation & amortization) for the year grew to € 275.7 million, increasing 19.4% year-on-year and bringing the **EBITDA margin on total revenues** to 34.1% for the period, versus 33.4% in 2002, or 36.2% on service revenues versus 34.6% last year.

Selling, General and Administrative expenses were € 303.1 million in 2003, compared to € 298.2 million last year. SG&A expenses represented 39.8% of service revenues in the period, dropping from 44.8% in 2002.

Operating income for the period rose 24.3% year-on-year to € 166.9 million. Operating income as a proportion of service revenues was 21.9%, up from 20.1% in 2002.

Net Income for the full year 2003 increased by 19.9% to € 91.6, or 12.0% of service revenues, versus 11.5% in 2002.

Cash flow from operations increased to € 229.9 versus € 193.4 in 2002, fully financing capital expenditures of € 137.6 million, resulting in positive levered free cash flow generation of € 92.3 million.

As a result, net financial debt, dropped to € 167.3 million, down from € 246.5 at the end of 2002.

Index To The Financial Statements

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of:
STET HELLAS TELECOMMUNICATIONS S.A.

We have audited the accompanying balance sheets of STET HELLAS TELECOMMUNICATIONS S.A. (a Greek corporation) as of December 31, 2003 and 2002, and the related statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STET HELLAS TELECOMMUNICATIONS S.A. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG
Athens, Greece
February 26, 2004

Stet Hellas Telecommunications S.A.
Balance Sheets

[In thousands (except share and per share data)]

		December 31,		
		2002	2003	2003
ASSETS	**Notes**	**€**	**€**	**U.S. $ (1)**
CURRENT ASSETS				
Cash and cash equivalents		35,581	66,769	84,108
Accounts receivable, net of allowance for doubtful accounts of € 38,266 as of December 31, 2002 and € 44,590 as of December 31, 2003	4	127,983	132,191	166,522
Inventories, net		7,715	8,783	11,064
Deferred income taxes	11	14,931	10,396	13,097
Amounts due from related companies		-	2,570	3,237
Other current assets	5	8,522	8,493	10,699
Total current assets		194,732	229,202	288,727
OTHER ASSETS				
Other		2,280	2,597	3,272
		2,280	2,597	3,272
PROPERTY, PLANT AND EQUIPMENT	6			
Cost		878,501	1,024,199	1,290,182
Less: Accumulated depreciation		(356,702)	(455,628)	(573,953)
		521,799	568,571	716,229
DISTRIBUTION NETWORK	2			
Cost		29,347	29,347	36,969
Less: Accumulated amortization		(11,739)	(14,673)	(18,485)
		17,608	14,674	18,484
LICENSES	2			
Cost		257,652	267,694	337,214
Less: Accumulated amortization		(49,479)	(56,410)	(71,059)
		208,173	211,284	266,155
TOTAL ASSETS		**944,592**	**1,026,328**	**1,292,867**

(1) Exchange rate used for the convenience translation of the December 31, 2003 balances: U.S.$1.2597 to €1.00.

The accompanying notes are an integral part of these financial statements.

Stet Hellas Telecommunications S.A.
Balance Sheets

[In thousands (except share and per share data)]

	Notes	December 31, 2002 €	2003 €	2003 U.S. $ (1)
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable		155,533	167,718	211,278
Current maturities of long-term debt	8	-	74,067	93,302
Amounts due to related companies	9	8,003	18,103	22,804
Taxes other than income		3,969	5,452	6,867
Income taxes payable	11	40,508	44,546	56,116
Deferred revenue	2	24,528	22,788	28,706
Other current liabilities	10	14,581	14,303	18,018
Current portion of capital lease obligations		4,252	801	1,009
Liability for an asset retirement obligation S/T		-	486	613
Total current liabilities		**251,374**	**348,264**	**438,713**
LONG-TERM LIABILITIES				
Long-term debt, net of current maturities	8	222,067	100,000	125,970
Long term debt due to related companies	9	60,000	60,000	75,582
Staff retirement indemnities	12	1,217	1,688	2,126
Deferred income taxes	11	19,217	21,721	27,363
Other long-term liabilities	2	36,850	38,692	48,739
Capital lease obligations, less current portion		251	6,903	8,696
Liability for an asset retirement obligation L/T		-	9,644	12,148
		339,602	238,648	300,624
COMMITMENTS AND CONTINGENCIES	15	35,397	37,897	47,739
SHAREHOLDERS' EQUITY				
Common Stock par value €1.52 in 2002 and €1.53 in 2003 (Shares authorized, issued and outstanding 83,193,220 in 2002 and 2003)	13	126,454	127,287	160,342
Additional paid-in capital		71,186	71,186	89,673
Retained earnings and statutory reserves		120,579	203,046	255,776
Total shareholders' equity		**318,219**	**401,519**	**505,791**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**944,592**	**1,026,328**	**1,292,867**

(1) Exchange rate used for the convenience translation of the December 31, 2003 balances: U.S.$1.2597 to €1.00.

The accompanying notes are an integral part of these financial statements.

Stet Hellas Telecommunications S.A.
Statements of Income

[In thousands (except share and per share data)]

		Year ended December 31,			
		2001	2002	2003	2003
	Notes	€	€	€	U.S. $ [1]
Operating revenues					
Revenues from telecommunication services	16	504,801	666,453	761,934	959,808
Sales of handsets and accessories		18,956	23,878	46,606	58,709
Total operating revenues		523,757	690,331	808,540	1,018,517
Cost of sales and services provided					
Cost of services provided	17	(150,097)	(199,577)	(254,570)	(320,681)
Cost of sales of handsets and accessories		(45,295)	(53,175)	(76,850)	(96,808)
Total cost of sales and services provided		(195,392)	(252,752)	(331,420)	(417,489)
Gross profit		328,365	437,579	477,120	601,028
Provision for doubtful accounts	4	(5,693)	(5,081)	(7,100)	(8,944)
Selling, general and administrative expenses	18	(234,953)	(298,240)	(303,137)	(381,861)
Operating income		87,719	134,258	166,883	210,223
Interest and other financial income/(expense), net					
Interest expense		(16,936)	(15,311)	(12,234)	(15,411)
Interest income		299	235	1,193	1,503
Other financial income/(expense), net	19	-	605	223	281
		(16,637)	(14,471)	(10,818)	(13,627)
Income before taxes		71,082	119,787	156,065	196,596

Provision for income taxes	11	(35,241)	(43,349)	(63,446)	(79,923)
Net income before cumulative effect of change In accounting principle for SFAS 143, net of tax		35,841	76,438	92,619	116,673
Cumulative effect of change In accounting principle for SFAS 143, net of tax		-	-	(1,000)	(1,260)
Net income		35,841	76,438	91,619	115,413
Amounts per common share					
Income before cumulative effect of change In accounting principle for SFAS 143		0.48	0.92	1.11	1.40
Cumulative effect of change In accounting principle for SFAS 143, net of tax		-	-	(0.01)	(0.01)
Net income per share-basic and diluted		0.48	0.92	1.10	1.39
Weighted average shares outstanding-basic and diluted		74,979,847	83,193,220	83,193,220	83,193,220

(1) Exchange rate used for the convenience translation of the December 31, 2003 balances: U.S.$1.2597 to €1.00.

