



**OTE GROUP REPORTS 2005 FIRST QUARTER RESULTS**  
**UNDER US G.A.A.P.(UNAUDITED)**

- *Reduction in Greek fixed-line revenue erosion, reflecting higher leased-line tariffs and monthly rentals*
- *Strong performances from RomTelecom and mobile operations in Greece and internationally*
- *Ongoing dialogue with unions and authorities to activate Voluntary Retirement plans*

**ATHENS, Greece – May 26, 2005 – Hellenic Telecommunications Organization SA (ASE: HTO, NYSE: OTE)**, the Greek full-service telecommunications provider, today announced consolidated unaudited results (prepared under US GAAP) for the quarter ended March 31, 2005.

**CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004 IN ACCORDANCE WITH U.S. GAAP**

<i>€ million, except per share data</i>	<b>Q1 05</b>	<b>Q1 04</b>	<i>% change</i>
Operating Revenues	<b>1,298.0</b>	<b>1,223.3</b>	+6.1%
Operating Income	<b>180.9</b>	<b>165.2</b>	+9.5%
Pre-tax Income	<b>204.7</b>	<b>146.7</b>	+39.5%
Net Income	<b>90.7</b>	<b>48.1</b>	+88.6%
Operating Income before Depreciation & Amortization*	<b>443.6</b>	<b>414.0</b>	+7.1%
Operating Income before Depreciation & Amortization as % of Operating Revenues*	<b>34.2%</b>	<b>33.8%</b>	+0.4 pp
Basic EPS (€)	<b>0.1850</b>	<b>0.0981</b>	+88.6%
Cashflow from Operations	<b>332.3</b>	<b>282.4</b>	+17.7%
CAPEX as % of Revenues	<b>9.6%</b>	<b>14.5%</b>	-4.9 pp

\* See notes on p. 13

Commenting on the quarter, Mr. Panagis Vourloumis, Chairman and CEO, noted: "There are clear signs of improvement in the first quarter results we are reporting today, but much work still lies ahead, before we can say that OTE has turned the corner. In Greek fixed-line, as we had forecast, fairer leased-line tariffs led to a notable deceleration in the rate of revenue decline compared to the past few quarters, and we are also seeing the first signs of a slowdown in operating cost increases. This being said, we will not be able to show a durable reversal of past trends until we have solved our workforce issues, and we are continuing to work hard to secure an arrangement beneficial to all parties. RomTelecom continues to forge ahead, and achieved record operating margins in the quarter. Our mobile operations once again outperformed in Greece and Albania, at the top-line and profitability margin levels, while our mobile companies in Bulgaria and FYROM, currently being transferred to Cosmote, are demonstrating the strong growth potential of their respective markets." Mr. Vourloumis added: "While the pace of progress on structural issues is slow and heavily dependent on factors beyond OTE's control, we are determined to stay the course."



## FINANCIAL HIGHLIGHTS

### Operating revenues

OTE Group Operating Revenues increased by 6.1 % in the three months ended March 31, 2005. The increase in quarterly operating revenues reflects higher revenues in mobile telephony, both in Greece and abroad, and at RomTelecom. Greek fixed-line revenues declined by just 1.2% compared to the first quarter of 2004; this represents a marked improvement from the rate of decline in past quarters, reflecting the partial reversal of Regulator-imposed cuts in leased-line tariffs, as well as higher monthly rental rates, partly offsetting the continuing drop in traffic and prices.

	Q1 05	Q1 04	% change
Domestic Telephony	566.3	572.4	-1.1%
International Telephony	96.7	92.8	4.2%
Mobile Telephony services	389.1	342.5	13.6%
Other	245.9	215.6	14.1%
<b>Total</b>	<b>1,298.0</b>	<b>1,223.3</b>	<b>6.1%</b>

### Operating expenses

Payroll and Employee Benefits increased by 7.9% to € 346.5 million in the first quarter of 2005, compared to the first quarter of 2004. Provisions for voluntary retirement costs at OTE's Greek fixed-line operations totaled € 27.0 million in the first quarter of 2005, compared to € 27.7 million in the first quarter of 2004.

Payments to International Operators increased by 15% to € 41.5 million. Payments to domestic telephony operators (Mobile and Fixed-line Operators) decreased by 3.6 % to € 145.6 million. These payments do not include payments to Cosmote, but include payments from Cosmote to other mobile operators.

Other Operating Expenses increased by 7.5 % to € 293.8 million. An analysis of Group Other Operating expenses follows:

€ million	Q1 05	Q1 04	% change
Commission to dealers	35.9	25.3	41.9%
Cost of equipment	30.8	26.3	17.1%
Repairs, maintenance, Cost of telecom materials	43.7	53.7	-18.6%
Provision for doubtful accounts	25.9	26.0	-0.4%
Advertising	22.8	18.6	22.6%
Taxes other than income taxes	10.1	6.8	48.5%
Other	124.6	116.7	6.8%
-Third party fees	33.6	28.5	17.9%
-Travel costs	2.6	2.1	23.8%
-Audiotex	8.1	21.4	-62.1%
-Telecards	7.1	6.4	10.9%
-Misc.	73.2	58.3	25.6%
<b>TOTAL</b>	<b>293.8</b>	<b>273.4</b>	<b>7.5%</b>



### Operating income before depreciation and amortization

For the first quarter of 2005, OTE Group Operating income before depreciation and amortization amounted to € 443.6 million, or 34.2 % of revenues. The increase in margin, from 33.8 % in the comparable quarter last year, primarily reflects improved operating performances in mobile activities in Greece and abroad, as well as at RomTelecom.

### Other income / (expense)

Other income totaled € 23.8 million in the first quarter of 2005, as compared to other expense of € 18.5 million in the comparable period of 2004. The change is due to foreign exchange gains on the revaluation of Romanian liabilities and receivables as well as to capital gains on the sale of satellite holdings (Eutelsat, Intelsat).

### Net income

Net Income for the three months ended March 31, 2005 reached € 90.7 million, up 88.6 % from net income of € 48.1 million in last year's first quarter.

### Cash flow

Cash provided by operating activities amounted to € 332.3 million for the three months ended March 31, 2005.

#### CONDENSED CASH FLOW

<i>€ million</i>	<b>Q1 05</b>
Cash and cash equivalents at beginning of period	870.3
Net cash provided by operating activities	332.3
Net cash used in investing activities	(153.6)
Net cash provided by (used in) financing activities	(89.5)
Net increase/(decrease) in cash and cash equivalents	89.2
Cash and cash equivalents at end of period	959.5

### Capital Expenditure

Capital expenditure in the first quarter of 2005 totaled € 124.0 million, reflecting particularly low capex levels at Cosmote in the quarter.

