



**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.  
REGISTRATION No S.A. 347/06/B/86/10  
99 KIFFISIAS AVE – 151 24 MAROUSSI ATHENS, GREECE**

**SIX MONTHS FINANCIAL REPORT**

**For the period  
from 1 January 2008 to 30 June 2008**

**(TRANSLATED FROM THE GREEK ORIGINAL)**

**In accordance with Article 5 of Law 3556/2007**



## **TABLE OF CONTENTS**

- I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS**
- II. HALF YEAR REPORT OF THE BOARD OF DIRECTORS**
- III. AUDITORS' REPORT ON REVIEW OF THE INTERIM FINANCIAL STATEMENTS**
- IV. INTERIM CONDENSED FINANCIAL STATEMENTS**
- V. FINANCIAL DATA AND INFORMATION**



**I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS**



**STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS**  
**(In accordance with article 5 par. 2 of Law 3556/2007)**

The members of the Board of Directors of **HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.:**

1. Panagis Vourloumis, Chairman and Managing Director
2. George Bitros, Vice Chairman
3. Panagiotis Tampourlos, Board Member

We confirm that to the best of our knowledge:

- a. The Interim Condensed Financial Statements (Separate and Consolidated) of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. for the period 1 January 2008 to 30 June 2008, which have been prepared according to the applicable accounting standards, provide a true and fair view of the assets and liabilities, the shareholders' equity and the results of the Company and the Group, in accordance with the provisions of Article 5, paragraphs 3 to 5 of Law 3556/2007.
- b. The Board of Directors' Report for the first half of the year presents in a truthful way the information required in accordance with the provisions of Article 5, paragraph 6 of Law 3556/2007.

Maroussi, 27 August 2008

Chairman  
& Managing Director

Vice Chairman

Board Member

Panagis Vourloumis

George Bitros

Panagiotis Tampourlos

The two members of the Board of Directors who have signed the above statements, have been assigned to do so in accordance with the decision of the Company's Board of Directors of 27 August 2008.



## **II. HALF YEAR REPORT OF THE BOARD OF DIRECTORS**



**BOARD OF DIRECTORS' REPORT**  
**OF THE HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**  
**FOR THE PERIOD 1 JANUARY 2008 UNTIL 30 JUNE 2008**  
**(In accordance with the provisions of law 3556/2007)**

The report of the Board of Directors of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (hereinafter referred to as "OTE" or the "Company") was prepared in accordance with article 5 of Law 3556/2007 and refers to the Interim Condensed Financial Statements (Separate and Consolidated) as of 30 June 2008 and the six month period then ended. The OTE Group (the "Group") apart from the Company, also includes subsidiaries over which OTE has direct or indirect control. The Separate and Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.).

This report includes the financial highlights of the first half of 2008, the significant events which took place in the first half of 2008, a presentation of the main risks and uncertainties for the second half of the year, as well as the material transactions between the Company and its related parties.

**A. FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2008**

**OTE Group Revenues** for the first half of 2008 increased by 2.2%, compared to the related period of 2007 and reached Euro 3,128.0 million. This increase in revenues is mainly due to the following:

- Increased revenues from mobile telephony by 11.2%, which is mainly due to the increase in the subscriber base of all mobile telephony entities of the Group (COSMOTE, AMC, GLOBUL, COSMOFON and COSMOTE ROMANIA) as well as the mobile traffic volume enhancement in Greece.
- Increased revenues from services rendered by 94.9%, mainly due to the increase in revenues for co-location and revenues from access to the local loop (Local Loop Unbundling - LLU).
- Increased revenues from leased lines, data communication and ATM by 28.2%.
- Increased revenues from ADSL and Internet by 7.0%.
- Increased revenues from sales of telecommunication equipment by 5.4%.
- Increased revenues from interconnection services by 27.7%.

The above increases offset the decrease in revenues from domestic telephony by 11.0% compared to the same period last year. Revenues from international telephony remained stable (1.1% increase) compared to same period last year.

**OTE's Revenues**, which reached Euro 1,284.8 million, reflecting a decrease of 3.5% compared to the same period prior year. This is a result of the decrease in revenues from domestic telephony by 9.3%, as well as the decrease in sales of telecommunication equipment and prepaid cards. These decreases were partially offset by the increase in revenues from international telephony by 12.2%, the increase in revenues from ADSL and Internet by 12.3%, the increase in revenues from interconnection services by 6.4% and the significant increase from services rendered by 41.6%.

**The Group's Operating Expenses** reached Euro 2,600.2 million and reflect an increase of 2.1% compared to the same period last year. This increase is mainly due to the increase in the cost of telecommunication equipment by 4.1%, the increase in depreciation and amortization by 2.5% and the increase in other operating expenses by 3.0%. Furthermore, the Group's operating expenses for the first half of 2008 include OTE's and ROMTELECOM's early retirement programs' costs of Euro 44.8 million, compared to Euro 22.1 million the same period last year.



**The Company's Operating Expenses** were Euro 1,107.8 million and reflect a decrease of 6.5% compared to the same period last year. The decrease in operating expenses is mainly due to the following:

- 8.3% decrease in charges from domestic telecommunications operators.
- 17.9% decrease in charges from international telecommunications operators.
- 7.6% decrease in depreciation and amortization.
- 5.2% decrease in the cost of telecommunication equipment.
- 8.3% decrease in other operating expenses.
- 0.7% increase in employee costs.

As a result of all the above, **Operating Profit before Financial Results of the Group** for the first half of 2008 reached Euro 527.8 million compared to Euro 513.1 million in the same period last year reflecting an increase of 2.9%. **Operating Profit before Financial Results of the Company** for the first half of 2008 reached Euro 177.0 million, compared to Euro 146.8 million in the same period last year, reflecting an increase of 20.6%.

**The Group's Operating Profit before Depreciation and Amortization** for the first half of 2008 reached to Euro 1,112.6 million compared to Euro 1,083.9 million in the same period of 2007, reflecting an increase of 2.7%. The respective margin on revenues reached 35.6% compared to 35.4% in the same period last year. Excluding early retirement program costs, **Operating Profit before Depreciation and Amortization** for the first half of 2008 reached Euro 1,157.4 million compared to Euro 1,106.0 million in the same period last year, reflecting an increase of 4.7%. The respective margin on revenues reached 37.0% compared to 36.1% in the same period last year.

**The Company's Operating Profit before Depreciation and Amortization** for the first half of 2008 reached Euro 416.2 million compared to Euro 405.7 million in the same period last year, reflecting an increase of 2.6%. The respective margin on revenues reached 32.4% compared to 30.5% in the same period last year. Excluding early retirement program costs, **Operating Profit before Depreciation and Amortization** for the first half of 2008 amounted to Euro 428.4 million compared to Euro 427.8 million in the same period last year. The respective margin on revenues reached 33.3% compared to 32.1% in the same period last year.

In relation to the **Group's Financial Results**, interest expenses were Euro 166.2 million, reflecting an increase of 55.6% compared to same period last year, which is the result of the increase in the Group's debt due to the acquisition of COSMOTE's minority interests. Interest income remained stable as compared to first half of 2007. Income from dividends decreased by 26.2% due to the lower dividend from TELECOM SRBJIA in 2008.

**Income Tax (expense) of the Group** decreased by 5.3% compared to the same period last year.

**The Minority Interests in the Group's Profit** declined from Euro 72.7 million (expense) in the first half of 2007 to Euro 3.0 million (income) in the same period of 2008, due to the acquisition of COSMOTE's minority interests.

As a result of all the above, the **Group's Profit after minority interests** for the first half of 2008 amounted to Euro 300.4 million compared to Euro 277.5 million in the same period prior year, reflecting an increase of 8.3%.

**The Group's Capital Expenditure (CAPEX)** for the first half of 2008 amounted to Euro 375.0 million from Euro 467.3 million in the same period last year reflecting a decrease of 19.8%. The decrease is mainly due to the decreased Capital Expenditure of COSMOTE and ROMTELECOM.

**The Group's Total Debt** at 30 June 2008 was Euro 6,063.8 million from Euro 5,527.8 million as at 31 December 2007, reflecting an increase of 9.7%, whereas the **Group's Net Debt** at 30 June 2008 reached to Euro 4,607.4 million from Euro 4,211.5 million at 31 December 2007, reflecting an increase of 9.4%.



With respect to the results of OTE's significant subsidiaries, the following should be noted:

**COSMOTE GROUP:** Maintained the leading position in the mobile telephony market, with an increase in revenues of 8.1% and in EBITDA of 12.9%, in the first half of 2008 as compared to the same period of 2007. COSMOTE Group enhanced its market share in every country that operates, a significant achievement given the very competitive environment. Furthermore, COSMOTE Group added approximately 1.9 million new subscribers during the first half of 2008, increasing its customer base to nearly 17.5 million, as of 30 June 2008. COSMOTE Greece continues to steadily increase its market share attracting almost 100% of the mobile market's total growth. In the first half of 2008, it increased its revenues by 6.5%, generating a EBITDA margin 42,7%. At the same time GLOBUL in Bulgaria and AMC in Albania continued to improve their EBITDA margin, while in COSMOTE ROMANIA, EBITDA turned to positive for the first time in the second quarter of 2008. COSMOTE's General Assembly of Shareholders approved the distribution of a dividend from 2007 profits of Euro 245.2 million (Euro 0.73 per share).

**ROMTELECOM:** In the first half of 2008, revenues increased by 0.7% compared to the same period last year. ROMTELECOM's loss for the first half of 2008 amounted to Euro 21.4 million. This loss is mainly due to the cost of the early retirement program of Euro 32.6 million, which is included in the results of the first half of 2008. In accordance with its corporate transformation program, which ROMTELECOM established in 2008, it has already decreased its headcount by 16%, as compared to the end of 2007. The Company's strategy targets at offsetting revenues from new services (Broadband, Business Data& TV) with the decline in revenues from fixed telephony and traditional services, although a decrease in the rate of decline has been noted when comparing to the same period last year. Revenues from Data services (ADSL, VPN and other broadband services) continue to grow, while the DTH TV service continues to be commercially successful, reaching 528 thousand customers by the end of the first half 2008.