The accompanying notes are an integral part of these financial statements.

Stet Hellas Telecommunications S.A.
Statements of Shareholders' Equity

[In thousands (except share data)]

	Share of common stock	Common stock	Additional paid-in capital	Retained earnings and statutory reserves	Total
Balance at December 31, 2000	72,600,000	106,530	587	19,947	127,064
Proceeds from issuance of shares	10,593 220	15,544	70,819	-	86,363
Net income	-	-	-	35,841	35,841
Balance at December 31, 2001	83,193,220	122,074	71,406	55,788	249,268
Net income	-	-	-	76,438	76,438
Capital increase from additional paid-in capital and retained earnings	-	4,380	(220)	(4,160)	-
Payment of dividends	-	-	-	(7,487)	(7,487)
Balance at December 31, 2002	83,193,220	126,454	71,186	120,579	318,219
Net income	-	-	-	91,619	91,619
Capital increase from retained earnings	-	833	-	(833)	-
Payment of dividends	-	-	-	(8,319)	(8,319)
Balance at December 31, 2003	83,193,220	127,287	71,186	203,046	401,519

The accompanying notes are an integral part of these financial statements.

Stet Hellas Telecommunications S.A.
Statements of Cash Flows

[In thousands (except share and per share data)]

	Year ended December 31,			
	2001 €	2002 €	2003 €	2003 U.S. $ (1)
Cash Flows from Operating Activities:				
Net income	35,841	76,438	91,619	115,413
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	88,306	96,529	108,781	137,031
Deferred income taxes	5,939	(894)	7,626	9,606
Provision for staff retirement indemnities	245	283	471	593
Provision for commitments and contingencies	2,201	17,642	2,500	3,149
Provision for doubtful accounts	5,693	5,081	7,100	8,944
Provision for asset retirement obligation	-	-	312	393
Cumulative effect of change In accounting principle for SFAS 143, net of tax	-	-	1,000	1,260
Changes in operating assets and liabilities:				
Accounts receivable	15,678	(53,222)	(11,308)	(14,246)
Inventories	4,457	(2,787)	(1,068)	(1,345)
Amounts due from related companies	-	-	(2,570)	(3,237)
Other current assets	(2,735)	(704)	29	36
Accounts payable	(26,274)	43,474	12,138	15,294
Amounts due to related companies	(5,201)	(13,314)	10,100	12,722
Taxes other than income	744	992	1,483	1,867
Income taxes payable	6,903	13,775	4,038	5,087
Deferred revenue and other current liabilities	(1,676)	10,188	(2,018)	(2,544)
Other non-current assets	2,886	(111)	(317)	(400)
Net Cash provided by Operating Activities				
Cash Flows from Investing Activities:	133,007	193,370	229,916	289,623
Capital expenditures	(132,505)	(105,302)	(137,579)	(173,307)
License acquisition	(129,127)	-	-	-
Net Cash used in Investing Activities	(261,632)	(105,302)	(137,579)	(173,307)
Cash Flows from Financing Activities:				
Proceeds from issuing common stock	86,363	-	-	-
Proceeds from short-term borrowings, net of repayments	14,116	(62,550)	-	-
Proceeds from long-term debt	-	100,000	-	-
Proceeds from long-term debt due to related companies	60,000	-	-	-
Repayment of long-term debt	(7,337)	(109,115)	(48,000)	(60,466)
Net movement in capital lease obligations	(2,058)	(2,949)	(4,830)	(6,084)
Payment of dividends	-	(7,487)	(8,319)	(10,479)
Net Cash provided by/(used in) Financing Activities	151,084	(82,101)	(61,149)	(77,029)
Net increase in cash and cash equivalents	22,459	5,967	31,188	39,287
Cash and cash equivalents at beginning of year	7,155	29,614	35,581	44,821
Cash and cash equivalents at end of year	29,614	35,581	66,769	84,108
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid for:				
- Interest, net of amounts capitalized	16,648	13,006	10,917	13,752
- Income taxes	21,780	20,509	47,035	59,250
	38,428	33,515	57,952	73,002

(1) Exchange rate used for the convenience translation of the December 31, 2003 balances: U.S.$1.2597 to €1.00.

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. COMPANY'S FORMATION AND OPERATIONS:

STET HELLAS TELECOMMUNICATIONS S.A. (hereinafter referred to as "Stet Hellas" or the "Company") was incorporated on July 28, 1992, as a société anonyme, in order to provide GSM mobile telecommunications services in the Hellenic Republic ("Greece" or the "State"), in accordance with the provisions of Law 2075/92, subsequently replaced by Law 2246/94 (the "Telecommunications Law"). Since June 3, 1998, Stet Hellas' shares have been quoted on the NASDAQ National Market and are listed on the Official Market of the AEX Effectenbeurs N.V. (the "Amsterdam Stock Exchange"). TIM International N.V. is the Company's principle shareholder.
Following a competitive tender, Stet Hellas entered into a Concession Agreement, dated September 14, 1992 (the "1st Concession Agreement"), with the State and, on September 30, 1992, was granted a twenty-year license (the "License") to operate a GSM network in Greece for a concession fee of €91.7 million. The License authorizes Stet Hellas to establish and operate a mobile telecommunications network according to the GSM standard, including the authority to lease excess capacity on the microwave facilities used to connect switches within the GSM network on a dedicated basis to third parties.
Furthermore, subject to applicable European Union ("EU") requirements, the License to operate a GSM network in Greece would be exclusive to Stet Hellas and Panafon S.A. for a period of eight years from its effective date. However, pursuant to a license granted to the Hellenic Telecommunications Organization S.A. ("OTE") in 1995, OTE is entitled to develop mobile telecommunications services using DCS 1800 technology. In 1997, OTE transferred its rights to provide such services to its 70% owned subsidiary, COSMOTE Mobile Telecommunications S.A. ("Cosmote").
Following a competitive tender, Stet Hellas entered into a concession agreement, dated August 6, 2001 (the "2nd Concession Agreement") with the State and on the same date, was granted a fifteen-year license (the "DCS 1800 license") to operate a DCS network in Greece for the concession fee of €26 million, as well as a twenty-year license (the "UMTS license") to operate a UMTS network in Greece for the concession fee of €147 million.
These licenses authorize Stet Hellas to establish and operate a mobile telecommunications network in the DCS 1800 MHz band, as well as, in the special range of 2 x 10 MHz + 5 MHz. UMTS is a high-speed standard for "third generation" mobile telecommunications that allows Stet Hellas to provide an extensive range of new services, including mobile multimedia, video telephony and high-speed Internet access.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statements: The Company maintains its accounts under Greek tax and corporate regulations and has made adjustments to these records to present the accompanying financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

Other Comprehensive Income: Other comprehensive income refers to changes in net assets from transactions and other events, and circumstances other than transactions with shareholders. These changes are recorded directly as a separate component of shareholders' equity and excluded from net income. The Company does not have any components of comprehensive income other than net income.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Transactions: For the years ended December 31, 2003 and 2002 the Company's functional currency and reporting currency was the Euro. For the year ended December 31, 2001 the Company's functional currency was the Greek Drachma and its reporting currency was the Euro. As of January 1, 2001 the Greek Drachma was fixed at DRS 340.75 to the Euro. Transactions involving other currencies are converted into Euro using the exchange rates that are in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are adjusted to reflect the current exchange rates. Gains or losses resulting from foreign currency re-measurements are reflected in the accompanying statements of operations.
Net foreign exchange gains (losses) related to currency re-measurements of (€336), €605 and €223 for 2001, 2002 and 2003 respectively, are included in the accompanying statements of operations.