### Debt

At March 31, 2005, OTE Group gross debt amounted to € 3,216.1 million, up 1.1 % compared to December 31, 2004. The total amount of OTE debt outstanding breaks down as follows:

<i>€ million</i>	<b>Mar 31, 2005</b>	<b>Dec 31, 2004</b>	<b>% Change</b>
Short-Term:			
-Bank loans	67.7	37.3	81.5%
Medium & Long-term:			
-Bonds	2,591.6	2,591.3	0.0%
-Bank loans	520.2	517.8	0.5%
-Other loans	36.6	34.2	7.0%
<b>Total Indebtedness</b>	<b>3,216.1</b>	<b>3,180.6</b>	<b>1.1%</b>



## BUSINESS OVERVIEW

OTE's segment reporting is based on its legal structure. A reconciliation of intersegment revenues to total revenues is provided, as below:

### SEGMENT FINANCIALS FOR THE THREE MONTHS ENDED MARCH 31, 2005

<i>€ million</i>	<b>OTE*</b>	<b>COSMOTE</b>	<b>RomTelecom</b>	<b>All Other</b>	<b>Total</b>	<b>Adjustments &amp; Eliminations</b>	<b>Consolidated</b>
Revenues from external customers	618.0	336.4	225.0	118.6	1,298.0	-	1,298.0
Intersegment revenues	46.9	43.9	0.7	25.8	117.3	(117.3)	
<b>Total revenues</b>	<b>664.9</b>	<b>380.3</b>	<b>225.7</b>	<b>144.4</b>	<b>1,415.3</b>	<b>(117.3)</b>	<b>1,298.0</b>

\*For comparison purposes, OTE comprises the OTE parent company and OTE Estate.



## 1. OTE FIXED-LINE

### TRAFFIC STATISTICS FOR THE FIRST QUARTER OF 2005

Call Service Category	Calls, millions	Average Call Duration (minutes)	Minutes, millions	Split of minutes
Local	1,167.0	2.7	3,170.1	42.1%
National Long – Distance	146.1	3.2	467.1	6.2%
International Long – Distance	22.7	3.7	84.9	1.1%
Internet	141.0	23.7	3,344.8	44.4%
Fixed-to-Mobile	307.4	1.3	407.3	5.4%
Special Calls	81.9	0.6	52.1	0.7%
<b>Total</b>	<b>1,866.1</b>	<b>4.0</b>	<b>7,526.3</b>	<b>100.0%</b>

OTE estimates that its share of the Greek fixed-line market, as measured in outgoing call minutes, stood at approximately 84 % in March 2005, virtually unchanged from the level reached at the end of 2004. Excluding internet minutes, OTE's market share was also unchanged at approximately 75% of total traffic.

€ million	Q1 05	Q1 04	% change
Operating Revenues	664.9	673.2	-1.2%
- Basic Monthly Rentals	167.3	158.5	5.6%
- Fixed to fixed calls	135.3	150.3	-10.0%
- Fixed to mobile calls	80.9	95.2	-15.0%
- International	55.0	54.9	0.2%
- Other	226.4	214.3	5.6%
Operating Profit	26.6	29.0	-8.3%
Operating income before depreciation and amortization	170.7	182.3	-6.4%
Operating income before depreciation and amortization as % of Operating revenues	25.7%	27.1%	-1.4 pp
Depreciation & Amortization	144.1	153.3	-6.0%

Fixed-line revenues declined by 1.2% in the first quarter of 2005 to € 664.9 million. The decline is to a large extent due to lower voice traffic, notably in local calls, where fixed-line operators are particularly affected by fixed-to-mobile substitution. Voice revenues were partly offset by higher revenues from monthly rentals (PSTN and ISDN), as well as increased revenue from leased lines. The increase in leased-line revenues is in part due to increased traffic volume, and to a larger extent to the partial reversal of the telecommunications regulator's decision to reduce leased-line and interconnection tariffs, which had severely impacted revenues in 2004. Finally, revenue decline in fixed-to-mobile calls reflects the price decreases during the last quarters.

OTE has continued to improve the efficiency of its marketing campaigns in the first quarter of 2005, resulting in higher penetration and usage of its pricing packages.



At the end of March 2005, OTE had approximately 67,000 ADSL customers, more than five times the level achieved in March 2004, reflecting considerable marketing efforts and effective installation procedures. Another 12,000 ADSL customers were signed up in the first six weeks of the second quarter, and OTE still expects to close the year with over 120,000 ADSL customers.

For the remainder of 2005, OTE expects to continue benefiting from higher monthly rentals and leased-line tariffs, as well as ADSL, while all other operating revenues should continue to decline along prior trends.

Other Operating Expenses increased by 9.1 % compared to the first quarter of 2004 to € 142.3 million, largely influenced by the growth in advertising expenditures from a particularly low level in the first quarter of 2004, as well as by higher third party fees.

An analysis of the OTE segment Other Operating Expenses follows:

<b>€ million</b>	<b>Q1 05</b>	<b>Q1 04</b>	<b>% change</b>
Cost of equipment	22.2	19.0	16.8%
Repairs, maintenance, Cost of telecom materials	19.7	21.3	-7.5%
Provision for doubtful accounts	20.0	20.5	-2.4%
Advertising	9.1	2.9	213.8%
Taxes other than income taxes	6.8	3.6	88.9%
Other	64.5	63.1	2.2%
-Third party fees	25.1	12.6	99.2%
-Travel costs	1.3	0.9	44.4%
-Audiotex	5.1	19.2	-73.4%
-Telecards	0.8	1.6	-50.0%
-Other	32.2	28.8	11.8%
<b>TOTAL</b>	<b>142.3</b>	<b>130.4</b>	<b>9.1%</b>

In the three months ended March 31, 2005, net working capital requirements for the domestic fixed-line business (including bad debt, excluding intra-group transactions and cash) continued to decline as a percentage of revenue compared to the same period of 2004, standing at 24.0% versus 29.3% last year (Greek GAAP). The concerted efforts of the Greek fixed-line business, focusing on improving billing efficiency, collections effectiveness, payables management and inventory control continue to positively impact all levers affecting Net Working Capital. In particular, Days Sales Outstanding (including VAT) decreased to from 118 to 112 days in the first quarter of this year. Inventories decreased by 14.6%; in the same period in 2004, Olympic Game preparations had led to an increase in inventory levels. Net working capital requirements are expected to stabilize at historically low levels in the coming months, thanks to improved credit control and collections management.