## **B. SIGNIFICANT EVENTS OF THE FIRST HALF OF 2008**

### **OTE announces the results of the Voluntary Public Offer for the acquisition of COSMOTE's shares**

Successful completion of the Voluntary Public offer for the acquisition of COSMOTE's shares. On 29 January 2008, at the end of the acceptance period, OTE owned an interest of 98.59% in Cosmote. Within three months after the end of the acceptance period, OTE had the right to require the transfer to it of all remaining shares (Squeeze-Out Right) at the same price as the offer price of the tender, i.e. Euro 26.25 per share. During the same period, the remaining shareholders of Cosmote had the right to sell, in the market, to OTE their shares (Sell-Out Right) for a consideration of Euro 26.25 per share. After the completion of exercise of the Squeeze-Out Rights and of the Sell-Out Rights, on 9 April 2008, OTE owned the total (100%) of COSMOTE's shares and corresponding voting rights and requested for the delisting of COSMOTE's shares from the Athens Exchange, which was approved by the Hellenic Capital Market Commission.

### **OTE issues fixed coupon bonds**

In February 2008, OTE announced that its subsidiary OTE Plc, had successfully completed the bookbuilding process for the issuance of Euro 1.5 billion 3-year Fixed Rate Notes and of Euro 600 million 7-year Fixed Rate Notes. The 3-year Fixed Rate Notes, priced at 99.750%, will pay an annual coupon of 5.375%, while the 7-year Fixed Rate Notes, priced at 99.705%, will pay an annual coupon of 6.0%. The bookbuilding process was completed on the same day, within three hours, and the issues were oversubscribed 3.6 times. The proceeds were used for the refinancing of the bridge facility of OTE Plc that it had obtained in November 2007, for the acquisition of COSMOTE's shares held by minority shareholders.





**ROMTELECOM announcement of Business Plan**

In January 2008, ROMTELECOM announced the approval of its Business Plan for 2008 by its Board of Directors. The basic points include the improvement of the internal procedures in order to increase the subscriber base, enhance its market position in markets which have demonstrated growth and in cost control through the restructuring of its operations.

**OTE sells its stake in OTENET Cyprus Ltd and OTENET Telecommunications Ltd**

In May 2008, OTE completed the sale of its investments in OTENET Cyprus Ltd and OTENET Telecommunications Ltd to the Cypriot company Cyprus Trading Corporation Plc (CTC) for Euro 3.9 million.

**Acquisition of the 100% of VOICENET**

In May 2008 the Group acquired the remaining interest in its subsidiary, VOICENET, from SANYO HELLAS INVESTMENTS S.A., for a consideration of Euro 1.3 million.

**Completion of the merger, by absorption, of OTENET by OTE**

On 27 June 2008 the relevant ministerial decision which approved the merger, by absorption, of OTENET by OTE was registered in Societe Anonymes Records.

**OTE announces that OTE ESTATE filed a request for a license for the operation of a real estate investment company**

OTE announced that its subsidiary, OTE ESTATE, has filed a request with the Hellenic Capital Market Commission on 10 April 2008, requesting for a license for the operation of a Real Estate Investment Company. This initiative is part of OTE Group's strategy to bring out the value of OTE Estate's real estate portfolio. The value of the real estate assets that will be subscribed to the Real Estate Investment Company, will be no less than Euro 250.0 million.

**Early retirement program**

On 28 February 2008, OTE's management and OME-OTE (the employee's union) signed a Collective Labor Agreement whereby employees who are eligible to early retirement by 29 December 2008 can receive certain benefits if they leave by 30 December 2008. The right to file an irrevocable application for participation in the early retirement program ended on 21 March 2008. The total cost amounted to Euro 12.2 million and is included in the results of the first half of 2008.

**Signature of Collective Labor Agreement**

On 6 August 2008 OTE's management and OME-OTE (the employees' union) signed a biannual Collective Labor Agreement (2008-2009), in which wage increases of 3.5% as of 1.1.2008, 3.0% as of 1.9.2008, 3.0% as of 1.1.2009 and 3.0% as of 1.7.2009 were agreed and certain institutional issues were regulated.

**OTE's rating by Moody's downgraded**

On 19 May 2008 Moody's down graded OTE's rating from Baa1 to Baa2. The agreement between the Greek State and DEUTSCHE TELEKOM A.G., included terms that may lend the Greek State's interest in OTE to potentially decrease below 20%. As a result of such terms, the Company's support by the Greek State was downgraded to "low" from "average". This modification resulted in the long-term rating of Baa2. Since the Company's underlying business fundamentals and financial strength remain unchanged the rest of the factors used for the Company's rating have not been modified.

**DEUTSCHE TELEKOM AG's participation in OTE's share capital**

On 17 July 2008, DEUTSCHE TELEKOM AG's participation in OTE's share capital stood at 21.967%, which corresponds to 107,671,713 shares with corresponding voting rights.



**Share Purchase Agreement and Shareholders Agreement between the Greek State and DEUTSCHE TELEKOM A.G.**

On 14 May 2008 the Share Purchase Agreement and Shareholders Agreement between the Greek State and DEUTSCHE TELEKOM AG were signed and subsequently ratified by the Greek Parliament with Law 3676/2008 (Greek Official Gazette 139/11.7.2008). Until today, the decisions of the European Competition Committee and of the National Competition Authorities concerning the compatibility of concentration and the non impediment to competition in the relative markets, are pending, and which are required in order for the above-mentioned agreement to come into force.

**C. RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2008**

**a. Credit risk**

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. Trade accounts receivable could potentially influence negatively the liquidity of the Group. Due to the large number and the diversification of the customer base there is no concentration of credit risk with respect to these receivables. Concentration of credit risk is identified in the receivables from telecommunication operators due to the small number and the significant amount. The Company and the Group have established specific credit policies under which each customer is analyzed for creditworthiness and an effective management of receivables before they become overdue but much more after they become overdue and doubtful. In monitoring credit risk, customers are grouped according to the category they belong to, their credit characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each balance sheet date and a provision for doubtful accounts is recorded for the estimated loss.

**b. Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and credit facilities to meet the financial obligations when due. For the monitoring of liquidity risk, the Group prepares annual cash flows when preparing the annual budget and monthly rolling forecasts for three months' cash flows, in order to ensure that it has sufficient cash reserves to service its financial obligations.

**c. Market risk**

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

**d. Interest rate risk**

Interest rate risk is the risk that payments for interest on loans fluctuate due to changes in interest rates. Interest rate risk mainly applies to long-term loans with floating interest rates.

The hedging of interest rate risk is managed through interest rate swap agreements in order to minimize the cost of borrowing at fixed interest rates and the hedging of favorable interest rates for the remaining duration of the loans commitments depending on the market conditions at each time.

**e. Currency risk**

Currency risk is the risk that the fair values or the cash flows of a financial instrument fluctuate due to foreign currency changes.

The Group operates in many Southeastern European countries and, as a result, is exposed to currency risk due to changes in currencies other than Euro. In the Group's major foreign investment in ROMTELECOM, the currency risk is compensated mainly through charging telecommunication fees directly in Euro, hence providing a natural hedge.



**D. MATERIAL TRANSACTIONS WITH RELATED PARTIES**

OTE's related parties are its subsidiaries, the members of its Board of Directors and the key management personnel of the Company.

The Company purchases goods and services from the related entities, provides goods and services to them, grants and obtains loans and finally receives dividends.

OTE's purchases and sales with its related parties are analyzed as follows:

(in millions of Euro)	<b>1<sup>st</sup> Half 2008</b>		<b>1<sup>st</sup> Half 2007</b>	
	<b>OTE's sales</b>	<b>OTE's purchases</b>	<b>OTE's sales</b>	<b>OTE's purchases</b>
COSMOTE	87.5	59.7	89.1	65.1
OTE INTERNATIONAL INVESTMENTS	0.2	2.7	0.2	3.0
ROMTELECOM	-	-	0.6	-
HELLAS-SAT	0.3	0.8	0.3	0.8
COSMO-ONE	-	0.4	-	0.4
VOICENET	2.6	0.8	2.2	0.3
HELLASCOM	0.1	3.9	-	3.3
OTE SAT – MARITEL	0.4	0.9	0.5	1.0
OTE PLUS	0.2	18.6	0.1	14.1
OTE AKINHTA	1.4	30.9	1.3	28.6
INFOTE	-	-	2.5	0.3
OTE-GLOBE	13.7	33.0	5.6	31.3
OTE ACADEMY	0.1	2.2	0.1	3.0
	<b>106.5</b>	<b>153.9</b>	<b>102.5</b>	<b>151.2</b>

OTE's interest income and interest expense with its related parties are analyzed as follows:

(in millions of Euro)	<b>1<sup>st</sup> Half 2008</b>		<b>1<sup>st</sup> Half 2007</b>	
	<b>OTE's interest income</b>	<b>OTE's interest expense</b>	<b>OTE's interest income</b>	<b>OTE's interest expense</b>
COSMOFON	0.9	-	1.8	-
OTE Plc	1.7	86.2	1.0	32.2
	<b>2.6</b>	<b>86.2</b>	<b>2.8</b>	<b>32.2</b>

OTE's revenues from dividends from its related parties, are analyzed as follows:

(in millions of Euro)	<b>1<sup>st</sup> Half 2008</b>	<b>1<sup>st</sup> Half 2007</b>
COSMOTE	245.2	163.2
OTE ESTATE	30.3	-
OTE SAT- MARITEL	0.5	-
OTE INTERNATIONAL INVESTMENTS LTD	-	48.0
INFOTE	-	5.0
	<b>276.0</b>	<b>216.2</b>

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**  
**Six Months Financial Report**  
**HALF YEAR REPORT OF THE BOARD OF DIRECTORS**



OTE's receivables and payables with its related parties resulting from operating transactions, are analyzed as follows:

(in millions of Euro)	30/6/2008		31/12/2007	
	OTE's receivables	OTE's payables	OTE's receivables	OTE's payables
COSMOTE	32.2	31.9	39.4	34.4
OTE INTERNATIONAL INVESTMENTS LTD	0.2	1.0	0.2	1.4
HELLAS-SAT	4.4	0.8	4.6	0.6
COSMO-ONE	-	0.7	-	0.2
VOICENET	1.7	0.3	0.1	0.1
HELLASCOM	-	3.1	-	1.4
OTE SAT- MARITEL	1.0	0.5	0.3	0.5
OTE PLUS	0.1	14.7	0.8	12.8
OTE ESTATE	2.5	15.8	3.1	31.7
OTE GLOBE	22.4	34.4	49.4	73.2
OTE ACADEMY	-	0.3	0.5	0.8
	<b>64.5</b>	<b>103.5</b>	<b>98.4</b>	<b>157.1</b>

OTE's receivables and payables with its related parties from loans granted and received, are analyzed as follows:

(in millions of Euro)	30/6/2008		31/12/2007	
	OTE's receivables	OTE's payables	OTE's receivables	OTE's payables
COSMOFON	51.5	-	51.8	-
OTE Plc	35.4	3,454.8	35.4	2,787.0
	<b>86.9</b>	<b>3,454.8</b>	<b>87.2</b>	<b>2,787.0</b>

OTE's receivables from dividends with its related parties are analyzed as follows:

(in millions of Euro)	30/6/2008	31/12/2007
COSMOTE	245.2	-
OTE AKINHTA	30.3	-
OTE SAT – MARITEL	0.5	-
	<b>276.0</b>	<b>-</b>

Fees paid to the members of the Board of Directors and key management personnel compensation charged in the Income Statements of the 1<sup>st</sup> half of 2008 and the 1<sup>st</sup> half of 2007, amounted to Euro 2.7 million and Euro 2.7 million, respectively.