Forward Exchange Contracts: Periodically the Company enters into forward exchange contracts to hedge the exposure of foreign exchange fluctuations associated with its normal business transactions. During the year 2003, the Company had no outstanding forward exchange contracts. Forward exchange contracts are marked to market, with any resulting gains or losses being reflected in the accompanying statements of operations.
The off-balance sheet risk in outstanding forward exchange contracts involves both the risk of a counterparty not performing under the terms of the contract and the risk associated with changes in market value. The Company monitors its positions, the credit ratings of counterparties and the level of contracts it enters into with any one party. The counterparties to these contracts are major financial institutions. 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 counterparties, the Company does not believe it necessary to obtain collateral arrangements.

Notes to the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents: The Company considers time deposits and certificates of deposits with original maturity of three months or less to be cash equivalents.

Inventories: Inventories, comprising of SIM cards, prepaid airtime cards, handsets and related accessories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. The Company provides an allowance for obsolete and slow moving inventories.

Concentration of Credit Risk and Allowance for Doubtful Accounts: Due to the large volume and diversity of the Company's customer base, concentrations of credit risk with respect to trade accounts receivable are limited. The allowance for doubtful accounts receivable is stated at the amount considered necessary to cover potential risks in the collection of accounts receivable balances.

Property, Plant and Equipment: Property, plant and equipment in the accompanying balance sheets are stated at cost including interest costs incurred during periods of construction based upon the weighted average borrowing rate. Repairs and maintenance are charged to expenses 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 statements of operations.

Depreciation: Depreciation is computed based on the straight-line method at rates equivalent to average estimated economic useful lives. The rates used are as follows:

	Annual rates
Buildings	2.5%-5%
Telecommunications systems and equipment	10%
Transportation equipment	25%
Furniture and equipment	20%
Software	25%

Leasehold improvements are amortized over the term of the lease.

Notes to the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

Distribution Network: On March 24, 1999, the Company finalized a formal agreement with Germanos Batteries S.A. ("Germanos"), a Greek retail telecommunications and electronic dealer, which it had originally agreed to enter in November 1998.
The total acquisition cost to the Company for the right to use Germanos' distribution network amounted to €29.3 million, which has been classified as an asset in the accompanying balance sheets and is amortized over its average estimated useful life of ten years. Of this amount, €8.8 million and €20.5 million were paid in 1998 and 1999, respectively.

Cellular License: The License (1st Concession Agreement) which was granted to the Company for a concession fee of €91.7 million is being amortized over the term of the License of twenty (20) years. The DCS 1800 License (2nd Concession Agreement) which was granted to the Company for a concession fee of €26 million is being amortized over the term of the License of fifteen (15) years.
The UMTS License (2nd Concession Agreement) which was granted to the Company for a concession fee of €147 million is recorded in Company's financial statements as follows:

- €103 million that represent the amount that was paid within 2001 and represents the 1st part of the concession fee of the license.
- €35 million that represent the present value of the future installments of €44 million. This amount is recorded in other long-term liabilities.
- €4.2 million representing the interest expense of the period from the acquisition of the license and up to December 31, 2003, which was capitalized. This amount is recorded in other long-term liabilities.

The interest expense is capitalized against the long-term liability for the period that the UMTS license is out of commercial operation. The UMTS license will start to be amortized when the license will enter into commercial operation in 2004.

Goodwill and Other Intangible Assets: Effective January 1, 2002 the Company adopted Statements of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets". SFAS No. 142 no longer permits the amortization of goodwill and indefinite-lived intangible assets. Instead, these assets must be reviewed annually (or more frequently under certain conditions) for impairment in accordance with this statement. This impairment test uses a fair value approach rather than the undiscounted cash flows approach previously required by SFAS No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of". The goodwill and indefinite-lived intangible assets impairment test under SFAS No. 142 requires a two-step approach, which is performed at the reporting unit level, as defined in SFAS No. 142. Step one identifies potential impairments by comparing the fair value of the reporting unit to its carrying amount. Step two, which is performed it there is a potential impairment, compares the carrying amount of the reporting unit's goodwill to its implied value, as defined in SFAS No. 142. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized for an amount equal to that excess. Intangible assets that do not have indefinite lives will continue to be amortized over their useful lives. The adoption of SFAS No. 142 did not impact the results of operations or financial position because the Company had no goodwill or indefinite-lived intangible assets at December 31, 2003 and 2002.

Notes to the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

Impairment or Disposal of Long-Lived Assets: Long-lived assets subject to amortization are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which the Company adopted effective January 1, 2002. Under SFAS No. 144, these assets are tested for recoverability whenever events or changes in business or technology indicate that their carrying amounts may not be recoverable. An impairment charge is recognized for the amount (if any) by which the carrying value of the asset exceeds it fair value. Prior to January 1, 2002, the Company assessed the impairment of long-lived assets under SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of".

Reserve for Staff Retirement Indemnities: As more fully discussed in Note 12, the reserve for staff retirement indemnities is provided for in accordance with SFAS No. 87 (disclosed in accordance with the requirements of SFAS No. 132R) and is based on an independent actuarial study.

Income Taxes: Deferred income taxes provide for the tax effects of temporary differences between financial reporting and tax bases of assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

Advertising Costs: Advertising costs are expensed as incurred. The Company incurred €15,576, €13,024 and €17,155 in advertising costs during 2001, 2002 and 2003, respectively.

Recognition of Revenues: Revenues from the sale of handsets and accessories, net of discounts allowed, are recognized upon shipment to dealers or at point-of-sale (in the case of sales through the Company's retail outlets), while revenues from the sale of prepaid airtime cards and the prepaid airtime, net of discounts allowed, included in the Company's prepaid GSM service packages are recognized based on usage.
Revenues from telecommunications services are recognized when earned. Unbilled revenues from the billing cycle dating to the end of each month are calculated based on traffic and are accrued at the end of the month. Accrued unbilled revenues for services provided amounted to €10,956 and €14,358 as of December 31, 2002 and 2003, respectively (see Note 4).

Deferred Revenue: Deferred revenue includes monthly service fees billed to customers in advance and the estimated unused portion of prepaid airtime cards.

Notes to the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

Net Income per Share: Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. During the periods included in the financial statements, diluted income per share was equivalent to basic income per share as the Company does not have any potentially dilutive securities.

Segment Reporting: The Company provides mobile telecommunications services throughout the Hellenic Republic. Management considers that they operate and manage the business as one business and geographical segment.

Stock Based Compensation: The Company grants stock options for a fixed number of shares to employees with an exercise price equal to the fair value of the shares at the date of grant. The Company accounts for stock options grants in accordance with Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB 25").
The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123 "Accounting for Stock-Based Compensation", to stock-based employee compensation.