<b>€ million</b>	<b>Q1 05</b>	<b>Q1 04</b>
Net accounts receivable	936.9	1,066.3
Net working capital	623.4	819.4
NWC/Sales	24.0%	29.3%
DSO (incl. VAT)	112	118
DPO (incl. VAT)	153	130



## 2. COSMOTE

### FIRST QUARTER ENDED MARCH 31, 2005 AND 2004 IN ACCORDANCE WITH U.S. GAAP (UNAUDITED)

<i>€ million</i>	<b>Q1 05</b>	<b>Q1 04</b>	<b>% change</b>
<b>Operating Revenues</b>	<b>380.3</b>	<b>358.5</b>	<b>6.1%</b>
Monthly service fees	75.0	55.5	35.1%
Airtime revenues	152.4	151.1	0.9%
Interconnection Revenues	99.3	102.7	-3.3%
Roaming revenues	4.5	4.0	11.6%
SMS revenues	33.7	34.7	-2.8%
Sales of handsets & accessories	9.6	6.4	49.9%
Other operating revenues	5.9	4.1	43.5%
<b>Operating Income before depreciation and amortization</b>	<b>166.2</b>	<b>152.7</b>	<b>8.8%</b>
<i>Operating Income before depreciation and amortization as % of Operating Revenues</i>	<i><b>43.7%</b></i>	<i><b>42.6%</b></i>	<i><b>1.1 pp</b></i>
<b>Operating Profit (EBIT)</b>	<b>115.3</b>	<b>109.7</b>	<b>5.1%</b>
<b>Net Income</b>	<b>74.6</b>	<b>68.3</b>	<b>9.3%</b>
<i>Net Income Margin</i>	<i><b>19.6%</b></i>	<i><b>19.1%</b></i>	<i><b>0.5 pp</b></i>
Depreciation & Amortization	50.9	43.0	18.3%
Customers (Greece)	4,230,948	4,023,475	5.2%
Contract	1,660,875	1,600,135	3.8%
Pre-Paid	2,570,073	2,423,340	6.1%
Customers (Albania)	700,047	615,934	13.7%
Contract	17,593	14,510	21.2%
Pre-Paid	682,454	601,424	13.5%
Employees	2,051	1,937	5.9%
ARPU blended (Euro)	28.6	29.2	-2.1%
AMOU blended	130.1	121.0	7.5%

Cosmote operates in four countries of Southeastern Europe: through direct ownership in Greece (Cosmote) and Albania (AMC) and since January 2003, through management of companies owned by OTE in Bulgaria (GloBul) and F.Y.R. of Macedonia (CosmoFon). Cosmote group consolidated results incorporate the Greek and Albanian companies. GloBul and CosmoFon are in the process of being transferred from OTE to Cosmote, with completion expected in July 2005.

Cosmote group operating revenues for the first quarter of 2005 increased by 6.1% to €380.3 million (including approximately € 4.5 million for management of GloBul and CosmoFon). The overall revenue increase reflects a 9.2% increase in combined revenues of airtime and monthly fees, more than outweighing a 3.3% reduction in interconnection revenues resulting from the interconnection tariff cuts in October 2004. Bundled packages continue to be the most attractive market proposition, reflected in the 35% increase in monthly fees (which include bundled packages). Cosmote plans to further enhance these offerings to suit an increasing number of customers and enhance usage.



Traffic volumes during the first quarter of 2005 increased by 14% compared to the first quarter of 2004, as a result of increasing usage and sustained positive momentum in the take up of bundled packages. This is reflected in the 10% increase in revenues from airtime and monthly fees.

Data revenues (which include SMS, MMS, and other "soft data" revenues from Value Added Services) represented 11% of total consolidated telecommunication revenues and 12% of domestic operations total operating revenues of the quarter.

Roaming revenues grew by 11.6% compared to the first quarter of 2004, accounting for 1.2% of total consolidated revenues. At the end of the first quarter of 2005 the Company had signed 379 roaming agreements in 180 countries. In addition, since the launch of i-mode (in June 2004) the Company has signed 59 GPRS roaming agreements in 30 countries.

Operating Income before depreciation and amortization for the quarter increased by 8.8%, reaching € 166.2 million, representing a margin of 43.7%.

First quarter 2005 Cosmote Group Net Income amounted to €74.6 million, up 9.3 % compared to the first quarter of 2004. Consolidated Net Income margin reached 19.6%.

Contract customers at the end of the quarter reached 1,660,875 or 39% of total, while prepaid customers reached 2,570,073 or 61% of the total. At the same period, AMC's (Albania) customer base stood at 700,047 most of it consisting of prepaid customers.

In June 2004, following the signing of a partnership agreement with NTT DoCoMo, Cosmote launched i-mode, the world's most popular mobile Internet service, in the Greek market. By the end of March 2004, i-mode customer take up has been very encouraging, with i-mode service activations surpassing 150,000.





### 3. ROMTELECOM

OTE, through its wholly owned subsidiary OTE International Investments Ltd, holds a 54.01% interest in RomTelecom S.A., the incumbent telecommunications operator in Romania. RomTelecom's key financial figures are stated below:

#### ROMTELECOM CONSOLIDATED STATEMENTS OF OPERATIONS FIRST QUARTER ENDED MARCH 31, 2005 AND 2004 IN ACCORDANCE WITH U.S. GAAP (UNAUDITED)

<i>€ million</i>	<b>Q1 05</b>	<b>Q1 04</b>	<i>% Change</i>
Operating revenues	225.7	201.2	12.2%
Operating income before depreciation & amortization	71.5	58.3	22.6%
Operating income before depreciation & amortization as % of Operating revenues	31.7%	29.0%	2.7 pp
Operating income	25.6	21.7	18.0%
Net income/(Loss)	46.1	10.1	356.4%
Net income/(Loss) Margin	20.4%	5.0%	15.4 pp
Increase/(decrease) in gross PP&E	16.3	9.2	77.2%
Fixed telephony, Lines	4,279,038	4,328,174	-1.1%
Mobile telephony, Contract customers	28,755	32,146	-10.5%
Mobile telephony, Prepaid customers	58,762	53,023	10.8%
Mobile telephony, Total customers	87,517	85,169	2.8%
	<b>March 31, 05</b>	<b>Dec 31, 04</b>	
Cash and cash equivalents	112.9	99.2	13.8%
Short-term borrowings	29.7	29.3	1.4%
Long-term debt	168.0	175.6	-4.3%
<b>Net financial debt</b>	<b>84.8</b>	<b>105.7</b>	<b>-19.8%</b>

In the first quarter of 2005, RomTelecom posted revenues of € 225.7 million, 12.2% up from revenues of € 201.2 million in the same period last year. The increase is primarily due to positive evolution of rental, interconnection and leased lines and data services.

Revenues from monthly rental fees increased by 30%, primarily reflecting the February 2005 and June 2004 tariff rebalancing rounds.