**F. SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF OF 2008**

The most significant events after the balance sheet date (30 June 2008) to the date that the Financial Statements are approved by the Board of Directors are analyzed in Note 19 to the Financial Statements.

Maroussi, 27 August 2008

Panagis Vourloumis  
Chairman and Managing Director



**III. AUDITORS' REPORT ON REVIEW OF THE INTERIM  
FINANCIAL STATEMENTS**

**REPORT ON REVIEW OF THE INTERIM FINANCIAL STATEMENTS****To the shareholders of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.****Introduction**

We have reviewed the accompanying consolidated balance sheet of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (“the Company”) and its subsidiaries (“the Group”) and the Company’s accompanying separate balance sheet as at 30 June 2008, and the related consolidated and separate income statements, statements of changes in equity, and cash flow statements for the six month period then ended, as well as the selected explanatory notes which is an integral part of the six-month financial report of article 5 L. 3556/2007. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union and applicable to interim financial reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” to which the Greek Auditing Standards refer to. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Report on other legal and regulatory requirements**

In addition to the interim financial information referred to above, we have reviewed the remaining information contained in the six-month financial report prepared in accordance with article 5 Law 3556/2007 and the Hellenic Capital Markets Commission Rules issued pursuant to this Law. Based on our review, the aforementioned report incorporates the information required by the Law and the Rules and is consistent with the accompanying financial information.

Athens, 27 August 2008

The Certified Auditors Accountants

CHRIS PELENDRIDIS  
R.N. ICA (GR) 17831THEMISTOKLIS LIANOPOULOS  
R.N. ICA (GR) 13771ERNST & YOUNG (HELLAS)  
CERTIFIED AUDITORS ACCOUNTANTS S.A.  
SOEL REG. No. 107



#### **IV. INTERIM CONDENSED FINANCIAL STATEMENTS**



## **HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
(SEPARATE AND CONSOLIDATED)  
AS OF 30 JUNE 2008  
IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
as adopted by the European Union**

**(TRANSLATED FROM THE GREEK ORIGINAL)**

The Interim Condensed Financial Statements presented on pages 16 – 42, were approved by the Board of Directors on 27 August 2008 and are signed on its behalf by:

Chairman  
& Managing Director

Vice Chairman

Chief Financial Officer

Chief Accounting Officer

Panagis Vourloumis

George Bitros

Christini Spanoudaki

Konstantinos Vasilopoulos

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.  
REGISTRATION No S.A. 347/06/B/86/10  
99 KIFFISIAS AVE-151 24 MAROUSSI ATHENS, GREECE





**INDEX TO THE FINANCIAL STATEMENTS**

	<u>PAGE</u>
INTERIM BALANCE SHEETS (SEPARATE AND CONSOLIDATED)	18
INTERIM INCOME STATEMENTS (SEPARATE AND CONSOLIDATED)	19
INTERIM STATEMENTS OF CHANGES IN EQUITY (SEPARATE AND CONSOLIDATED)	21
INTERIM STATEMENTS OF CASH FLOW (SEPARATE AND CONSOLIDATED)	23
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	
1. COMPANY'S FORMATION AND OPERATIONS	24
2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS	25
3. SIGNIFICANT ACCOUNTING POLICIES	26
4. INVESTMENTS	27
5. SHARE CAPITAL	29
6. DIVIDENDS	30
7. LONG-TERM BORROWINGS	30
8. SHORT-TERM BORROWINGS	31
9. INCOME TAXES	31
10. REVENUES	33
11. COST OF EARLY RETIREMENT PROGRAM	34
12. OTHER OPERATING EXPENSES	35
13. SEGMENT REPORTING	36
14. EARNINGS PER SHARE	37
15. RELATED PARTY TRANSACTIONS	38
16. STOCK BASED COMPENSATION	40
17. LITIGATION AND CLAIMS	40
18. ADJUSTMENTS AND RECLASSIFICATIONS	40
19. SUBSEQUENT EVENTS	42

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**  
**Six Months Financial Report**  
**INTERIM BALANCE SHEETS (SEPARATE AND CONSOLIDATED) AS AT 30 JUNE 2008**



(Amounts in millions of Euro)

	Notes	30 JUNE 2008		31 DECEMBER 2007	
		COMPANY	GROUP	COMPANY (*)	GROUP
<b>ASSETS</b>					
<b>Non - current assets:</b>					
Property, plant and equipment		2,248.3	6,176.7	2,372.2	6,371.4
Goodwill		-	531.2	-	541.5
Telecommunication licenses		3.2	376.4	3.4	396.2
Investments	4	4,887.9	158.2	4,042.4	158.4
Loans and advances to pension funds		214.9	214.9	229.8	229.8
Deferred income taxes		161.7	92.7	158.7	94.6
Other non-current assets		108.9	678.5	98.4	678.6
<b>Total non - current assets</b>		<b>7,624.9</b>	<b>8,228.6</b>	<b>6,904.9</b>	<b>8,470.5</b>
<b>Current assets:</b>					
Inventories		23.2	192.0	37.1	201.7
Trade accounts receivable		754.2	1,274.6	742.4	1,172.0
Other current assets		462.4	366.0	217.1	372.5
Cash and cash equivalents		450.2	1,456.4	459.2	1,316.3
<b>Total current assets</b>		<b>1,690.0</b>	<b>3,289.0</b>	<b>1,455.8</b>	<b>3,062.5</b>
<b>TOTAL ASSETS</b>		<b>9,314.9</b>	<b>11,517.6</b>	<b>8,360.7</b>	<b>11,533.0</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent:</b>					
Share capital	5	1,171.5	1,171.5	1,171.5	1,171.5
Share premium	16	488.9	488.9	485.9	485.9
Statutory reserve		312.1	312.1	312.1	312.1
Consolidation reserve		-	(3,311.2)	-	(2,533.8)
Retained earnings		1,533.2	2,478.0	1,579.5	2,595.8
		3,505.7	1,139.3	3,549.0	2,031.5
<b>Minority interests</b>		-	940.3	-	1,023.1
<b>Total equity</b>		<b>3,505.7</b>	<b>2,079.6</b>	<b>3,549.0</b>	<b>3,054.6</b>
<b>Non - current liabilities:</b>					
Long-term borrowings	7	3,374.9	6,024.6	1,285.2	3,947.1
Provision for staff retirement indemnities		221.5	240.0	212.4	230.3
Cost of voluntary retirement scheme		222.1	222.1	217.5	217.5
Provision for Youth account		270.2	270.2	273.5	273.5
Other non - current liabilities		45.2	241.1	41.4	233.6
<b>Total non - current liabilities</b>		<b>4,133.9</b>	<b>6,998.0</b>	<b>2,030.0</b>	<b>4,902.0</b>
<b>Current liabilities:</b>					
Trade accounts payable		503.8	833.7	596.1	931.5
Short-term borrowings	8	-	4.8	1,494.2	1,497.4
Short-term portion of long-term borrowings	7	17.5	34.4	17.5	83.3
Income tax		45.5	138.1	23.6	83.0
Deferred revenue		137.0	216.0	136.1	189.2
Cost for voluntary retirement scheme		172.3	172.3	200.2	200.2
Dividends payable	6	370.6	370.6	4.0	4.0
Other current liabilities		428.6	670.1	310.0	587.8
<b>Total current liabilities</b>		<b>1,675.3</b>	<b>2,440.0</b>	<b>2,781.7</b>	<b>3,576.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,314.9</b>	<b>11,517.6</b>	<b>8,360.7</b>	<b>11,533.0</b>

The accompanying Notes on pages 24 – 42 form an integral part of these Interim Condensed Financial Statements.

(\*) Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**
**Six Months Financial Report**
**INTERIM INCOME STATEMENTS (SEPARATE) FOR THE THREE MONTH AND SIX MONTH PERIODS  
ENDED 30 JUNE 2008**


	Notes	2008		2007 (*)	
		2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
<i>(Amounts in millions of Euro, except per share data)</i>					
<b>Revenues:</b>					
Domestic telephony	10	344.6	693.7	380.4	764.4
International telephony	10	50.5	103.4	51.5	92.2
Other revenues	10	251.7	487.7	232.6	474.8
<b>Total revenues</b>		<b>646.8</b>	<b>1,284.8</b>	<b>664.5</b>	<b>1,331.4</b>
<b>Operating expenses:</b>					
Payroll and employee benefits		(192.3)	(372.5)	(187.1)	(370.0)
Cost of early retirement program	11	-	(12.2)	-	(22.1)
Charges from international operators		(30.8)	(60.1)	(38.2)	(73.2)
Charges from domestic operators		(75.7)	(147.9)	(83.1)	(161.3)
Depreciation and amortization		(117.7)	(239.2)	(127.6)	(258.9)
Cost of telecommunications equipment		(26.0)	(47.3)	(28.9)	(49.9)
Other operating expenses	12	(116.8)	(228.6)	(127.7)	(249.2)
<b>Total operating expenses</b>		<b>(559.3)</b>	<b>(1,107.8)</b>	<b>(592.6)</b>	<b>(1,184.6)</b>
<b>Operating income before financial results</b>		<b>87.5</b>	<b>177.0</b>	<b>71.9</b>	<b>146.8</b>
<b>Financial results:</b>					
Interest expense		(48.0)	(101.0)	(19.6)	(41.2)
Interest income		9.2	18.3	12.4	23.7
Foreign exchange differences, net		(1.2)	(0.7)	(1.0)	(1.3)
Dividend income	4	288.1	288.1	232.6	232.6
Gains/(losses) from investments		0.5	(1.0)	-	5.8
		<b>248.6</b>	<b>203.7</b>	<b>224.4</b>	<b>219.6</b>
<b>Profit before income taxes</b>		<b>336.1</b>	<b>380.7</b>	<b>296.3</b>	<b>366.4</b>
Income taxes		(22.9)	(38.8)	(36.9)	(57.8)
<b>Net profit for the period</b>		<b>313.2</b>	<b>341.9</b>	<b>259.4</b>	<b>308.6</b>
<b>Basic earnings per share</b>	14	<b>0.6389</b>	<b>0.6976</b>	<b>0.5292</b>	<b>0.6296</b>
<b>Diluted earnings per share</b>	14	<b>0.6349</b>	<b>0.6931</b>	<b>0.5292</b>	<b>0.6296</b>

The accompanying Notes on pages 24 – 42 form an integral part of these Interim Condensed Financial Statements.