All amounts in 000's Euro except Earnings per Share	At December 31,		
	2001	2002	2003
	€	€	€
Net income as reported	35,841	76,438	91,619
Deduct: Total stock based compensation expense determined			
under fair value based method for all awards	(4,186)	(4,989)	(786)
Pro forma net income	31,655	71,449	90,833
Earning per share- Basic and diluted:			
Basic-as reported	0.48	0.92	1.10
Basic-pro forma	0.42	0.86	1.09

Fair Value of Financial Instruments: Cash and cash equivalents, accounts receivable, accounts payable, accruals and short-term borrowings: The carrying amounts approximate the fair value because of the short-term maturity of these instruments. Long-term debt including current maturities: The fair value is based on the current rates offered to the Company for similar debt on the same maturities.

All amounts in 000's Euro except Earnings per Share	At December 31,			
	2002	2002	2003	2003
	Carrying value	Fair value	Carrying value	Fair value
	€	€	€	€
Long-term liabilities at floating interest rates	178,046	178,046	130,046	130,046
Long-term liabilities at fixed interest rates	104,021	94,314	104,021	98,453

Notes to the Financial Statements
SIGNIFICANT ACCOUNTING POLICIES

Asset Retirement Obligation: Effective January 1, 2003, the Company changed its method of accounting for asset retirement obligations in accordance with FASB Statement No. 143, Accounting for Asset Retirement Obligations. Previously, the Company had not been recognizing amounts related to asset retirement obligations. Under the new accounting method, the Company now recognizes asset retirement obligations in the period in which they are incurred if a reasonable estimate of a fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

The cumulative effect of the change on prior years resulted in a charge to income of €1 million (net of income taxes of €0.6 million) (€0.0120 per share), which is included in income for the year ended December 31, 2003. The effect of the change on the year ended December 31, 2003 was to decrease income before the cumulative effect, gross of tax, of the accounting change by €0.7 million (€0.0084 per share). The pro forma effects of the application of Statement 143 as if the Statement had been adopted on January 1, 2001 (rather than January 1, 2003) are presented below:

	2001	2002	2003
	€	€	€
Pro forma amounts assuming the accounting change is applied retroactively net-of-tax:			
Pro forma effect on net income	659	341	444
Pro forma effect on net income per common share	0.01	0.00	0.01

Over the course of its life, the Company's 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 recognized the fair value of a liability for the asset retirement obligations and capitalized that cost as part of the cost basis of the leasehold improvement and depreciates it on a straight-line basis over the expected life of the leasehold improvements. The following table describes all changes to the Company's asset retirement obligation liability:

	2003
	€
Asset retirement obligation at beginning of year	-
Liability recognized in transition	7,005
Accretion expense	335
Capitalization of the period	2,813
Reversal of restoration expenses	-23
Asset retirement obligation at end of year	10,130

The pro forma asset retirement obligation liability balances as if Statement 143 had been adopted on January 1, 2001 (rather than January 1, 2003) are as follows:

	At December 31,	
	2002	**2303**
Pro forma amounts of liability for asset retirement obligation at beginning of year	4,181	7,005
Pro forma amounts of liability for asset retirement obligation at end of year	7,005	10,130

Recently Issued Accounting Standards:

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 replaces EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to exit an Activity (including Certain Costs Incurred in a Restructuring), and changes the timing of recognition for certain exit costs associated with restructuring activities. Under SFAS No. 146 certain exit costs would be recognized over the period in which the restructuring activities occur. Currently, exit costs are recognized when the Company commits to a restructuring plan. SFAS No. 146 is applied prospectively to exit or disposal activities initiated after December 31, 2002, though early adoption is allowed. The Company will adopt SFAS No. 146 for exit or disposal activities that are initiated after December 31, 2002. The provisions of SFAS No. 146 could result in the Company recognizing the cost of future restructuring activities over a period of time as opposed to as a one-time expense.

In November 2002, the FASB issued FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Other". FIN No. 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee. The disclosure provisions of FIN No. 45 are effective for financial statements of annual periods that end after December 15, 2002. The provisions for initial recognition and measurement are affective on a prospective basis for guarantees that are issued or modified after December 31, 2002. Adoption of FIN No. 45 is not expected to have a significant effect on the Company's financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS No. 148 also requires that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in a tabular format. Additionally, SFAS No. 148 requires disclosure of the pro forma effect in interim financial statements. The transition and annual disclosure requirements of SFAS No. 148 are effective for the Company's fiscal year 2002. The Company intends to continue to account for stock-based compensation based on the provisions of APB Opinion No. 25 and does not expect SFAS No. 148 to have a material effect on the Company's financial position or results of operations. Refer to the "Stock Based Compensation" section of Note 2 and Note 21 for disclosures related to stock based compensation.

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities" to expand upon existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. Under previous accounting guidance, the Company generally have included another entity in the consolidated financial statements only if the Company had a controlling financial interest in the entity through voting or other interests. FIN 46 changes the guidance by requiring a variable interest entity (VIE), as defined, to be consolidated by the company that is subject to a majority of the risk of loss from the VIE's activities, or is entitled to receive a majority of the entity's residual returns, or both. FIN 46 also requires disclosure about VIEs that a company is not required to consolidate, but in which it has a significant variable interest. These disclosures include the nature, purpose, size and activity of the VIE as well as the holder's maximum exposure to losses as a result of involvement with the VIE. FIN 46 is currently effective for all new variable interest entities created or acquired after January 31, 2003. As of December 31, 2003 this interpretation has no effect on the Company's financial statements.

In December 2003, the FASB issued a revised FIN 46 (FIN 46R) that replaced the original interpretation and codified proposed modifications and other decisions previously issued through certain FASB Staff Positions including deferral of the effective date of applying FIN 46R to certain variable interests created before February 1, 2003. FIN 46R is effective March 31, 2004 for such arrangements. The Company is currently evaluating the provisions of FIN 46R.
In May 2003, the FASB issued FAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which is effective for the quarter ending September 30, 2003 for financial instruments existing at May 31, 2003. This statement requires three classes of freestanding financial instruments that embody obligations of the issuer to be classified as liabilities at fair value. Adoption of FAS 150 did not have a material impact on the Company's financial statements.

In December 2003, the FASB issued a revised FAS 132 (FAS 132R), "Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement revises the required footnote disclosures without changing the measurement or recognition provisions of existing postretirement benefit accounting literature. The disclosure provisions of FAS 132R require additional disclosures regarding the types of plan assets, plan obligations, cash flows, investment strategy, measurement dates and the components of net periodic benefit cost recognized. The Company has adopted the disclosure provisions of FAS 132R.

Presentation Changes: Certain reclassifications have been made to the presentation of the 2001 and 2002 financial statements to conform to those of 2003.

3. TRANSLATIONS OF EURO AMOUNTS INTO U.S. DOLLARS:

The financial statements are stated in Euro. The translations of the Euro amounts into U.S. Dollars are included solely for the convenience of the reader, using the noon buying rate in New York City for cable transfers in foreign currencies, as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2003, which was U.S.$1.2597 to €1.00. The convenience translations should not be construed as representations that the Euro amounts have been, could have been, or could in the future be, converted into U.S. Dollars at this or any other rate of exchange.