Interconnection revenues rose by 21% in the quarter, reflecting a 50% gain in wholesale traffic, a natural consequence of the upward trend characterizing the Romanian telecommunications market.

Domestic traffic decreased in comparison to the first quarter of 2004 due to mobile substitution and heightened competition from alternative carriers. Conversely, tariff rebalancing resulted in an increase in international traffic for residential customers.



Operating income before depreciation and amortization as a percentage of revenues rose to 31.7% in 2005, as compared to 29.0% in 2004, as a result of increased revenues. The increase in total expenses during the quarter was mainly due to the one-off redundancy costs for company downsizing of € 35.8 million, as compared to € 24.0 million in the comparable quarter of 2004.

In the first quarter of 2005, RomTelecom achieved a significant improvement in profitability, posting net income of € 46.1 million, resulting in net profit margin of 20.4%, from 5.0% in the first quarter of 2004.

RomTelecom implemented a new round of tariff rebalancing effective from February 1, 2005. The Romanian Regulator, ANRC, approved an average increase in monthly rental of 34.1%, while the charges for international, long-distance and fixed-to-mobile calls were reduced by 9.1%, 10% and 3.4%, respectively.

RomTelecom's management is pursuing the implementation of its Transformation Plan:

- Efficiency improved from 240 Lines per employee at the end of 2004, to 277 Lines per employee at the end of the first quarter of 2005, an increase of 15.4%.
- Headcount was reduced to 15,431 by the end of March 2005 from 18,083 at December 31, 2004.
- Implementation of several projects is proceeding according to plan, including development of a new central billing system to be operational in early July 2005, and deployment of a financial e-business system. Operational and network services improvements are driven by several key projects, including replacement of manual switches, further reduction of operating expenses, and provision of modern services.

#### **COSMOROM**

CosmoRom's operating revenues for the three months ended March 31, 2005 amounted to € 1.4 million, while net losses amounted to € 7.1 million. A proposal to relaunch Romanian mobile operations under the management of Cosmote has been submitted to the Romanian Government in its capacity as joint-shareholder of RomTelecom.

#### **4. OTENET**

##### **OTENET CONSOLIDATED STATEMENTS OF OPERATIONS FIRST QUARTER ENDED MARCH 31, 2005 AND 2004 IN ACCORDANCE WITH U.S. GAAP (UNAUDITED)**

<b>€ million</b>	<b>Q1 05</b>	<b>Q1 04</b>	<b>% Change</b>
Operating revenues	20.4	22.8	-10.5%
Operating profit	1.5	1.4	7.1%
Operating income before depreciation & amortization	3.1	2.7	14.8%
Operating income before depreciation & amortization as % of Operating revenues	15.2%	11.8%	3.4 pp
Depreciation & amortization	1.6	1.3	23.1%

OTENet is the Internet and IP services subsidiary of OTE (90.2% owned by OTE). It offers Internet access, IP telecom solutions, IT application development and hosting services using Internet technologies. Revenues in the first quarter of 2005 were € 20.4 million, down 10.5% from the first quarter of 2004, when revenues included approximately € 3.7 million related to the Olympic Games. OTENet's operating income before depreciation and amortization was € 3.1 million, up



nearly 15% from € 2.7 million in the first quarter of 2004. OTEnet's subsidiary, Voice@net by OTEnet, which provides IP based telephony solutions to business customers, achieved sales of € 4.8 million in the first quarter of 2005, compared to € 3.3 million in the same period of 2004, an increase of 45%.

As of March 31, 2005, OTEnet had over 339,000 active residential customers and over 11,300 corporate customers, representing significant increases during the period. OTEnet continues to introduce and actively promote a series of new products and value-added services while implementing efficient cost and investment control. The company's goals for the year 2005 are to promote the expansion of Internet penetration in Greece, focusing on broadband Internet, and to evolve into the leading multilevel IP Telecom Solutions and Internet Services Applications Provider in Greece and Cyprus.

## **5. OTHER INTERNATIONAL INVESTMENTS**

### **ARMENTEL**

ArmenTel's Operating Revenues for the first quarter of 2005 amounted to € 23 million. Operating income before depreciation and amortization reached € 13.2 million, or 57.4 % of operating revenues while net income reached € 5.2 million.

### **GLOBUL**

GloBul is a 100%-owned OTE subsidiary, managed by Cosmote, operating a GSM 900 / 1800 and UMTS mobile telephony license in Bulgaria. GloBul, the fastest-growing telecommunications company in Bulgaria, is expected to be transferred to Cosmote in July 2005.

GloBul's Operating revenues for the first quarter of 2005 amounted to € 53.9 million, up 63.8% from € 32.9 million in the comparable 2004 quarter. The overall increase reflects a 71% increase in monthly service fees (including airtime revenue incorporated in the bundle packages), a 55% increase in airtime revenue, a 127% increase in SMS revenues and a 115% increase in roaming revenues. First quarter operating income before depreciation and amortization reached € 17.2 million, compared to € 8.0 million during the same period last year. The company was net income positive for the second consecutive quarter with net income reaching € 2.1 million. GloBul's impressive performance in the first quarter of 2005 rests on a number of factors:

- A customer base growth of 55% compared to the first quarter of 2004. GloBul now has a total of 1,775,337 customers and a market share of 38%. Prepaid customers of GloBul are now 1,187,666, while contract subscribers are 587,671, providing a prepaid / contract mix of 67% / 33%. The increase in the number of GloBul subscribers is a result of both the increase of market penetration and increased market share of the company
- Stable usage of prepaid communication
- Increased number of contract subscribers / Continued growth in contract usage
- Ubiquitous coverage (Territorial coverage of 86% and population coverage of 98%)

The company extensively increased its roaming partners' network, as a result of which roaming revenues posted an impressive growth. Currently GloBul has active roaming agreements with 264 operators in 121 countries. In order to continue providing and improving the quality and variety of services offered to its customers, the company participated in a tender and obtained a UMTS license in May 2005. In February GloBul applied for a fixed-line license and in April the Communications Regulation Commission issued an individual license for providing fixed-line services to GloBul. In May 2005, GloBul introduced a new service for its corporate clients – mobile virtual private network - mVPN, which optimizes internal and external company communications.



### **COSMOFON MOBILE TELECOMMUNICATIONS AD SKOPJE (MTS)**

CosmoFon AD, the new corporate name of MTS, is a wholly owned subsidiary of OTE managed by Cosmote, operating the second mobile telephony license in the Former Yugoslav Republic of Macedonia (FYROM). The company launched commercially under the brand name CosmoFon in June 2003. Since then, the company has acquired more than 265,910 customers, while Operating revenues for the first quarter of 2005 reached € 7.5 million.