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**
**Six Months Financial Report**
**INTERIM INCOME STATEMENTS (CONSOLIDATED) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2008**


	Notes	2008		2007	
		2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
<i>(Amounts in millions of Euro, except per share data)</i>					
<b>Revenues:</b>					
Domestic telephony	10	462.3	928.3	516.5	1,043.3
International telephony	10	70.8	149.7	77.4	148.1
Mobile telephony	10	603.0	1,162.8	551.0	1,045.3
Other revenues	10	454.4	887.2	406.4	823.2
<b>Total revenues</b>		<b>1,590.5</b>	<b>3,128.0</b>	<b>1,551.3</b>	<b>3,059.9</b>
<b>Operating expenses:</b>					
Payroll and employee benefits		(319.7)	(620.2)	(317.6)	(619.3)
Cost of early retirement program	11	(3.0)	(44.8)	-	(22.1)
Charges from international operators		(45.4)	(93.5)	(56.7)	(104.5)
Charges from domestic operators		(159.7)	(315.3)	(165.5)	(319.0)
Depreciation and amortization		(290.5)	(584.8)	(291.5)	(570.8)
Cost of telecommunications equipment		(157.0)	(310.3)	(145.2)	(298.1)
Other operating expenses	12	(326.9)	(631.3)	(322.0)	(613.0)
<b>Total operating expenses</b>		<b>(1,302.2)</b>	<b>(2,600.2)</b>	<b>(1,298.5)</b>	<b>(2,546.8)</b>
<b>Operating income before financial results</b>		<b>288.3</b>	<b>527.8</b>	<b>252.8</b>	<b>513.1</b>
<b>Financial results:</b>					
Interest expense		(79.1)	(166.2)	(49.4)	(106.8)
Interest income		21.5	40.0	20.6	40.4
Foreign exchange differences, net		1.3	7.1	16.9	22.7
Dividend income	4	12.1	12.1	16.4	16.4
Gains from investments		3.4	17.2	0.1	12.8
		<b>(40.8)</b>	<b>(89.8)</b>	<b>4.6</b>	<b>(14.5)</b>
<b>Profit before income taxes</b>		<b>247.5</b>	<b>438.0</b>	<b>257.4</b>	<b>498.6</b>
Income taxes		(87.0)	(140.6)	(84.9)	(148.4)
<b>Net profit for the period</b>		<b>160.5</b>	<b>297.4</b>	<b>172.5</b>	<b>350.2</b>
Attributable to:					
Equity holders of the parent		159.3	300.4	136.6	277.5
Minority interest		1.2	(3.0)	35.9	72.7
		<b>160.5</b>	<b>297.4</b>	<b>172.5</b>	<b>350.2</b>
<b>Basic earnings per share</b>	14	<b>0.3250</b>	<b>0.6129</b>	<b>0.2786</b>	<b>0.5661</b>
<b>Diluted earnings per share</b>	14	<b>0.3229</b>	<b>0.6090</b>	<b>0.2786</b>	<b>0.5661</b>

The accompanying Notes on pages 24 – 42 form an integral part of these Interim Condensed Financial Statements.



# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

## Six Months Financial Report

INTERIM STATEMENT OF CHANGES IN EQUITY (SEPARATE) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

(Amounts in millions of Euro)

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Total equity</u>
<b>Balance at 31 December 2006 (*)</b>	<b>1,171.5</b>	<b>485.9</b>	<b>283.3</b>	<b>1,297.1</b>	<b>3,237.8</b>
Dividends declared	-	-	-	(269.6)	(269.6)
Unrealized gains on available-for-sale securities	-	-	-	6.5	6.5
Net income recognized directly in Equity	-	-	-	6.5	6.5
Profit for the period	-	-	-	308.6	308.6
<b>Balance at 30 June 2007 (*)</b>	<b>1,171.5</b>	<b>485.9</b>	<b>283.3</b>	<b>1,342.6</b>	<b>3,283.3</b>
<b>Balance at 31 December 2007 (*)</b>	<b>1,171.5</b>	<b>485.9</b>	<b>312.1</b>	<b>1,579.5</b>	<b>3,549.0</b>
Dividends declared	-	-	-	(367.6)	(367.6)
Stock options program	-	3.0	-	-	3.0
Unrealized losses on available-for-sale securities	-	-	-	(20.6)	(20.6)
Net income recognized directly in Equity	-	-	-	(20.6)	(20.6)
Profit for the period	-	-	-	341.9	341.9
<b>Balance at 30 June 2008</b>	<b>1,171.5</b>	<b>488.9</b>	<b>312.1</b>	<b>1,533.2</b>	<b>3,505.7</b>

The accompanying notes on pages 24 – 42 form an integral part of these Interim Condensed Financial Statements.

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)



# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

## Six Months Financial Report

INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

(Amounts in millions of Euro)

Attributable to equity holders of the parent

	Share Capital	Share Premium	Statutory Reserve	Consolidation Reserve	Retained Earnings	Total	Minority Interest	Total equity
<b>Balance at 31 December 2006</b>	<b>1,171.5</b>	<b>485.9</b>	<b>283.3</b>	<b>(580.3)</b>	<b>2,304.4</b>	<b>3,664.8</b>	<b>1,223.9</b>	<b>4,888.7</b>
Dividends declared	-	-	-	-	(269.6)	(269.6)	(81.2)	(350.8)
Net change of interest in subsidiaries	-	-	-	-	-	-	6.0	6.0
Unrealized gains on available-for-sale securities	-	-	-	-	6.5	6.5	-	6.5
Foreign currency translation	-	-	-	-	84.1	84.1	67.4	151.5
Net income recognized directly in equity	-	-	-	-	90.6	90.6	67.4	158.0
Profit for the period	-	-	-	-	277.5	277.5	72.7	350.2
<b>Balance at 30 June 2007</b>	<b>1,171.5</b>	<b>485.9</b>	<b>283.3</b>	<b>(580.3)</b>	<b>2,402.9</b>	<b>3,763.3</b>	<b>1,288.8</b>	<b>5,052.1</b>
<b>Balance at 31 December 2007</b>	<b>1,171.5</b>	<b>485.9</b>	<b>312.1</b>	<b>(2,533.8)</b>	<b>2,595.8</b>	<b>2,031.5</b>	<b>1,023.1</b>	<b>3,054.6</b>
Dividends declared	-	-	-	-	(367.6)	(367.6)	-	(367.6)
Net change of interest in subsidiaries	-	-	-	(777.4)	-	(777.4)	(65.8)	(843.2)
Stock options program	-	3.0	-	-	-	3.0	-	3.0
Unrealized losses on available-for-sale securities	-	-	-	-	(20.6)	(20.6)	-	(20.6)
Foreign currency translation	-	-	-	-	(30.0)	(30.0)	(14.0)	(44.0)
Net income recognized directly in equity	-	-	-	-	(50.6)	(50.6)	(14.0)	(64.6)
Profit for the period	-	-	-	-	300.4	300.4	(3.0)	297.4
<b>Balance at 30 June 2008</b>	<b>1,171.5</b>	<b>488.9</b>	<b>312.1</b>	<b>(3,311.2)</b>	<b>2,478.0</b>	<b>1,139.3</b>	<b>940.3</b>	<b>2,079.6</b>

The accompanying Notes on pages 24 – 42 form an integral part of these Interim Condensed Financial Statements.

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**

**Six Months Financial Report**
**INTERIM STATEMENTS OF CASH FLOWS (SEPARATE AND CONSOLIDATED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008**

	<u>1/1/2008 - 30/6/2008</u>		<u>1/1/2007 - 30/6/2007</u>	
	<u>COMPANY</u>	<u>GROUP</u>	<u>COMPANY (*)</u>	<u>GROUP</u>
<i>(Amounts in millions of Euro)</i>				
<b>Cash flows from operating activities</b>				
Profit before income taxes	380.7	438.0	366.4	498.6
Adjustments for:				
Depreciation and amortization	239.2	584.8	258.9	570.8
Cost of early retirement program	12.2	44.8	22.1	22.1
Provisions	73.9	92.5	82.9	104.4
Foreign exchange differences	0.7	(7.1)	1.3	(22.7)
Investment and financial income	(305.4)	(69.3)	(262.1)	(69.6)
Amortization of advances to pension funds	17.6	17.6	17.6	17.6
Interest expense and related expenses	101.0	166.2	41.2	106.8
Adjustments for working capital movements related to operating activities:				
Decrease / (increase) in inventories	13.9	9.7	10.9	(17.0)
Increase in accounts receivable	(30.7)	(169.6)	(96.8)	(119.9)
Decrease in liabilities (except bank liabilities)	(116.0)	(169.1)	(256.4)	(257.0)
Minus:				
Interest paid and related expenses paid	(30.1)	(91.3)	-	(78.2)
Income taxes paid	(21.3)	(81.3)	(30.0)	(83.2)
<b>Net cash from operating activities</b>	<b>335.7</b>	<b>765.9</b>	<b>156.0</b>	<b>672.7</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary, associate, joint ventures and other investments	(848.9)	(848.9)	(1.0)	(31.1)
Loans granted	(0.3)	(0.3)	(147.9)	(87.9)
Purchase of property, plant and equipment and intangible assets	(116.0)	(375.0)	(112.7)	(467.3)
Other long-term liabilities	-	-	-	144.5
Proceeds from sale of investment	2.5	5.1	5.8	34.8
Interest received	13.7	26.4	16.8	27.4
Dividends received	4.9	4.9	218.2	6.3
<b>Net cash used in investing activities</b>	<b>(944.1)</b>	<b>(1,187.8)</b>	<b>(20.8)</b>	<b>(373.3)</b>
<b>Cash flows from financing activities</b>				
Proceeds from minority shareholders for issuance of subsidiary's share capital	-	16.9	-	12.6
Proceeds from long-term and short-term borrowings	2,700.0	2,701.3	-	-
Repayment of long-term and short-term borrowings	(2,100.0)	(2,155.4)	-	(528.7)
Dividends paid	(0.6)	(0.8)	(0.9)	(82.5)
<b>Net cash from/(used in) financing activities</b>	<b>599.4</b>	<b>562.0</b>	<b>(0.9)</b>	<b>(598.6)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(9.0)</b>	<b>140.1</b>	<b>134.3</b>	<b>(299.2)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>459.2</b>	<b>1,316.3</b>	<b>824.6</b>	<b>2,042.5</b>
<b>Cash and cash equivalents at end of period</b>	<b>450.2</b>	<b>1,456.4</b>	<b>958.9</b>	<b>1,743.3</b>

The accompanying Notes on pages 24 – 42 form an integral part of these Interim Condensed Financial Statements.