4. ACCOUNTS RECEIVABLE:

	At December 31,	
	2001	2002
	€	€
Customers for services rendered	81,659	94,113
Customers for sales of handsets and accessories	19,542	21,169
Unbilled revenues (Note 2)	10,956	14,358
Interconnection fees receivable	51,697	43,527
International GSM network operators for roaming services	830	1,919
Other	1,565	1,695
	166,249	176,781
Less: Allowance for doubtful accounts	(38,266)	(44,590)
	127,983	132,191

The movement of the allowance for doubtful accounts receivable was as follows:

Balance at December 31, 2000	27,492
Provision	5,693
Balance at December 31, 2001	33,185
Provision	5,081
Balance at December 31, 2002	38,266
Provision	7,100
Write offs	(776)
Balance at December 31, 2003	44,590

5. OTHER CURRENT ASSETS:

Other current assets are analyzed as follows:

	At December 31,	
	2002	2003
	€	€
Receivable from the Greek Post Office (ELTA)	816	1,020
Prepaid expenses	4,834	6,548
Other	2,872	925
Total	8,522	8,493

6. PROPERTY, PLANT AND EQUIPMENT:

The major classes of property, plant and equipment are as follows:

	At December 31,	
	2002	**2303**
Cost:	**€**	**€**
Land	3,407	3,407
Buildings	38,925	45,237
Telecommunications systems and equipment	521,487	619,019
Transportation equipment	963	828
Furniture and equipment	85,216	96,208
Software	195,024	231,421
Capital leases	9,125	7,650
Construction in progress	24,354	20,429
	878,501	1,024,199
Accumulated depreciation	(356,702)	(455,628)
Net book value	521,799	568,571

Total interest costs capitalized during the years ended December 31, 2002 and 2003 amounted to €1,889 and €1,968, respectively, of which €134 and €126 related specifically to property, plant and equipment for 2002 and 2003, respectively.

7. SHORT-TERM BORROWINGS:

Short-term borrowings consist of drawdowns under various lines of credit maintained by the Company with several banks and a short-term financing facility in the amount of €100 million from TIM International N.V., the Company's principle shareholder. The aggregate amount of available lines of credit was €211.2 million and € 110.2 million at December 31, 2002 and 2003, respectively, of which approximately €211.2 million and € 110.2 million were unused as of the above dates.
The weighted average interest rate on short-term borrowings at December 31, 2002 and 2003 was 4.57%.

8. LONG-TERM DEBT:

Long-term debt is analyzed as follows:

	At December 31,	
	2002	2002
	€	€
(i) Loans from European Investment Bank of:		
Equivalent of €74,067 drawn-down as follows:		
€44,021, repayable on May 31, 2004, bearing interest at 5.65%.	44,021	44,021
€14,673, repayable on May 31, 2004, bearing interest at the Euribor borrowing rate plus 0.15%. (2.27% at December 31, 2003).	14,673	14,673
€15,373, repayable on May 31, 2004, bearing interest at the Euro interbank borrowing rate plus 0.15%. (2.27% at December 31, 2003)	15,373	15,373
€100,000 repayable on December 14, 2007, bearing interest at the Euribor borrowing rate plus 0.60%. (2.72% at December 31, 2003).	100,000	100,000
(ii) Syndicated loan arranged by ABN AMRO Finance (UK) Ltd.:		
€48,000, repayable on July 14, 2004, bearing interest at the Euro interbank borrowing rate plus 0.40% (3.597% at December 31, 2002), repaid in 2003.	48,000	-
Total long-term debt	222,067	174,067
Less: Current maturities	-	74,067
Long-term debt, net of current maturities	222,067	100,000

Minimum future payments of long-term debt for years subsequent to December 31, 2003, are as follows:

Maturity	**Amount**
	€
2004	74,067
2005	-
2006	-
2007	100,000
	174,067

The loans from European Investment Bank and ABN AMRO Finance (UK) Limited are guaranteed by Telecom Italia S.p.A. ("Telecom Italia") (see Note 9). Each guarantee provides a full and unconditional guarantee of the Company's obligations under the respective loans until such time as those obligations have been discharged.
Management believes that it can obtain financing without a guarantee from the Telecom Italia group, although such financing may not be on terms as favourable as those obtained with a Telecom Italia group guarantee.

9. AMOUNTS DUE TO/FROM RELATED COMPANIES:

The Company purchases fixed assets, goods and services from certain related companies in the normal course of business. Furthermore, it also sells handsets and accessories to a related company. These related parties consist of companies that have common ownership and/or management with the Company and affiliates of such companies. The Company believes that the terms of such transactions are comparable to those that would be attainable by the Company in the ordinary course of business from unaffiliated third parties under similar circumstances.
On December 12, 2001 the company entered into an agreement with Telecom Italia S.p.A. ("Telecom Italia"), based on which Telecom Italia provides STET Hellas with a credit facility of €60 million. This facility has been fully utilized and is repayable in December 14, 2006 bearing interest at 5.7%. The terms and conditions of this agreement are similar to those of a bank loan agreement.
Account balances with related companies are as follows:

	At December 31,	
	2002	2003
Due from:	€	€
IT Telecom	-	1,832
Telecom Italia Mobile S.p.A.	-	422
Telecom Italia Sparkle	-	315
Other	-	1
	-	2,570
Due to:		
Telesoft Software Development and Consulting Services S.A.	1,079	-
IT Telecom	-	3,899
Telecom Italia Mobile S.p.A.	3,729	8,040
Telecom Italia Lab S.p.A.	1,681	
Telecom Italia S.p.A.	1,087	3,580
Sodalia S.p.A.	427	-
Telecom Italia Sparkle	-	1,125
Telemedia Applicazioni	-	715
Other	-	57
	8,003	17,416

Transactions with related companies consisted of the following:

	At December 31,	
	2002	**2303**
Cost:	**€**	**€**
Purchase of fixed assets	2,437	4,020
Management fees	14,021	15,349
Other services	7,706	7,818
Total	24,164	27,187

9. AMOUNTS DUE TO/FROM RELATED COMPANIES *(cont.)*:

During 2000, Stet Mobile Holding N.V. ("SMH"), in which Stet International S.p.A. ("Stet International") held a 31.8% interest, became a wholly-owned subsidiary of Telecom Italia Mobile S.p.A. ("TIM") through the non-proportional division of Stet International. In late December 2001, TIM International B.V. (a Netherlands company wholly owned by TIM) merged with and into SMH under the company name TIM International N.V. ("TIM Int'l"), a whole-owned subsidiary of TIM. TIM Int'l is the Company's principle shareholder holding directly through ordinary shares 80.257% of the total STET Hellas ordinary shares.

Purchases of fixed assets from related parties represented approximately 2% and 2.9% of the Company's total purchases for 2002 and 2003, respectively.

The Company has signed technical support and assistance agreements with Stet International and NYNEX Network Systems Company, an affiliate of Verizon Europe Holdings II B.V. ("Verizon/NYNEX") which each expire on December 31, 2004. Effective January 1, 2001 the Company paid management fees under these agreements equal to 2.24% and 0.76% respectively. As of October 1, 2001 the management fee to Verizon/NYNEX became zero as a consequence of decrease of Verizon/NYNEX ownership on Stet Hellas below 20% after the rights issue. On August 2, 2002, TIM International N.V. acquired the 17.45% stake of Verizon/NYNEX in Stet Hellas, becoming the sole majority shareholder. Since then, the assistance agreement with Verizon/NYNEX legally ceased to exist.