## **6. EVENTS OF THE QUARTER**

### **OTE ANNOUNCES PRELIMINARY AGREEMENT WITH UNIONS REGARDING EARLY RETIREMENT PLAN**

Following extensive negotiations, on February 23, 2005, OTE reached an agreement in principle with the unions representing its fixed-line employees. Pursuant to this agreement, about 6,000 employees, or 35% of the workforce, will be able to take early retirement. Negotiations regarding the status of new hires are currently underway in order to proceed with the implementation of the plan.

### **OTE STAKE IN COSMOTE REACHES 59.7%**

On March 24, 2005, OTE announced that, during the quarter, it had bought 3,984,432 common shares of Cosmote SA. Following this transaction, OTE's interest in Cosmote's share capital reached 59.7%.

## **SUBSEQUENT EVENTS**

### **OTE and COSMOTE agree to the transfer of GloBul and CosmoFon to Cosmote**

On April 20, 2005 OTE and Cosmote agreed to the transfer of GloBul and CosmoFon to Cosmote. The Boards of Directors of OTE and Cosmote agreed on the transfer in exchange for a cash consideration of € 490 million. Completion is expected in July 2005.

### **OTE STAKE IN COSMOTE REACHES 64.4%**

On April 26, 2005, OTE announced that in the period between April 5 and April 25, 2005 it bought 15,416,523 Cosmote S.A common shares, raising OTE S.A.'s interest in Cosmote's share capital to 64.4%.

## **7. OUTLOOK**

For the remainder of 2005, Greek fixed-line revenues should continue to benefit from higher leased-line tariffs, monthly rentals and ADSL penetration, partly offsetting the continuing decline in voice revenues. Implementation of the first tranche of the 2005 voluntary retirement plan, corresponding to levels achieved in prior years, should begin to have an impact later in the year. However, it is impossible to forecast the impact on 2005 accounts of the much larger voluntary retirement plan agreed on February 23 until all parties have approved its implementation. The performance of mobile operations in Greece and abroad is expected to continue along the strong trends achieved in the first quarter, while RomTelecom should further improve its results through further revenue increases and cost reductions.

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## **About OTE**

OTE is a provider of public, fixed switch domestic and international telephony services in Greece. With local, long distance and international communications services in addition to mobile telephony, internet services, and high-speed data communications, OTE provides consumers and businesses the ability to communicate globally through its extensive network infrastructure. In addition, OTE has a number of International investments in the South East European region and addresses a potential customer base of 60 million people.

Listed on the **Athens Stock Exchange**, the company trades under the ticker **HTO** as well as on the **New York Stock Exchange** under the ticker **OTE**. In the U.S., OTE's American Depository Receipts (ADR's) represents ½ ordinary share.

Additional Information is also available on <http://www.ote.gr>.

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**Forward-looking statement**

Any statements contained in this document that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect the Company's future financial results are discussed more fully in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"), including the Company's Annual Report on Form 20-F for 2003 filed with the SEC on July 15, 2004. OTE assumes no obligation to update information in this release.

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**NOTES**

- In line with SEC recommendations on the use of non-GAAP financial measures, OTE has decided to replace the caption "EBITDA" used in prior filings by "Operating income before depreciation and amortization". This item is the sum of "Operating income" and "Depreciation and amortization". Similarly, the previously used "EBITDA margin" caption is henceforth replaced by "Operating income before depreciation and amortization as a percentage (%) of Operating Revenues".
- Following SEC recommendations regarding the application of EITF 01-9 "Accounting for Consideration Given by a Vendor to a Customer", OTE reflects certain commissions relating to pre-paid cards as a reduction of the respective revenues rather than as operating expenses. The first quarter of 2004 comparative data were restated accordingly.
- For comparison, certain intercompany revenues and equal expenses, for the first quarter of 2004, have been transferred from "OTE" segment to "All other" segment.
- Finally, first quarter 2004 numbers have been restated to reflect the impairment of Cosmorom assets. While this impairment is effective February 2003, its detailed modalities were not completed until the filing of OTE's 2003 Form 20-F on July 15, 2004.



**Exhibits to follow:**

- I. Condensed Consolidated Balance Sheets as of March 31, 2005 and December 31, 2004 (Under US GAAP)
- II. Condensed Consolidated Statements of Operations for the three months ended March 31, 2005 and 2004 (Under US GAAP)
- III. Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2005 and 2004 (Under US GAAP)
- IV. Operating Revenues for the three months ended March 31, 2005 and 2004 (Under US GAAP)
- V. Segment Reporting based on the Company's legal structure
- VI. International Assets
- VII. Operational Highlights



## EXHIBIT I – BALANCE SHEETS

### HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE) AND SUBSIDIARIES Condensed Consolidated Balance Sheets Prepared under U.S. GAAP as of March 31, 2005 and December 31, 2004 (€ million)

<u>Assets</u>	March 2005	Dec 2004	<u>Liabilities and Shareholders' Equity</u>	March 2005	Dec 2004
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash and cash equivalents	959.5	870.3	Short - term borrowings	67.7	37.3
Accounts receivable	1,124.7	1,079.7	Current maturities of long-term debt	341.6	320.6
Materials and supplies	130.2	132.0	Accounts payable	790.0	846.5
Other current assets	215.6	251.6	Accrued and other liabilities	673.1	728.2
			Income taxes payable	133.0	101.9
			Deferred income taxes	14.3	12.5
			Dividends payable	6.9	7.2
	<u>2,430.0</u>	<u>2,333.6</u>		<u>2,026.6</u>	<u>2,054.2</u>
<b>Other assets</b>			<b>Long-Term Liabilities</b>		
Investments	201.8	221.3	Long-term debt, net of current maturities	2,806.8	2,822.7
Advances to pension funds	207.0	215.8	Reserve for staff retirement indemnities	381.9	377.3
Other long-term assets	299.6	250.7	Reserve for Youth Account	327.3	330.0
	<u>708.4</u>	<u>687.8</u>	Deferred income taxes	115.2	96.4
			Other long-term liabilities	97.4	94.2
Telecommunication property, Plant and equipment Net of Accumulated depreciation	<u>6,720.8</u>	<u>6,736.4</u>		<u>3,728.6</u>	<u>3,720.6</u>
			Minority interests	<u>983.2</u>	<u>1,012.9</u>
			<b>Shareholders' Equity</b>		
Telecommunication licenses, net of amortization	<u>373.4</u>	<u>380.0</u>	Share capital	1,174.1	1,174.1
Goodwill resulting from consolidated subsidiaries, net of amortization	<u>79.8</u>	<u>79.8</u>	Paid-in surplus	487.5	487.5
			Treasury stock	(15.1)	(15.1)
			Legal reserve	256.7	256.7
			Retained earnings	1,842.2	1,751.5
			Accumulated other comprehensive income	(171.4)	(224.8)
	<u>10,312.4</u>	<u>10,217.6</u>		<u>3,574.0</u>	<u>3,429.9</u>
				<u>10,312.4</u>	<u>10,217.6</u>