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

## Six Months Financial Report

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008

(Amounts in millions of Euro, unless otherwise stated)



#### 1. COMPANY'S FORMATION AND OPERATIONS

The Hellenic Telecommunications Organization S.A. (hereinafter referred to as the "Company" or "OTE"), was founded in 1949 and is registered with the Greek Register of Societe Anonymes (M.A.E.) under number 347/06/B/86/10.

OTE's registered office is located at 99 Kifissias Avenue – 151 24 Maroussi Athens, Greece, and its website is [www.ote.gr](http://www.ote.gr).

OTE's main activities are to provide telecommunications and other related services.

The OTE Group of companies (hereinafter referred to as the "Group") comprises of companies where OTE has control either directly (subsidiaries) or indirectly (subsidiaries of its subsidiaries).

The Interim Condensed Separate and Consolidated Financial Statements (hereafter the «Financial Statements») for the six months ended 30 June 2008 were authorized for issue by the Board of Directors on 27 August 2008.

The number of employees of the Group and the Company as at 30 June 2008 was: Group: 33,062 (30 June 2007 : 33,334), Company: 12,123 (30 June 2007 : 11,940).

The subsidiaries which are included in the Group and have been included in the Consolidated Financial Statements by the full consolidation method and are the following:

<u>Company Name</u>	<u>Line of Business</u>	<u>Country</u>	<u>Ownership interest</u>	
			<u>30/6/2008</u>	<u>31/12/2007</u>
<b><u>Direct ownership</u></b>				
• COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE")	Mobile telecommunications services	Greece	100.00%	90.72%
• OTE INTERNATIONAL INVESTMENTS LTD	Investment holding company	Cyprus	100.00%	100.00%
• HELLAS SAT CONSORTIUM LIMITED («HELLAS-SAT")	Satellite communications	Cyprus	99.05%	99.05%
• COSMO-ONE HELLAS MARKET SITE S.A. ("COSMO-ONE")	E-commerce services	Greece	61.74%	58.87%
• OTENET S.A. ("OTENET")	Internet services	Greece	-	100.00%
• VOICENET A.E. ("VOICENET")	Telecommunications services	Greece	100.00%	84.07%
• HELLASCOM S.A. ("HELLASCOM")	Telecommunication projects	Greece	100.00%	100.00%
• OTE Plc	Financing services	U.K.	100.00%	100.00%
• OTE SAT-MARITEL S.A. ("OTE SAT – MARITEL")	Satellite telecommunications services	Greece	94.08%	94.08%
• OTE PLUS S.A. ("OTE PLUS")	Consulting services	Greece	100.00%	100.00%
• OTE ESTATE S.A. ("OTE ESTATE")	Real estate	Greece	100.00%	100.00%
• OTE INTERNATIONAL SOLUTIONS S.A. (OTE-GLOBE")	Wholesale telephony services	Greece	100.00%	100.00%
• HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD. ("HATWAVE")	Investment holding company	Cyprus	52.67%	52.67%
• OTE INSURANCE AGENCY S.A. ("OTE INSURANCE")	Insurance brokerage services	Greece	100.00%	100.00%
• OTE ACADEMY S.A. ("OTE ACADEMY")	Training services	Greece	100.00%	100.00%



# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.



## Six Months Financial Report

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008

(Amounts in millions of Euro, unless otherwise stated)

#### 1. COMPANY'S FORMATION AND OPERATIONS (continued)

<u>Company Name</u>	<u>Line of Business</u>	<u>Country</u>	<u>Ownership interest</u>	
			<u>30/6/2008</u>	<u>31/12/2007</u>
<b><u>Indirect ownership</u></b>				
• ROMTELECOM S.A. ("ROMTELECOM")	Fixed line telephony services	Romania	54.01%	54.01%
• S.C. COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE ROMANIA")	Mobile telecommunications services	Romania	86.20%	79.71%
• OTE MTS HOLDING B.V.	Investment holding company	Holland	100.00%	90.72%
• COSMOFON MOBILE TELECOMMUNICATIONS SERVICES A.D. – SKOPJE ("COSMOFON")	Mobile telecommunications services	Skopje	100.00%	90.72%
• COSMO BULGARIA MOBILE EAD ("GLOBUL")	Mobile telecommunications services	Bulgaria	100.00%	90.72%
• COSMO-HOLDING ALBANIA S.A. ("CHA")	Investment holding company	Greece	97.00%	88.00%
• ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC")	Mobile telecommunications services	Albania	82.45%	74.80%
• COSMOHOLDING CYPRUS LTD ("COSMOHOLDING CYPRUS")	Investment holding company	Cyprus	90.00%	81.65%
• GERMANOS S.A.	Retail services	Greece	90.00%	81.65%
• E-VALUE S.A.	Marketing services	Greece	90.00%	81.65%
• GERMANOS TELECOM SKOPJE S.A.	Retail services	Skopje	90.00%	81.65%
• GERMANOS TELECOM ROMANIA S.A.	Retail services	Romania	90.00%	81.64%
• SUNLIGHT ROMANIA S.R.L. -FILIALA	Retail services	Romania	90.00%	81.64%
• TEL SIM S.R.L	Retail services	Romania	90.00%	81.65%
• GERMANOS TELECOM BULGARIA A.D.	Retail services	Bulgaria	90.00%	81.65%
• MOBILBEEEP LTD	Retail services	Greece	90.00%	81.65%
• GRIGORIS MAVROMICHALIS & PARTNERS LTD	Retail services	Greece	89.10%	80.82%
• ALBATROS & PARTNERS LTD	Retail services	Greece	90.00%	81.64%
• OTENET CYPRUS LTD	Investment holding company	Cyprus	-	76.33%
• OTENET TELECOMMUNICATIONS LTD	Telecommunications services	Cyprus	-	71.61%
• HELLAS SAT S.A.	Satellite communications	Greece	99.05%	99.05%
• OTE INVESTMENT SERVICES S. A.	Investment holding company	Greece	100.00%	100.00%
• OTE PLUS BULGARIA	Consulting services	Bulgaria	100.00%	100.00%
• OTE PLUS ROMANIA	Consulting services	Romania	100.00%	100.00%

#### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements for the six months ended 30 June 2008 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These Interim Condensed Financial Statements do not include all the information required in the Annual Financial Statements and they should be read in conjunction with the annual audited financial statements as at 31 December 2007, which are available on the Company's website ([www.ote.gr](http://www.ote.gr)).

The Financial Statements have been prepared on the historical cost basis except for specific assets and liabilities which are measured at fair value. All amounts are presented in millions of Euro, except when otherwise indicated.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and accounting estimates adopted in the preparation of the Interim Condensed Financial Statements, are consistent with those followed in the preparation of the Annual Financial Statements as of 31 December 2007, except for the adoption of new Standards and Interpretations noted below, whose application did not have any effect on the financial position or performance of the Company or the Group.

- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions.

The following interpretations are effective for financial periods beginning on or after 1 January 2008 and have not been endorsed yet by the EU. These interpretations are not expected to have significant effect on the Company's or the Group's financial statements:

- IFRIC 12 –Service Concession Arrangements.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) have issued a number of new Standards and Interpretations whose application is mandatory for the financial periods beginning on or after 1 January 2009 and which are disclosed together with management's assessment for their impact in the Annual Financial Statements as of 31 December 2007. New Standards and Interpretations issued subsequently (which have not yet been adopted by the Company or the Group), are:

- IFRIC 15, "Agreements for the Construction of Real Estate", was issued on 3 July 2008 and is effective for annual periods beginning on or after 1 January 2009 and must be applied retrospectively. IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue" and, accordingly, when revenue from such construction should be recognized. The Group is in the process of assessing the impact of this Interpretation on its financial statements. This Interpretation has not yet been endorsed by the EU.
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation", was issued on 3 July 2008 and is effective for annual periods beginning on or after 1 October, 2008 and can be applied retrospectively or prospectively. IFRIC 16 clarifies three main issues, namely:
  - A presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.
  - Hedging instrument(s) may be held by any entity or entities within the group.
  - While IAS 39, "Financial Instruments: Recognition and Measurement", must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 "The Effects of Changes in Foreign Exchange Rates" must be applied in respect of the hedged item.

The Group is in the process of assessing the impact of this Interpretation on its financial statements. This Interpretation has not yet been endorsed by the EU.

Six Months Financial Report

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008

(Amounts in millions of Euro, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions between companies under common control are excluded from the scope of IFRS 3. Therefore the Group (implementing the guidance of IAS 8 for similar cases) accounts for such transactions using a method like “pooling of interests”. Based on this principle, the Group consolidates the book values of the combined entities (without valuation to fair values). The financial statements of the Group or the new entity after the transaction are prepared on the basis as if the new structure was in effect since the beginning of the first period which is presented in the financial statements and consequently the comparative figures are adjusted. The difference between the purchase price and the book value of the percentage of the net assets acquired is recognized directly in equity.

4. INVESTMENTS

Investments are analyzed as follows:

	30/6/2008		31/12/2007	
	COMPANY	GROUP	COMPANY (*)	GROUP
(a) Investments in subsidiaries	4,730.1	-	3,884.6	-
(b) Other investments	157.8	158.2	157.8	158.4
	<b>4,887.9</b>	<b>158.2</b>	<b>4,042.4</b>	<b>158.4</b>

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

(a) Investments in subsidiaries are analyzed as follows:

<u>Company</u>	<u>Country</u>	<u>30/6/2008</u>	<u>31/12/2007 (*)</u>
• COSMOTE	Greece	3,500.4	2,654.3
• OTE INTERNATIONAL INVESTMENTS LTD	Cyprus	497.9	497.9
• HELLAS SAT CONSORTIUM	Cyprus	194.7	194.7
• COSMO ONE	Greece	3.2	3.2
• HELLASCOM	Greece	8.4	8.4
• OTE SAT-MARITEL	Greece	11.2	11.2
• OTE PLUS	Greece	3.8	3.8
• OTE ESTATE	Greece	336.3	336.3
• OTEGLOBE	Greece	163.7	163.7
• OTE INSURANCE	Greece	0.6	0.6
• OTE ACADEMY	Greece	5.9	5.9
• VOICENET	Greece	4.0	2.7
• OTENET KYIPOY LTD	Cyprus	-	1.6
• OTENET TELECOMMUNICATIONS LTD	Cyprus	-	0.3
		<b>4,730.1</b>	<b>3,884.6</b>

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

On 9 November 2007, following authorization by the Board of Directors, OTE announced the submission of a Public Tender Offer for the acquisition of the total outstanding common shares of COSMOTE for a price of Euro 26.25 (in absolute amount) per share.