For the years ended December 31, 2002 and 2003 management fees related to TIM amounted to €14,021 and €15,349 respectively. All costs of doing business with its shareholders and other related parties have been accounted for by the Company in the accompanying financial statements.

10. OTHER CURRENT LIABILITIES:

Other current liabilities are analyzed as follows:

	At December 31,	
	2002	2003
	€	€
Accrued interest on loans	878	276
License fee to National Telecommunications and Postal Committee ("NTPC")	2,001	2,107
Payroll and related expenses	5,706	7,378
Other accrued liabilities	5,996	4,542
Total	14,581	14,303

11. INCOME TAXES:

In accordance with Greek tax regulations, the income tax rate applicable to the Company was 40% for fiscal year 2000. Pursuant to Law 2873/2000, the tax rate for companies whose shares are not listed on the Athens Stock Exchange (such as the Company) was reduced to 37.5% for fiscal year 2001 and was reduced to 35% for fiscal year 2002 and onwards.

Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued.

In late 2000, the tax authorities commenced the tax audit of the Company's books for the Fiscal years 1998 to 2000. The tax audit was completed in 2001 and additional income taxes and penalties of €15,642 were assessed. This amount was partially provided for in 2000 as probable future tax assessments of €7,337 and the remaining amount of €8,305 was recorded as an expense in 2001.

The provision for income taxes reflected in the accompanying statements of operations is analyzed as follows:

	Year ended December 31,		
	2001	2002	2003
	€	€	€
Income taxes			
Current Expense	(29,303)	(44,243)	(55,820)
Deferred (Expense) / Benefit	(5,938)	894	(7,626)
Total provision for income taxes	(35,241)	(43,349)	(63,446)

The reconciliation of the provision for income taxes to the amount determined by the application of the Greek statutory tax rate (37.5% in 2001 and 35% in 2002) to pretax income is summarized as follows:

	Year ended December 31,		
	2001	**2002**	**2003**
	€	**€**	**€**
Income tax at the statutory rate:	(26,656)	(41,926)	54,623
Effect of change in statutory tax rate	(370)	-	
Tax from share capital increase	(1,007)	-	
Tax losses from subsidiary carryforwards	(656)	2,553	
Effects of non-taxable income and expenses not deductible for tax purposes:			
- Non deductible expenses	(5,375)	(5,269)	(4,993)
- Management fees	(1,177)	(1,227)	(1,343)
- Tax incentives	-	2,520	(2,485)
Provision for income taxes	(35,241)	(43,349)	

11. INCOME TAXES *(cont.)*:

Deferred income taxes relate to the temporary differences between the book and the tax bases of assets and liabilities. Significant components of the Company's deferred tax assets and liabilities are summarized below:

	At December 31, 2002 €	2003 €
Deferred tax assets:		
Staff retirement indemnities	(426)	(591)
Reserve for litigation and claims	(12,389)	(13..264)
Deferred airtime revenue	(5,131)	(4.574)
Stock devaluation	(162)	-
Property, plant and equipment	(2,608)	(6.197)
Other	(3,197)	(3.138)
Provision for bad debts	-	(2.485)
Valuation allowance	-	2.485
Deferred tax assets	(23,913)	
Deferred tax liabilities:		
Property, plant and equipment	27,811	38.559
Other	387	530
Deferred tax liability	28,198	39.089
Net deferred tax liability	4,285	11.325

A valuation allowance of £2,485 has been recorded against the provision for bad debts as it is more likely than not that it will not be realized.
The Company has tax-free reserves in the amount of €307. The Company does not plan to distribute dividends out of the tax-free reserves, however if a dividend were paid from these reserves a withholding tax of 35% of the amount distributed from the tax free reserves would be remitted.

12. STAFF PENSION AND RETIREMENT INDEMNITIES:

Staff Pension: The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employee's retirement benefits. The Company's contributions to the pension funds for the years ended December 31, 2001, 2002 and 2003, have been charged to expenses and amounted to €6,069, €6,765 and €7,756, respectively.
Staff Retirement Indemnities: Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissed or retired). Employees who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause.
The provisions and liability for such retirement indemnities have been accounted for in the accompanying financial statements in accordance with SFAS No. 87 and are based on an independent actuarial study. These retirement indemnities are paid to the individuals at the time they retire from the Company. The components of the staff retirement indemnity cost recognized by the Company in accordance with SFAS No. 87 are as follows:

	Year ended December 31, 2001 €	2002 €	2003 €
Service cost	195	212	372
Interest cost	49	68	87
Net amortization and deferrals	2	4	12
	246	284	471
Additional cost of extra benefits	-	56	54
	246	340	525

The following is a reconciliation of the projected benefit obligation recorded for staff retirement indemnities:

	At December 31, 2002 €	2003 €
Projected benefit obligation at beginning of year	1,143	1,594
Service cost	212	372
Interest ccost	68	87
Benefits paid directly by the Company	(56)	(54)
Extra payments or expenses	56	54
Actuarial loss	171	334
Projected benefit obligation at end of year	1,594	2,387

	At December 31, 2002 €	2003 €
Projected benefit obligation at end of year	1,594	2,387
Fair value of plan assets	-	-
	1,594	2,387
Unrecognized transitional asset/ (obligation)	-	-
Unrecognized net actuarial loss	(377)	(699)
Unrecognized prior service cost	-	-
Accrued pension cost	1,217	1,688

The total accumulated benefit obligation for the termination obligations, which are unfounded, is £634 and £862 as at December 31, 2002 and 2003, respectively.

12. STAFF PENSION AND RETIREMENT INDEMNITIES *(cont.)*:

The projected future benefit payments under this plan are as follows:

Year	As at December 31, €
2004	**31,932**
2005	**-**
2006	**-**
2007	**-**
2008	**-**
2009-2013	**167,277**

The assumptions underlying the actuarial valuation of staff retirement indemnities are:

	Year ended December 31, 2002	2003
Discount rate	5.5%	5.0%
Assumed rate of increase in future compensation levels	4.5%	4.5%
Price Inflation	2.5%	2.5%

13. SHARE CAPITAL:

On October 10, 2001 the Company increased its share capital through a rights offering. The shares increased from 72,600,000 to 83,193,220 and the net proceeds from this offering were approximately €86.4 million. On September 17, 2002 the Company increased its share capital per Board of Directors approval, through a transfer of retained earnings and additional paid-in capital. The nominal value per share increased from €1.47 to €1.52. On October 16, 2003 the Company increased its share capital per Board of Directors approval, through a transfer of retained earnings. The nominal value per share increased from €1.52 to €1.53. As of December 31, 2003 the share capital was approximately €127.3 million and additional paid-in capital €71.2 million.

14. LEGAL RESERVE:

Under Greek corporate law, corporations are required to transfer a minimum of five percent of their annual net profit shown in their statutory books to a legal reserve, until such reserve equals one-third of the paid-in share capital. The legal reserve as at December 31, 2003 is €7,791.

15. COMMITMENTS AND CONTINGENCIES:

(a) Commitments:

(i) Capital Commitments: The Company has a number of outstanding capital commitments on supplier contracts which at December 31, 2003, amounted to approximately € 13 million.