**Movement in Shareholders' equity**

	<b>2005</b>
	<b>Unaudited</b>
Shareholders' equity, January 1	3,429.9
Net Income for the period	90.7
Dividends declared	0.0
Accumulated other comprehensive income	53.4
Shareholders' equity, March 31	3,574.0





**EXHIBIT II – STATEMENTS OF OPERATIONS**  
**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE) AND SUBSIDIARIES**  
 Condensed Consolidated Statements of Operations  
 Prepared under U.S. GAAP  
 for the three months ended March 31, 2005 and 2004  
 (€ million)

	<b>Q1 05</b>	<b>Q1 04</b>	<b>%</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Change</b>
<b>Operating Revenues:</b>			
Domestic Telephony	566.3	572.4	-1.1%
International Telephony	96.7	92.8	4.2%
Mobile telephony services	389.1	342.5	13.6%
Other	245.9	215.6	14.1%
<b>Total Operating Revenues</b>	<b>1,298.0</b>	<b>1,223.3</b>	<b>6.1%</b>
<b>Operating Expenses:</b>			
Payroll and employee benefits	(346.5)	(321.1)	7.9%
Voluntary retirement costs	(27.0)	(27.7)	-2.5%
Reversal of reserve for retirement contributions			
Payments to international operators	(41.5)	(36.1)	15.0%
Payments to domestic telephony operators	(145.6)	(151.0)	-3.6%
Depreciation and amortization	(262.7)	(248.8)	5.6%
Other operating expenses	(293.8)	(273.4)	7.5%
<b>Total Operating Expenses</b>	<b>(1,117.1)</b>	<b>(1,058.1)</b>	<b>5.6%</b>
<b>Operating Income</b>	<b>180.9</b>	<b>165.2</b>	<b>9.5%</b>
<b>Other income / (expense), net:</b>			
Interest income	12.9	11.3	14.2%
Interest expense	(38.8)	(36.1)	7.5%
FX gain/(loss), net	27.3	(0.5)	5,560%
<b>Financial net</b>	<b>1.4</b>	<b>(25.3)</b>	<b>105.5%</b>
Investment income/(loss)/Gain on sale of investment	24.4	4.0	510.0%
Other, net	(2.0)	2.8	-171.4%
<b>Total Other income / (expense), net</b>	<b>23.8</b>	<b>(18.5)</b>	<b>228.6%</b>
<b>Income before provision for income taxes and minority interests</b>	<b>204.7</b>	<b>146.7</b>	<b>39.5%</b>
Provision for income taxes	(61.7)	(64.5)	-4.3%
<b>Income before minority interests</b>	<b>143.0</b>	<b>82.2</b>	<b>74.0%</b>
Minority Interests	(52.3)	(34.1)	53.4%
<b>Net Income</b>	<b>90.7</b>	<b>48.1</b>	<b>88.6%</b>



**EXHIBIT III – STATEMENT OF CASH FLOWS**

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE) AND SUBSIDIARIES**

**Condensed Consolidated Statement of Cash Flows  
Prepared under U.S. GAAP  
for the three months ended March 31, 2005 and 2004  
(€ million)**

	<b>Q1 05</b>	<b>Q1 04</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows from Operating Activities:</b>		
Net income	90.7	48.1
<b><i>Adjustments to reconcile to net cash provided by operating activities:</i></b>		
Depreciation and amortization	262.7	248.8
Provision for doubtful accounts	25.9	26.0
Provision for staff retirement indemnities and youth account	23.1	20.0
Gain on sale of investment	(13.8)	0.0
Minority interests	52.3	34.1
Working capital movement and other related movements	(108.6)	(94.6)
<b><i>Net Cash provided by Operating Activities</i></b>	<b>332.3</b>	<b>282.4</b>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(124.0)	(177.9)
Acquisition of additional share in consolidated subsidiary	(56.3)	0.0
Proceeds from sale of investments	26.7	0.0
<b><i>Net Cash used in Investing Activities</i></b>	<b>(153.6)</b>	<b>(177.9)</b>
<b>Cash Flows from Financing Activities:</b>		
Net change in short-term and long-term debt	21.6	(34.1)
Dividends paid	(0.3)	(0.6)
Dividends paid to minority shareholders	(123.6)	0.0
Proceeds from issuance from minority shareholders	12.8	9.2
<b><i>Net Cash used in Financing Activities</i></b>	<b>(89.5)</b>	<b>(25.5)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>89.2</b>	<b>79.0</b>
<b>Cash and Cash equivalents at beginning of period</b>	<b>870.3</b>	<b>601.3</b>
<b>Cash and Cash Equivalents at end of period</b>	<b>959.5</b>	<b>680.3</b>



## EXHIBIT IV – OPERATING REVENUES

### HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE) AND SUBSIDIARIES

Consolidated Operating Revenues  
Prepared under U.S. GAAP  
for the three months ended March 31, 2005 and 2004  
(€ million)

	Q1 05	Q1 04	%
	Unaudited	Unaudited	Change
<b>Domestic Telephony:</b>			
Basic monthly rentals	229.6	216.7	6.0%
Local and long distance calls			
-Fixed to fixed		199.8	1.1%
	201.9		
-Fixed to mobile	114.6	129.9	-11.8%
	<u>316.5</u>	<u>329.7</u>	-4.0%
Other	20.2	26.0	-22.3%
<b>Total Domestic Telephony</b>	<b><u>566.3</u></b>	<b><u>572.4</u></b>	<b>-1.1%</b>
<b>International Telephony:</b>			
International traffic	38.2	43.9	-13.0%
Payments from mobile operators	9.7	6.4	51.6%
	<u>47.9</u>	<u>50.3</u>	-4.8%
Payments from International operators	48.8	42.5	14.8%
<b>Total International Telephony</b>	<b><u>96.7</u></b>	<b><u>92.8</u></b>	<b>4.2%</b>
<b>Mobile Telephony Services:</b>	<b><u>389.1</u></b>	<b><u>342.5</u></b>	<b>13.6%</b>
<b>Other Operating Revenues:</b>			
<b>Traditional Services:</b>			
Telecards	31.9	34.2	-6.7%
Directories	13.8	13.0	6.2%
Radio communications	4.8	4.7	2.1%
Audiotex	7.7	29.2	-73.6%
Telex and telegraphy	0.9	1.4	-35.7%
	<u>59.1</u>	<u>82.5</u>	-28.4%
<b>New Business:</b>			
Leased lines and data communications	54.2	16.6	226.5%
ISDN, connection & monthly charges	33.3	26.4	26.1%
Sales of telecommunication equipment	24.8	24.6	0.8%
Internet services	18.3	12.6	45.2%
ATM	6.8	6.8	0.0%
	<u>137.4</u>	<u>87.0</u>	57.9%
<b>Other:</b>			
Services rendered	12.1	14.6	-17.1%
Interconnection charges	26.7	24.5	9.0%
Miscellaneous	10.6	7.0	51.4%
	<u>49.4</u>	<u>46.1</u>	7.2%
<b>Total Other Operating Revenues</b>	<b><u>245.9</u></b>	<b><u>215.6</u></b>	<b>14.1%</b>
<b>Total Operating Revenues</b>	<b><u>1,298.0</u></b>	<b><u>1,223.3</u></b>	<b>6.1%</b>