As at 31 December 2007, OTE owned 303,725,198 shares, which represented approximately 90.72% of COSMOTE’s share capital and voting rights.

#### **4. INVESTMENTS (continued)**

The tender offer's acceptance period for the acquisition of COSMOTE's shares ended on 29 January 2008. During January 2008 and with the submission of acceptance applications by 5,044 shareholders, OTE acquired 27,503,293 shares of COSMOTE representing 8.187% of COSMOTE's share capital. As a result, on 29 January 2008, OTE held 331,228,491 shares representing 98.592% of COSMOTE's share capital with the corresponding voting rights.

According to Article 27 of Law 3461/2006 on 27 February 2008, OTE filed a request with the Hellenic Capital Market Commission seeking permission to exercise squeeze out rights on the remaining shares of COSMOTE at a price equal to that of the Public Offer, i.e. Euro 26.25 per share (in absolute amount) (Squeeze-Out Right). The remaining shareholders retained the right to sell their shares to the Proposing Party through the Stock Exchange within three months from the end of the acceptance period (Sell-Out Right). After the end of the exercise period of the Squeeze-Out Rights and of the Sell-Out Rights, OTE began the procedure for the delisting of the COSMOTE's shares from the Athens Stock Exchange and Global Depository Receipts (GDRs) from the London Stock Exchange (L.S.E.).

Since 9 April 2008, following OTE's Public Tender Offer for the acquisition of COSMOTE's shares and after the completion of exercise of the Squeeze-Out Rights and of the Sell-Out Rights, OTE holds 335,957,300 COSMOTE's shares, which represent the 100% of its share capital and voting rights.

On 11 April 2008, COSMOTE announced that pursuant to the decision of the Extraordinary General Assembly of its shareholders held on 10 April 2008, a request was submitted to the Hellenic Capital Market Commission, in accordance with par. 5 article 17 of Law 3371/2005, for the delisting of its shares from the Athens Stock Exchange. The request was approved by the Hellenic Capital Market Commission.

The amount of Euro 777.4 which resulted from the acquisition of COSMOTE's minority interests, was recognized directly in Equity in the Consolidated Financial Statements (in the line "Consolidation Reserve"), as it relates to the acquisition of minority in an entity where control already exists.

In May 2008, OTE announced the sale of the Group's investment in OTENET CYPRUS LTD and OTENET TELECOMMUNICATIONS LTD, which operate in the telecommunication and internet services section, to Cyprus Trading Corporation Plc (CTC), for a total consideration of approximately Euro 3.9.

On 19 March 2008 OTE and its subsidiary OTENET signed a Draft Merger Agreement whereby OTE would absorb OTENET. The above Agreement was approved by the Board of Directors of both parties and pursuant to article 7b of L. 2190/20 was deposited with the Greek Register of Societe Anonymes (M.A.E.). On 27 June 2008 the relevant Ministerial Decision which approved and concluded the procedure of OTENET's absorption by its parent, was deposited with the Societe Anonymes Register of the Prefecture of Athens.

In May 2008 OTE acquired the remaining interest in its subsidiary VOICENET from SANYO HELLAS S.A., for a consideration of Euro 1.3. Following the acquisition, OTE owns 100% of VOICENET's share capital and voting rights.

On 10 April 2008 OTE's subsidiary OTE ESTATE filed a request with the Hellenic Capital Market Commission for a licence for the operation of a Real Estate Investment Company.

Six Months Financial Report

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008

(Amounts in millions of Euro, unless otherwise stated)

4. INVESTMENTS (continued)

(b) Other investments

OTE's other investments are analyzed as follows:

	<u>30/6/2008</u>	<u>31/12/2007</u>
TELECOM SRBIJA	155.1	155.1
Other	<u>2.7</u>	<u>2.7</u>
	<u><b>157.8</b></u>	<u><b>157.8</b></u>

Dividend income from investments is analyzed as follows:

COMPANY

	<u>2008</u>		<u>2007</u>	
	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Half</u>	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Half</u>
COSMOTE	245.2	245.2	163.2	163.2
OTE ESTATE	30.3	30.3	-	-
OTESAT-MARITEL	0.5	0.5	-	-
OTE INTERNATIONAL INVESTMENTS LTD	-	-	48.0	48.0
INFOTE	-	-	5.0	5.0
TELEKOM SRBIJA	11.2	11.2	15.7	15.7
Other	<u>0.9</u>	<u>0.9</u>	<u>0.7</u>	<u>0.7</u>
	<u><b>288.1</b></u>	<u><b>288.1</b></u>	<u><b>232.6</b></u>	<u><b>232.6</b></u>

The amount of Euro 280.1 was not received by the period end and is included in "Other current assets" in OTE's Balance Sheet as at 30 June 2008.

GROUP

	<u>2008</u>		<u>2007</u>	
	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Half</u>	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Half</u>
TELEKOM SRBIJA	11.2	11.2	15.7	15.7
Other	<u>0.9</u>	<u>0.9</u>	<u>0.7</u>	<u>0.7</u>
	<u><b>12.1</b></u>	<u><b>12.1</b></u>	<u><b>16.4</b></u>	<u><b>16.4</b></u>

5. SHARE CAPITAL

OTE's share capital as at 30 June 2008 and 31 December 2007 amounted to Euro 1,171.5, divided into 490,150,389 registered shares, with a nominal value of Euro 2.39 (in absolute amount) per share.

As at 30 June 2008 and as at 31 December 2007, the Hellenic State's direct participation was approximately 24.96% while together with D.E.K.A. S.A. its participation was 28.03%.

On 30 June 2008, OTE received notification from its shareholder DEUTSCHE TELEKOM AG, that its participation in OTE's share capital and total voting rights stands at 20.155308%, amounting to 98,791,324 shares with corresponding voting rights.

## Six Months Financial Report

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008

(Amounts in millions of Euro, unless otherwise stated)

**6. DIVIDENDS**

Under Greek corporate law, each year companies are generally required to declare from their statutory profits, dividends of at least 35% of the after-tax profits, after allowing for a statutory reserve.

OTE's General Assembly on 26 June 2008 approved the distribution of a total dividend from 2007 profits of Euro 367.6 or Euro 0.75 (in absolute amount) per share.

**7. LONG -TERM BORROWINGS**

Long-term borrowings are analyzed as follows:

	<u>30/6/2008</u>	<u>31/12/2007</u>
<b><u>COMPANY</u></b>		
(a) Loan from European Investment Bank	36.4	36.4
(b) Inter-company loans from OTE Plc	3,356.0	1,266.3
<b><i>Total long-term borrowings</i></b>	<u>3,392.4</u>	<u>1,302.7</u>
Short-term portion	(17.5)	(17.5)
<b><i>Long-term portion</i></b>	<u><b>3,374.9</b></u>	<u><b>1,285.2</b></u>
<b><u>GROUP</u></b>		
(a) Loan from European Investment Bank	36.4	36.4
(b) Consortium loans	500.0	500.0
(c) Global Medium Term Note Program	5,453.4	3,360.4
(d) Other bank loans	69.2	133.6
<b><i>Total long-term borrowings</i></b>	<u>6,059.0</u>	<u>4,030.4</u>
Short-term portion	(34.4)	(83.3)
<b><i>Long-term portion</i></b>	<u><b>6,024.6</b></u>	<u><b>3,947.1</b></u>

On 12 February 2008 OTE Plc completed the issuance of two bonds amounting to Euro 1,500 and Euro 600 under the Global Medium Term Note Programme, for the refinancing of the balance of the short-term loan which was obtained in November 2007 for the acquisition of COSMOTE's shares by OTE.

Specifically, OTE Plc issued:

- a) Fixed rate bond of Euro 1,500, maturing on 14 February 2011 with a coupon of 5.375% and
- b) Fixed rate bond of Euro 600, maturing on 12 February 2015, with a coupon of 6.0%.

The bond terms include a step-up clause according to the credit rating of OTE. The bond coupon could increase by 1.25% in the case that:

- a) one or both of the two credit rating agencies (Moody's and S&P) downgrades the rating to BB+, Ba1 and under (sub-investment grade), or
- b) both rating agencies (Moody's and S&P) cease or are unable to perform the credit rating of OTE.

The coupon can increase once only during the whole bond duration and only for the period the credit rating of OTE remains at sub-investment grade.

## **7. LONG -TERM BORROWINGS (continued)**

The bonds also include a Change of Control clause applicable to OTE which is triggered if both of the following events occur:

- a) any person or persons acting in concert (other than the Hellenic Republic) at any time directly or indirectly come (s) to own or acquire (s) more than 50% of the issued ordinary share capital or of the voting rights of OTE, and
- b) as a consequence of (a), the rating previously assigned to the bonds by any international rating agency is withdrawn or down graded to BB+/Ba1 or their respective equivalents (non-investment grade), within a specific period and under specific terms and conditions.

In accordance with the terms and conditions of the bonds, in the event that the Change of Control clause is triggered, OTE Plc shall promptly give written notice to the bond holders who in turn shall have the option within 45 days to require OTE PLC to redeem the bonds (put option), at their principal amounts together with accrued interest up to the date of redemption. None of the above triggering events has occurred until the date of this report.

On 19 May 2008, Moody's down graded OTE's long-term rating from Baa1 to Baa2. According to several terms included in the agreement between the Greek State and DEUTSCHE TELEKOM A.G.. The Greek State's interest in OTE S.A. may potentially decrease below 20%. As a result, the Company's support by the Greek State was downgraded to "low" from "average". This modification resulted in the long-term rating being changed to Baa2. Since the Company's underlying business fundamentals and financial strength remain unchanged, the rest of the factors used to assess the Company's rating have remained unchanged.