(ii) Lease Commitments: At December 31, 2003, 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 2014. The capital leases relate to the Service Center equipment and the lease for a fixed wireless access license.

The future minimum lease payments under these agreements for the periods shown at December 31, 2003 are as follows:

Year	At December 31, Operating leases	Capital leases
2004	21,893	**1,537**
2005	20,919	**1,200**
2006	20,266	**1,200**
2007	19,478	**1,062**
2008	18,987	**787**
Thereafter	69,603	**5,573**
Total minimum rental commitments	171,146	**11,359**
Less interest costs (average rate 7%)	-	**(3,655)**
Present value of minimum lease payments	-	**7,704**

Total rent expense under operating leases for 2001, 2002 and 2003 amounted to €15,698, €16,750 and €19,596, respectively, and is included in the accompanying statements of operations.

Capital lease amounts included in assets are as follows:

	Year ended December 31, 2002 €	2003 €
Property, plant and equipment	9,125	7,650
Licenses	-	8,199
	9,125	15,849
Accumulated amortization	(4,808)	(6,324)
Total	4,317	9,525

15. COMMITMENTS AND CONTINGENCIES *(cont.)*:

(b) Litigation and Claims:

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

(i) Mobitel Arbitration: Mobitel S.A. ("Mobitel") a distributor of the Company and its parent, Interamerican Group, submitted a request for arbitration (the "Initial Claims") to the International Court of Arbitration of the International Chamber of Commerce (the "ICC International Court of Arbitration" or "the Tribunal") seeking compensation on several commercial issues. The Initial Claims dated December 26, 1996 and July 15, 1997 requested damages in an aggregate amount of €13.3 million plus VAT and interest and €132.1 million, respectively.

The Company has vigorously denied these claims and on April 16, 1997, filed a counterclaim (the "Counterclaim") against Mobitel and Interamerican.

On October 9, 2000, the Tribunal issued an interim award which ruled that, in principle, Mobitel is entitled to a 6% compensation calculated on the Company's revenues from both outgoing and incoming calls. The Company has filed an objection with the Tribunal, claiming that the issue of the quantification of Mobitel's claim must be decided by the Greek courts, based on a specific provision in the Mobitel Agreement.

A series of legal actions took place and in 2002, Mobitel calculated its claims as follows: claims for the commission on revenues generated by all calls (including incoming calls) made by customers acquired by Mobitel amount to U.S.$19.6 million plus interest of U.S.$9.6 million; claims for the Company's failure to achieve a 45% market share amount to U.S.$8.8 million plus interest; and claims for the damages as a result of the breach of the agreement amount to U.S.$109.4 million.

As of January 30, 2002 the Company quantified its counterclaim against Mobitel as follows: €22.7 million for bad debts; U.S.$255.4 million for the loss of market share as a result of the failure of Mobitel and Interamerican to fulfil their obligations; and U.S.$611.2 million plus the legal interest for damages and loss of income incurred for the illegal termination by Mobitel of the distribution and sales agreement with the Company.

The tribunal issued on November 2003 an Interim Award on the Company's claim for bad debts awarding in favour of the Company an amount of €1.5 million and rejecting the corresponding claim of Mobitel for commissions for bad debts.

While no assurance can be given as to the outcome of these proceedings, if the Company's Counterclaim and the Revised Claim – Additional Request were unsuccessful, the award of substantially all the amounts claimed by Mobitel and Interamerican would have a material adverse effect on the Company's financial condition and results of operations.

(ii) Interamerican Greek Life Insurance Company S.A.: Interamerican Greek Life Insurance Company S.A., filed a claim with the First Instance Court in Athens against the Company, requesting an amount of €11.7 million for moral damages incurred. The first hearing before the court took place on April 5, 2001 and the Court issued decision no. 9800/2001 requesting further evidence.

(iii) DELAN Arbitration: The Company and Delan Cellular Services S.A. ("DELAN") were party to an agreement dated September 25, 1996, whereby DELAN agreed to develop and market prepaid telecommunications services through the Company's network in exchange for 50% of the revenues from prepaid airtime cards sold by DELAN and from prepaid airtime included in prepaid service packages sold to prepaid customers by DELAN. On January 27, 1997, the Company terminated the agreement due to DELAN's failure to perform and instead pursued development of B-Free with a different contractor. On February 26, 1998, DELAN filed a claim against the Company for actual damages in an amount of €343 as well as a claim in an aggregate amount of €79.5 million for loss of anticipated profits.

The first hearing before an arbitration tribunal occurred on March 18, 1998. Due to the resignation of one of the arbitrators, the evidence submission and the hearing procedure were repeated and were only completed in January 2001. The two parties filed closing briefs on March 6, 2001. The arbitrators' decision remains pending however they have issued an interim decision appointing an independent chartered accountant to deliver a report to the Tribunal evaluating the claim based on the contract and the actual figures arising from the Company's operations of pre-paid mobile telephony between 1997 and 2002.

Management and legal counsel believe that the Company's defense is strong and well founded and the Company will vigorously defend its position; however, an adverse result could have a material adverse effect on the Company's financial condition and results of operations.

(iv) Vasilias Enterprises S.A. Litigation: On March 14, 2001, Vasilias Enterprises S.A. ("Vasilias"), one of the Company's master dealers, filed a claim with the Athens Court of First Instance, requesting an amount of approximately €9.1 million for moral damages and for other amounts to which Vasilias was entitled in relation to business activities performed on behalf of the Company. The hearing before the Athens Court of First Instance took place on April 2, 2003. The Court has awarded Vasilias the amount of €1.7 million against which the court offset the Company's counterclaim of €1.0 million. Both parties appealed the decision. The hearing before the Athens Court of Appeals will take place on May 20, 2004.

(v) Lantec Communications S.A. Litigation: On March 21, 2002, a claim amounting to approximately €52.7 million was filed by an ex-master dealer, Lantec Communications S.A. ("Lantec") against the Company, seeking damages relating to the termination by the Company of its exclusive agreement with Lantec. The hearing before the Multimember First Instance Court of Athens took place on March 24, 2004. The decision of the remains pending. The Company believes that the claim is without merit and intends to contest the case vigorously.

16. REVENUES FROM TELECOMMUNICATIONS SERVICES:

Revenues from telecommunications services reflected in the accompanying statements of operations are analyzed as follows:

	Year ended December 31,		
	2001	2002	2003
	€	€	€
Monthly service fees	61,316	80,034	102,281
Airtime revenues:			
Outgoing calls	103,930	136,184	164,211
Incoming calls from fixed line networks	152,263	167,932	123,473
Incoming calls from other mobile operators' network	-	64,556	119,397
Prepaid airtime cards	121,051	140,269	153,292
Roaming revenues from the Company's customers	11,211	12,512	15,028
Roaming revenues from customers of international GSM network operators	29,392	30,187	36,955
	417,847	551,640	612,356
Data communications	24,170	32,008	42,684
Other	1,468	2,771	4,613
Total	504,801	666,453	761,934

Prepaid airtime cards include revenues from the sale of prepaid airtime renewal cards and prepaid airtime, net of discounts allowed, included in B-Free packages used as of the end of the period.