## EXHIBIT V – SEGMENT REPORTING

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)  
AND SUBSIDIARIES**  
**Segment Reporting**  
**Prepared under U.S. GAAP**  
**for the three months ended March 31, 2005**  
**(In millions of Euro) (Unaudited)**

	OTE	Cosmote	Romtelecom	All Other	Total	Adjustments & Eliminations	Consolidated
<b>Operating Revenues:</b>							
Domestic Telephony	401.0		153.9	11.7	566.6		
International Telephony	55.0		34.7	7.8	97.5		
Mobile telephony services		368.4	1.2	63.2	432.8		
Other	208.9	11.9	35.9	61.7	318.4		
<b>Total Operating Revenues</b>	<b>664.9</b>	<b>380.3</b>	<b>225.7</b>	<b>144.4</b>	<b>1,415.3</b>	<b>(117.3)</b>	<b>1,298.0</b>
<b>Intersegment Revenues</b>	(46.9)	(43.9)	(0.7)	(25.8)	(117.3)		
<b>Revenue from External Customers</b>	<b>618.0</b>	<b>336.4</b>	<b>225.0</b>	<b>118.6</b>	<b>1,298.0</b>		<b>1,298.0</b>
<b>Operating Expenses:</b>							
Payroll and employee benefits	(217.8)	(21.7)	(86.9)	(20.3)	(346.7)	0.2	(346.5)
Voluntary retirement costs	(27.0)				(27.0)		(27.0)
<b>Total</b>	<b>(244.8)</b>	<b>(21.7)</b>	<b>(86.9)</b>	<b>(20.3)</b>	<b>(373.7)</b>	<b>0.2</b>	<b>(373.5)</b>
Payments to international operators	(24.8)	(6.0)	(7.7)	(3.3)	(41.8)	0.3	(41.5)
Payments to domestic telephony operators	(82.3)	(68.4)	(20.7)	(12.8)	(184.2)	38.6	(145.6)
Depreciation and amortization	(144.1)	(50.8)	(41.3)	(27.2)	(263.4)	0.7	(262.7)
Other operating expenses	(142.3)	(118.0)	(38.9)	(71.3)	(370.5)	76.7	(293.8)
<b>Total Operating Expenses</b>	<b>(638.3)</b>	<b>(264.9)</b>	<b>(195.5)</b>	<b>(134.9)</b>	<b>(1,233.6)</b>	<b>116.5</b>	<b>(1,117.1)</b>
<b>Operating Income</b>	<b>26.6</b>	<b>115.4</b>	<b>30.2</b>	<b>9.5</b>	<b>181.7</b>	<b>(0.8)</b>	<b>180.9</b>
<b>Operating income before depreciation and amortization</b>	<b>170.7</b>	<b>166.2</b>	<b>71.5</b>	<b>36.7</b>	<b>445.1</b>	<b>(1.5)</b>	<b>443.6</b>
<b>Operating income before depreciation and amortization as % of Operating revenues</b>	<b>25.7%</b>	<b>43.7%</b>	<b>31.7%</b>	<b>25.4%</b>	<b>31.4%</b>	<b>1.3%</b>	<b>34.2%</b>



## EXHIBIT VI - INTERNATIONAL ASSETS

### ROMTELECOM

OTE has a 54.01% stake in RomTelecom, which has been fully consolidated since March 2003.

**ROMTELECOM**  
**CONSOLIDATED AND STAND ALONE CONDENSED BALANCE SHEETS**  
As of March 31, 2005, in accordance with US GAAP  
(€ thousand)

	<b>Consolidated (Unaudited)</b>	<b>Stand-Alone (Unaudited)</b>
Property, plant and equipment	1,780,355	1,743,173
Intangible assets	26,800	23,210
Investments and other long-term assets	46,821	46,821
Fixed assets investments	0	187,872
<b>Long-term assets</b>	<b>1,853,976</b>	<b>2,001,076</b>
Inventories	67,695	64,554
Trade and other receivables	136,400	131,880
Cash and cash equivalents	112,950	107,288
<b>Current assets</b>	<b>317,045</b>	<b>303,722</b>
<b>Total assets</b>	<b>2,171,021</b>	<b>2,304,798</b>
<b>Shareholders' Equity</b>	<b>1,328,466</b>	<b>1,597,795</b>
Borrowings	120,244	120,244
Other long-term liabilities	295,039	295,060
<b>Long-term liabilities</b>	<b>415,283</b>	<b>415,304</b>
Trade payables and other current liabilities	349,800	243,947
Borrowings	77,472	47,752
<b>Current liabilities</b>	<b>427,272</b>	<b>291,699</b>
<b>Total liabilities</b>	<b>842,555</b>	<b>707,003</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,171,021</b>	<b>2,304,798</b>



**ROMTELECOM**  
**CONSOLIDATED and STAND ALONE INCOME STATEMENT**  
For the three months ended March 31, 2005, in accordance with US GAAP  
(€ thousand)

	<b>Consolidated (Unaudited)</b>	<b>Stand-Alone (Unaudited)</b>
<i>Basic monthly rentals</i>	<i>59,934</i>	<i>59,934</i>
<i>Domestic Telephony calls</i>	<i>93,926</i>	<i>94,157</i>
Domestic Telephony	153,860	154,091
International Telephony	34,741	34,741
Mobile Telephony	1,241	0
Other Revenues	35,817	37,881
<b>Total Operating Revenues</b>	<b>225,659</b>	<b>226,713</b>
Personnel (inc Voluntary Redundancy)	(88,337)	(87,255)
Other operating expenses	(65,861)	(66,112)
Depreciation and Amortization	(45,885)	(44,255)
<b>Total Operating expenses</b>	<b>(200,083)</b>	<b>(197,622)</b>
<b>Operating income</b>	<b>25,576</b>	<b>29,091</b>
Financial, net	25,352	15,382
<b>Income before provision for income taxes</b>	<b>50,928</b>	<b>44,473</b>
Provision for Income taxes	(4,866)	(4,866)
<b>Net income</b>	<b>46,062</b>	<b>39,607</b>