## **8. SHORT-TERM BORROWINGS**

On 9 November 2007, OTE Plc, under the full guarantee of OTE signed a short term credit facility agreement for an amount of Euro 2.7 billion with a consortium of banks, to finance the acquisition of the minority shares of COSMOTE by OTE. As at 31 December 2007 an amount of Euro 1.5 billion had been drawn-down.

During the first half of 2008 an additional amount of Euro 600 was drawn-down.

With the completion of the issuance of the two bonds amounting to Euro 1,500 and Euro 600 under the Global Medium Term Note Programme (See Note 7), the outstanding balance of the above mentioned short term credit facility was fully repaid.

After the repayment, the outstanding balance of Group's short-term borrowings as at 30 June 2008, amounted to Euro 4.8.

## **9. INCOME TAXES**

In accordance with the Greek tax regulations (Law 3296/2004), the income tax rate is 25% for 2007 and onwards.

The Company and its subsidiaries have not been audited by the tax authorities as described below and therefore their tax liabilities have not been finalized:

**Six Months Financial Report**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008**

(Amounts in millions of Euro, unless otherwise stated)

**9. INCOME TAXES (continued)**

<u>Company Name</u>	<u>Unaudited Tax Years</u>
<u>Full consolidation method (direct ownership)</u>	
• OTE	From 2006
• COSMOTE	From 2006
• OTE INTERNATIONAL INVESTMENTS LTD	From 1998
• HELLAS SAT	From 2003
• COSMO-ONE	From 2002
• VOICENET	From 2004
• HELLASCOM	From 2006
• OTE Plc	From 2005
• OTE SAT-MARITEL	From 2004
• OTE PLUS	From 2005
• OTE ESTATE	From 2001
• OTE GLOBE	From 2007
• OTE INSURANCE	From 2003
• OTE ACADEMY	From 2000
• HATWAVE	From 1996

<u>Company Name</u>	<u>Unaudited Tax Years</u>
<u>Full consolidation method (indirect ownership)</u>	
• OTE INVESTMENT SERVICES S.A.	From 2005
• ROMTELECOM	From 2006
• AMC	From 2006
• COSMOFON	From 2001
• GLOBUL	From 2005
• COSMOTE ROMANIA	From 2007
• GERMANOS	From 2004
• E-VALUE S.A.	From 2003
• GERMANOS TELECOM SKOPJE S.A.	From 2003
• GERMANOS TELECOM ROMANIA S.A.	From 2003
• SUNLIGHT ROMANIA S.R.L.-FILIALA	From 2001
• GERMANOS TELECOM BULGARIA A.D.	From 2005
• MOBILBEEEP LTD	From 2005
• GRIGORIS MAVROMICHALIS & PARTNERS LTD	From 2006
• ALBATROS & PARTNERS LTD	From 2006
• TEL SIM S.R.L	From 2007 (establishment)
• HELLAS SAT S.A.	From 2002
• OTE MTS HOLDING B.V.	From 2001
• CHA	From 2007
• COSMO-HOLDING CYPRUS	From 2006
• OTE PLUS ROMANIA	--
• OTE PLUS BULGARIA	Tax exemption

The tax audit of ROMTELECOM's books for the fiscal years 2001-2005 was completed in March 2008. Additional taxes of Euro 19.0 were imposed, which were netted-off against the respective provision which had been established in previous years, with no impact in the income statement of the first half of 2008.

During the second quarter of 2008 the tax audit for the fiscal years 2004-2006 in COSMOTE ROMANIA was completed, without any additional tax being imposed.

During the first semester of 2008 the tax audit for the fiscal years 2002-2006 in OTE GLOBE was started and completed. Additional taxes of Euro 0.6 were imposed, which were netted-off against the respective provision which had been established in previous years, with no impact in the income statement of the first half of 2008.

The tax audit of OTE ESTATE's books for the fiscal years 2001 and 2002 is in progress, and is expected to be completed within 2008.



**Six Months Financial Report**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008**

(Amounts in millions of Euro, unless otherwise stated)

**9. INCOME TAXES (continued)**

The tax audit of OTE SAT - MARITEL's books for the fiscal years 2004 and 2005 is in progress and is expected to be completed within 2008.

The tax audit of HELLAS SAT's books for the fiscal years 2002 -2007 is in progress and is expected to be completed within 2008.

The tax audit of GERMANOS's books for the fiscal years 2004 and 2005 is in progress, and is expected to be completed within 2008.

The tax audit of E-VALUE S.A.'s books for the fiscal years 2003-2005 is in progress and is expected to be completed within 2008.

**10. REVENUES**

Revenues in the accompanying income statements consist of income from:

<u>COMPANY</u>	2008		2007 (*)	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
(i) Domestic Telephony				
• Monthly network service fees	158.7	318.9	169.1	340.1
• Local and long-distance calls				
- Fixed to fixed	109.3	223.2	125.2	255.7
- Fixed to mobile	58.8	116.0	67.8	133.3
	168.1	339.2	193.0	389.0
• Other	17.8	35.6	18.3	35.3
	<b>344.6</b>	<b>693.7</b>	<b>380.4</b>	<b>764.4</b>
(ii) International Telephony				
• International traffic	15.7	31.6	18.2	36.5
• Payments from international operators	20.5	46.3	22.0	35.1
• Payments from mobile operators	14.3	25.5	11.3	20.6
	<b>50.5</b>	<b>103.4</b>	<b>51.5</b>	<b>92.2</b>
(iii) Other revenues				
• Prepaid cards	11.6	21.3	16.8	32.8
• Telephone Directory Services	2.3	3.0	0.3	0.8
• Leased lines and Data communications / ATM	58.6	111.4	52.1	118.6
• ISDN	34.2	68.7	40.9	76.9
• Sales of telecommunication equipment	14.6	26.5	15.4	28.9
• Internet / ADSL	38.4	78.3	33.9	69.7
• Services rendered	53.7	104.9	38.9	74.1
• Interconnection charges	29.3	58.3	26.5	54.8
• Miscellaneous	9.0	15.3	7.8	18.2
	<b>251.7</b>	<b>487.7</b>	<b>232.6</b>	<b>474.8</b>
<b>Total revenues</b>	<b>646.8</b>	<b>1,284.8</b>	<b>664.5</b>	<b>1,331.4</b>

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

**Six Months Financial Report**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008**

(Amounts in millions of Euro, unless otherwise stated)

**10. REVENUES (continued)**

	<b>2008</b>		<b>2007</b>	
	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>
<b>GROUP</b>				
(i) Domestic Telephony				
• Monthly network service fees	232.5	465.5	248.9	503.0
• Local and long-distance calls				
- Fixed to fixed	122.0	250.1	146.1	303.4
- Fixed to mobile	83.4	165.4	98.4	191.8
	205.4	415.5	244.5	495.2
• Other	24.4	47.3	23.1	45.1
	<b>462.3</b>	<b>928.3</b>	<b>516.5</b>	<b>1,043.3</b>
(ii) International Telephony				
• International traffic	23.5	47.3	27.6	55.0
• Payments from international operators	31.8	74.8	37.7	70.9
• Payments from mobile operators	15.5	27.6	12.1	22.2
	<b>70.8</b>	<b>149.7</b>	<b>77.4</b>	<b>148.1</b>
(iii) Mobile Telephony	<b>603.0</b>	<b>1,162.8</b>	<b>551.0</b>	<b>1,045.3</b>
(iv) Other revenues				
• Prepaid cards	13.3	25.0	19.9	39.7
• Telephone Directory Services	2.3	3.0	14.1	28.3
• Leased lines and Data communications / ATM	91.5	169.8	69.4	132.5
• ISDN	37.3	74.7	41.7	83.8
• Sales of telecommunication equipment	155.1	308.0	139.4	292.1
• Internet / ADSL	56.4	111.5	56.0	104.2
• Services rendered	44.4	83.8	20.3	43.0
• Interconnection charges	30.7	59.9	21.4	46.9
• Miscellaneous	23.4	51.5	24.2	52.7
•	<b>454.4</b>	<b>887.2</b>	<b>406.4</b>	<b>823.2</b>
<b>Total revenues</b>	<b>1,590.5</b>	<b>3,128.0</b>	<b>1,551.3</b>	<b>3,059.9</b>

**11. COST OF EARLY RETIREMENT PROGRAM**

On 28 February 2008, OTE's management and OME-OTE (the employee's union) signed a Collective Labor Agreement by which employees who are eligible to early retirement by 29 December 2008 can receive certain benefits if they leave by 30 December 2008. The right to file an irrevocable application for participation in the early retirement program ended on 21 March 2008. The total cost amounted to Euro 12.2 million and has been included in OTE's results for the first half of 2008. An additional amount of Euro 32.6 relating to the cost of early retirement program in ROMTELECOM, has also been included in the Group's income statement for the first half of 2008.

Six Months Financial Report

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008

(Amounts in millions of Euro, unless otherwise stated)

**12. OTHER OPERATING EXPENSES**

Other operating expenses are analyzed as follows:

**COMPANY**

	2008		2007 (*)	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
Services and fees	28.0	51.1	26.9	64.6
Cost of telecommunication material, repairs and maintenance	17.4	34.6	21.0	37.9
Advertising costs	13.8	26.2	14.8	25.8
Utilities	13.2	25.5	10.6	23.6
Provision for doubtful accounts	12.6	30.0	14.1	28.2
Other provisions	-	-	10.0	11.0
Travel costs	2.2	4.0	2.2	4.1
Payments to audiotex providers	1.8	3.6	1.5	3.0
Rent	18.2	36.6	17.3	34.7
Taxes, other than income taxes	4.1	6.8	3.8	6.6
Transportation	1.5	2.5	1.5	2.6
Other	4.0	7.7	4.0	7.1
	<b>116.8</b>	<b>228.6</b>	<b>127.7</b>	<b>249.2</b>

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

**GROUP**

	2008		2007	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
Services and fees	46.1	90.8	40.5	81.4
Cost of telecommunication material, repairs and maintenance	51.4	100.3	54.8	101.5
Advertising costs	55.0	98.2	58.9	101.4
Utilities	29.6	51.9	21.7	45.6
Provision for doubtful accounts	22.4	47.9	20.8	43.9
Other provisions	-	-	10.3	12.1
Travel costs	4.8	8.7	5.0	9.1
Commissions to independent distributors	55.3	120.6	48.1	104.2
Payments to audiotex providers	2.3	4.7	2.5	5.5
Rent	22.2	47.1	21.6	42.4
Taxes, other than income taxes	19.7	31.1	18.1	29.1
Transportation	2.9	5.1	3.3	5.8
Other	15.2	24.9	16.4	31.0
	<b>326.9</b>	<b>631.3</b>	<b>322.0</b>	<b>613.0</b>

Six Months Financial Report

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008

(Amounts in millions of Euro, unless otherwise stated)

13. SEGMENT REPORTING

The following information is provided for the reportable segments, which are separately disclosed in the financial statements and is regularly reviewed by the Group's chief operating decision makers.