17. COST OF SERVICES PROVIDED:

Cost of services provided reflected in the accompanying statements of operations is analyzed as follows:

	Year ended December 31,		
	2001	**2002**	**2003**
	€	**€**	**€**
Interconnection charges from fixed line operators	44,748	37,058	20,726
Interconnection charges from other mobile operators	-	62,186	118,380
Depreciation	61,277	53,881	65,175
Roaming charges from international GSM network operators	11,536	13,634	13,342
Payroll	12,307	12,242	14,611
Leased lines	6,258	3,305	2,970
Utilities	2,838	4,486	4,672
SIM cards	5,371	4,608	3,210
Installations' rentals	5,762	8,177	11,484
Total	150,097	199,577	254,570

18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Selling, general and administrative expenses reflected in the accompanying statements of operations are analyzed as follows:

	Year ended December 31,		
	2001	2002	2003
	€	€	€
Commissions to dealers	79,143	102,106	103,724
Management fees	14,698	14,021	15,349
Advertising expenses	15,576	13,024	17,155
Payroll	24,898	30,980	34,161
Depreciation	18,777	33,368	33,550
Amortization	8,252	9,280	10,056
Repair and maintenance	25,687	30,182	30,015
Consultancy and other third party fees	11,623	11,447	18,013
Provision for litigation and claims	2,935	18,603	2,500
Utilities	6,614	7,274	8,855
Rentals	11,964	11,122	13,726
Other	14,786	16,833	16,033
Total	234,953	298,240	303,137

19. OTHER FINANCIAL INCOME/(EXPENSE), NET:

Other financial income/(expense), net in the accompanying statements of operations are analyzed as follows:

	Year ended December 31,		
	2001	**2002**	**2003**
	€	**€**	**€**
Foreign currency exchange gains/(losses), net	(336)	605	223
Other	336	-	-
Total	-	605	223

20. STOCK OPTION PLANS:

The Company issued two stock option plans to selective employees of the Company. The objectives of these plans include attracting and retaining personnel and promoting the success of the Company by providing executive employees the opportunity to acquire common stock.
Under the first plan, approved on March 30, 2000, by the Company's Shareholders' General Assembly (the "1st Plan"), the Company issued 1,300,000 option rights, which entitled the bearer to purchase shares of the Company at a price equal to the listed market price of Stet Hellas on the NASDAQ Stock Exchange as of the above date, which was U.S.$28.375. This plan expired as of November 30, 2003. Included in the rollforward below are outstanding options of 827,000, 535,000, and none, and weighted average exersice prices per option of Euro 27.06, Euro 27.06, and zero at December 31, 2001, 2002, and 2003, respectively.
Stet Hellas approved on December 11, 2000, by Stet Hellas's Shareholders' Extraordinary General Assembly the "2nd Plan". Stet Hellas was authorized to issue 1,000,000 option rights, which entitle the bearer to purchase shares of Stet Hellas at a price equal to the listed market price of Stet Hellas on the NASDAQ Stock Exchange as of such date, which was US$12.532. Under the second plan, 760,000 option rights were issued during the year ended December 31, 2000, 175,000 during the year ended December 31, 2001, and 177,500 during the year ended December 31, 2003. No option rights were issued during the year ended December 31, 2002. Included in the rollforward below are outstanding options of 935,000, 569,000 and 698,000, and weighted average exercise prices per option of Euro 12.82, Euro 12.82, and Euro 12.74 at December 31, 2001, 2002, and 2003, respectively.

Options vest on a pro-rata basis over approximately a four-year period from the grant dates.
The Company has adopted the disclosure provisions of FASB Statement 123, as modified by FAS 148, but opted to remain under the expense recognition provisions of Accounting Principles Board (APB) Opinion No 25, "Accounting for Stock Issued to Employees" in accounting for options granted under the Stock Option Plans. Accordingly, for the year ended December 31, 2003, no compensation expense was recognized for options granted under the plans in the accompanying financial statements.

The movement in the options outstanding during the years ended December 31, 2001, 2002 and 2003, is as follows:

	Number of shares subject to option	Weighted average exercise price (Euro)
Outstanding at December 31, 2000	1,965,000	25.01
Granted during the period	175,000	14.09
Exercised during the period	-	-
Forfeited during the period	(378,000)	27.51
Expired during the period	-	-
Outstanding at December 31, 2001	1,762,000	23.39
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	(658,000)	20.79
Expired during the period	-	-
Outstanding at December 31, 2002	1,104,000	19.27
Granted during the period	177,500	11.73
Exercised during the period	-	-
Forfeited during the period	48,500	11.73
Expired during the period	535,000	29.51
Outstanding at December 31, 2003	698,000	9.94
Exercisable at December 31, 2001	619,000	23.82
Exercisable at December 31, 2002	341,367	21.25
Exercisable at December 31, 2003	232,667	9.94

Prior to 2002, the Company had used the Black-Scholes option pricing model to estimate the fair value of stock options granted to employees. Starting in 2002, the Company revisited the use of the Black-Scholes option-pricing model and concluded that certain other option-pricing models, in particular binomial models, were better adapted to capturing the complexity of the fair value of these options. Therefore, effective January 1, 2002, the Company adopted the Cox-Ross-Rubenstein ("CRR") binomial model for estimating the fair value of employee stock options. The CRR model uses a binomial tree to assess the probabilities that the price of the underlying stock might follow over the life of the option.

In contrast to the Black-Scholes model, the CRR model takes into account possible future stock prices at specified times between the grant date and the option maturity. An additional strength of the CRR model is that it is specifically designed to value options that can be exercised at any time (so called "American" options), as opposed to those that can only be exercised at the end of their maturity (so called "European" options). The Company's employees are free to exercise their vested stock options once they are vested, therefore they are considered to be American type call options. Also, the Group has historically paid dividends, which it anticipates doing in the future. The CRR model also has the flexibility to incorporate assumptions related to the payment level of future dividends. The CRR model was designed for these types of options, therefore it provides more useful fair value information.

The weighted average fair value of options granted in the years ended December 31, 2000 and 2001 was estimated using the Black-Scholes stock option-pricing model and for 2003 the CRR model. No options were granted in 2002. The following weighted average assumptions were used:

	Year ended December 31,	
	2001	2003
	€	€
Dividend yield	1.48%	.93%
Annual standard deviation (volatility)	57%	68%
Risk free interest rate	5%	2.70%
Expected life (years)	4	2

All options granted had an exercise price equal to the market price at grant date. Furthermore, the weighted average exercise price and weighted average fair value at grant date were estimated at ------- and €1,34, for the options granted in 2003 and €14.09 and €3.61, respectively, for those granted in 2001.

The following table provides details of all options outstanding as at December 31, 2003.

	Outstandin			Exercisable	
Plan	Number	Weighted average exercise price (€)	Weighted average remaining contractual life	Number	Weighted average exercise price (€)
2nd Plan	698,000	9,94	1,00	232,667	9,94

21. SUBSEQUENT EVENTS

Dividends declared: On February 26, 2004 the Board of Directors proposed for formal approval at the Annual General Meeting a final dividend in respect to the year ended December 31, 2003 of €8,319. On April 22, 2004 the General Assembly unanimously approved the proposed dividend. The dividend was paid on May 28, 2004 to registered holders of the Company's shares as at May 6, 2004.