**ARMENTEL**

OTE has a 90% stake in ArmenTel, which is fully consolidated. ArmenTel's key financial figures are stated below:

**ARMENTEL**  
**Statement of Operations**  
**Prepared under U.S. GAAP**  
**for the three months ended March 31, 2005 and 2004**  
**(Unaudited)**

<i>€ Millions</i>	<b>Q1 05</b>	<b>Q1 04</b>	<b>% Change</b>
Operating Revenues	23.0	17.6	<i>30.7%</i>
Operating Income before Depreciation & amortization	13.2	9.0	<i>46.7%</i>
Operating Income before Depreciation & Amortization as % of Operating Revenues	57.4%	51.1%	<i>6.3 pp</i>
Operating Income	6.3	3.1	<i>103.2%</i>
Net Income/(Loss)	5.2	2.4	<i>116.7%</i>
Net Income/(Loss) Margin	22.6%	13.6%	<i>9 pp</i>
Increase/(Decrease) in Gross PP&E	5.5	5.8	<i>-5.2%</i>
Fixed Telephony, Lines	585,368	566,974	<i>3.2%</i>
Mobile Telephony, Contract customers	53,176	41,621	<i>27.8%</i>
Mobile Telephony, Prepaid customers	164,641	89,616	<i>83.7%</i>
Mobile Telephony, Total customers	217,817	131,237	<i>66.0%</i>
	<b>31.03.05</b>	<b>31.12.04</b>	
Cash and cash equivalents	22.7	18.9	<i>20.1%</i>
Short-term borrowings	1.9	0.0	<i>N/A</i>
Long-term debt	72.8	76.3	<i>-4.6%</i>
<b>Net Financial Debt</b>	<b>52.0</b>	<b>57.4</b>	<i>-9.4%</i>



## COSMOBULGARIA

OTE has a 100% stake in CosmoBulgaria, which is fully consolidated. CosmoBulgaria is a company offering mobile telephony services in Bulgaria under the brand name Globul. Globul's key financial figures are stated below:

**COSMOBULGARIA**  
**Statement of Operations**  
**Prepared under U.S. GAAP**  
**for the three months ended March 31, 2005 and 2004**  
**(Unaudited)**

<b>€ Millions</b>	<b>Q1 05</b>	<b>Q1 04</b>	<b>% Change</b>
Operating Revenues	53.9	32.9	<i>63.8%</i>
Operating Income before Depreciation & amortization	17.2	8.0	<i>115.0%</i>
Operating Income before Depreciation & Amortization as % of Operating Revenues	31.9%	24.3%	<i>7.6 pp</i>
Operating Income	5.5	(0.8)	<i>787.5%</i>
Net Income/(Loss)	2.1	(2.3)	<i>191.3%</i>
Net Income/(Loss) Margin	3.9%	-7.0%	<i>10.9 pp</i>
Increase/(Decrease) in Gross PP&E	20.8	15.5	<i>34.2%</i>
Mobile Telephony, Contract customers	587,671	414,511	<i>41.8%</i>
Mobile Telephony, Prepaid customers	1,187,666	733,973	<i>61.8%</i>
Mobile Telephony, Total customers	1,775,337	1,148,484	<i>54.6%</i>
	<b>31.03.05</b>	<b>31.12.04</b>	
Cash and cash equivalents	26.9	4.3	<i>525.6%</i>
Short-term borrowings	45.0	18.3	<i>145.9%</i>
Long-term debt	200.0	200.0	<i>0.0%</i>
<b>Net Financial Debt</b>	<b>218.1</b>	<b>214.0</b>	<i>1.9%</i>





## CosmoFon

Cosmofon, a company owned by OTE and managed by Cosmote, on June 11, 2003 launched the commercial operations of CosmoFon, in Skopje (FYROM), as the new mobile operator in the country. CosmoFon is fully consolidated. Its key financial figures are below:

**COSMOFON**  
**Statement of Operations**  
**Prepared under U.S. GAAP**  
**for the three months ended March 31, 2005 and 2004**  
**(Unaudited)**

<b>€ Millions</b>	<b>Q1 05</b>	<b>Q1 04</b>	<b>% Change</b>
Operating Revenues	7.5	4.3	74.4%
Operating income (loss) before depreciation and amortization	0.1	(2.0)	105.0%
Operating income (loss) before depreciation and amortization as % of Operating revenues	1.3%	-46.5%	47.8 pp
Operating Income	(3.4)	(4.6)	26.1%
Net Income/(Loss)	(4.0)	(5.2)	23.1%
Net Income/(Loss) Margin	-53.3%	-120.9%	67.6 pp
Increase/(Decrease) in Gross PP&E	2.8	5.0	-44.0%
Mobile Telephony, Contract customers	21,463	7,277	194.9%
Mobile Telephony, Prepaid customers	244,447	104,291	134.4%
Mobile Telephony, Total customers	265,910	111,568	138.3%
	<b>31.03.05</b>	<b>31.12.04</b>	
Cash and cash equivalents	9.7	13.1	-26.0%
Short-term borrowings	0.0	0.0	N/A
Long-term debt	22.0	22.0	0.0%
<b>Net Financial Debt</b>	<b>12.3</b>	<b>8.9</b>	<b>38.2%</b>



**EXHIBIT VII –OPERATIONAL HIGHLIGHTS**

<b>Operational Highlights for the quarters ended March 31, 2005 and 2004</b>			
<b>OTE</b>	<b>Q1 05</b>	<b>Q1 04</b>	<b>% Change</b>
PSTN lines	5,023,180	5,168,994	-2.8%
ISDN, 64kb equiv. lines	1,302,712	1,127,206	15.6%
<b>Total lines</b>	<b>6,325,892</b>	<b>6,296,200</b>	<b>0.5%</b>
ADSL subscribers	67,328	13,354	404.2%
<b>COSMOTE (Greece)</b>			
Pre-paid sub.	2,570,073	2,423,340	6.1%
Contract sub.	1,660,875	1,600,135	3.8%
<b>OTE net</b>			
Dial up clients	339,050	241,120	40.6%
Business customers	11,300	7,285	55.1%
<b>Employees:</b>			
-OTE	16,215	17,127	-5.3%
-of which: at other subsidiaries	384	447	-14.1%
-Subsidiaries (Greece)	1,722	1,391	23.8%
-COSMOTE	2,051	1,937	5.9%
-RomTelecom	15,447	22,569	-31.6%