Segments were determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the parent company (OTE) and each of the Group's consolidated subsidiaries or sub-groups.

Using quantitative thresholds OTE, COSMOTE sub-group and ROMTELECOM, have been determined as reportable segments. Information about operating segments that do not constitute reportable segments have been combined and disclosed in an "All Other" category.

Accounting policies of the segments are the same as those followed for the preparation of the Consolidated Financial Statements. The Group evaluates segment performance based on operating income before depreciation and amortization, operating income and profit for the period.

Segment information and reconciliation to the Group's consolidated figures are as follows:

<u>Six months period ended 30/6/2008</u>	<u>OTE</u>	<u>COSMOTE GROUP</u>	<u>ROMTELECOM</u>	<u>ALL OTHER</u>	<u>TOTAL</u>	<u>ADJUSTMENTS-ELIMINATIONS</u>	<u>GROUP</u>
Revenues from external customers	1,178.3	1,448.0	433.1	68.6	3,128.0	-	3,128.0
Intersegment revenues	106.5	93.5	9.3	118.1	327.4	(327.4)	-
Total revenues	1,284.8	1,541.5	442.4	186.7	3,455.4	(327.4)	3,128.0
Operating expenses	(1,107.8)	(1,220.3)	(440.2)	(158.7)	(2,927.0)	326.8	(2,600.2)
Operating income	177.0	321.2	2.2	28.0	528.4	(0.6)	527.8
Operating income before depreciation and amortization	416.3	523.2	124.4	50.0	1,113.9	(1.3)	1,112.6
Profit/(loss) for the period	341.9	189.4	(3.2)	27.9	556.0	(255.6)	300.4

<u>Six months period ended 30/6/2007</u>	<u>OTE(*)</u>	<u>COSMOTE GROUP</u>	<u>ROMTELECOM</u>	<u>ALL OTHER(*)</u>	<u>TOTAL</u>	<u>ADJUSTMENTS-ELIMINATIONS</u>	<u>GROUP</u>
Revenues from external customers	1,225.2	1,336.2	425.7	72.8	3,059.9	-	3,059.9
Intersegment revenues	106.2	89.8	13.7	98.9	308.6	(308.6)	-
Total revenues	1,331.4	1,426.0	439.4	171.7	3,368.5	(308.6)	3,059.9
Operating expenses	(1,184.6)	(1,134.7)	(395.4)	(135.9)	(2,850.6)	303.8	(2,546.8)
Operating income	146.8	291.3	44.0	35.8	517.9	(4.8)	513.1
Operating income before depreciation and amortization	405.7	463.6	164.6	51.4	1,085.3	(1.4)	1,083.9
Profit for the period	308.6	176.3	39.4	26.2	550.5	(273.0)	277.5

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

#### 14. EARNINGS PER SHARE

Earnings per share (after income taxes,) are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period, excluding the average number of own shares that the Company possessed during the period and including (for the diluted earnings per share) the number of shares corresponding to the stock option rights granted.

Earnings per share are analyzed as follows:

##### COMPANY

	2008		2007 (*)	
	2nd Quarter	1st Half	2nd Quarter	1st Half
Earnings attributable to the shareholders of the parent	313.2	341.9	259.4	308.6
Weighted average number of shares outstanding (for basic earnings per share)	490,150,389	490,150,389	490,150,389	490,150,389
Stock option rights	3,141,620	3,141,620	-	-
Weighted average number of shares outstanding (for diluted earnings per share)	493,292,009	493,292,009	490,150,389	490,150,389
Basic earnings per share	0.6389	0.6976	0.5292	0.6296
Diluted earnings per share	0.6349	0.6931	0.5292	0.6296

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

(Earnings per share are in absolute amounts)

##### GROUP

	2008		2007	
	2nd Quarter	1st Half	2nd Quarter	1st Half
Earnings attributable to the shareholders of the parent	159.3	300.4	136.6	277.5
Weighted average number of shares outstanding (for basic earnings per share)	490,150,389	490,150,389	490,150,389	490,150,389
Stock option rights	3,141,620	3,141,620	-	-
Weighted average number of shares outstanding (for diluted earnings per share)	493,292,009	493,292,009	490,150,389	490,150,389
Basic earnings per share	0.3250	0.6129	0.2786	0.5661
Diluted earnings per share	0.3229	0.6090	0.2786	0.5661

(Earnings per share are in absolute amounts)

**15. RELATED PARTY TRANSACTIONS**

OTE's related parties are its subsidiaries, the members of its Board of Directors and the key management personnel of the Company.

The Company purchases goods and services from the related entities, provides goods and services to them, grants and obtains loans and finally receives dividends.

OTE's purchases and sales transactions with its related parties, are analyzed as follows:

	<b>1<sup>st</sup> Half 2008</b>		<b>1<sup>st</sup> Half 2007 (*)</b>	
	<b>OTE's sales</b>	<b>OTE's purchases</b>	<b>OTE's sales</b>	<b>OTE's purchases</b>
COSMOTE	87.5	59.7	89.1	65.1
OTE INTERNATIONAL INVESTMENTS	0.2	2.7	0.2	3.0
ROMTELECOM	-	-	0.6	-
HELLAS-SAT	0.3	0.8	0.3	0.8
COSMO-ONE	-	0.4	-	0.4
VOICENET	2.6	0.8	2.2	0.3
HELLASCOM	0.1	3.9	-	3.3
OTE SAT – MARITEL	0.4	0.9	0.5	1.0
OTE PLUS	0.2	18.6	0.1	14.1
OTE AKINHTA	1.4	30.9	1.3	28.6
INFOTE	-	-	2.5	0.3
OTE-GLOBE	13.7	33.0	5.6	31.3
OTE ACADEMY	0.1	2.2	0.1	3.0
	<b>106.5</b>	<b>153.9</b>	<b>102.5</b>	<b>151.2</b>

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

OTE's interest income and interest expense with its related parties, are analyzed as follows:

	<b>1<sup>st</sup> Half 2008</b>		<b>1<sup>st</sup> Half 2007</b>	
	<b>OTE's interest income</b>	<b>OTE's interest expense</b>	<b>OTE's interest income</b>	<b>OTE's interest expense</b>
COSMOFON	0.9	-	1.8	-
OTE Plc	1.7	86.2	1.0	32.2
	<b>2.6</b>	<b>86.2</b>	<b>2.8</b>	<b>32.2</b>

OTE's revenues from dividends from its related parties, are analyzed as follows :

	<b>1<sup>st</sup> Half 2008</b>	<b>1<sup>st</sup> Half 2007</b>
COSMOTE	245.5	163.2
OTE ESTATE	30.3	-
OTE SAT- MARITEL	0.5	-
OTE INTERNATIONAL INVESTMENTS LTD	-	48.0
INFOTE	-	5.0
	<b>276.0</b>	<b>216.2</b>

Six Months Financial Report

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008

(Amounts in millions of Euro, unless otherwise stated)

15. RELATED PARTY TRANSACTIONS (continued)

OTE's receivables and payables with its related parties from their operating transactions, are analyzed as follows :

	30/6/2008		31/12/2007 (*)	
	OTE's receivables	OTE's payables	OTE's receivables	OTE's payables
COSMOTE	32.2	31.9	39.4	34.4
OTE INTERNATIONAL INVESTMENTS LTD	0.2	1.0	0.2	1.4
HELLAS-SAT	4.4	0.8	4,6	0.6
COSMO-ONE	-	0.7	-	0.2
VOICENET	1.7	0.3	0.1	0.1
HELLASCOM	-	3.1	-	1.4
OTE SAT- MARITEL	1.0	0.5	0.3	0.5
OTE PLUS	0.1	14.7	0.8	12.8
OTE ESTATE	2.5	15.8	3.1	31.7
OTE GLOBE	22.4	34.4	49.4	73.2
OTE ACADEMY	-	0.3	0.5	0.8
	<b>64.5</b>	<b>103.5</b>	<b>98.4</b>	<b>157.1</b>

(\*)Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 18)

OTE's receivables and payables with its related parties from loans granted and received, are analyzed as follows:

	30/6/2008		31/12/2007	
	OTE's receivables	OTE's payables	OTE's receivables	OTE's payables
COSMOFON	51.5	-	51.8	-
OTE Plc	35.4	3,454.8	35.4	2,787.0
	<b>86.9</b>	<b>3,454.8</b>	<b>87.2</b>	<b>2,787.0</b>

OTE's receivables from dividends with its related parties, are analyzed as follows

	30/6/2008	31/12/2007
COSMOTE	245.2	-
OTE AKINHTA	30.3	-
OTE SAT – MARITEL	0.5	-
	<b>276.0</b>	<b>-</b>

Fees paid to the members of the Board of Directors and key management personnel compensation charged in the Income Statements of the 1<sup>st</sup> half 2008 and 1<sup>st</sup> half 2007, amounted to Euro 2.7 and Euro 2.7, respectively.

## **16. STOCK BASED COMPENSATION**

Based on OTE's repeating General Assembly of 3 April 2007, the Board of Directors on 20 December 2007 approved the adoption of a management share option plan (the "Option Plan") based on performance conditions for OTE's management personnel and directors of subsidiaries.

According to the Option Plan, participating employees are initially entitled to obtain a certain number of options ("Basic Option Rights"), while, in subsequent years, the Board may also grant to eligible employees further options ("Additional Option Rights").

The total number of the Basic Option Rights that have been granted to the beneficiaries is 3,141,620 rights.

The Option Rights are measured at their fair value at the date they are granted ("grant date"), using a Monte Carlo model. Key assumptions for the valuation of the fair value of options are:

- Expected Volatility: 24%
- Risk Free Rate: 4.16% - 3.99%
- Dividends: Euro 0.75 per share (absolute amount)

The fair value is reflected in the income statement during the vesting period. An amount of Euro 3.0 was charged in the first half of 2008 income statement, with an equivalent increase in Share Premium.

## **17. LITIGATION AND CLAIMS**

There are no significant developments in the litigation and claims, as compared with the cases disclosed in the Notes to the 31 December 2007 financial statements. Appropriate provisions have been established in relation to litigation and claims, the outcome of which can be reasonably estimated and is expected to be unfavorable for the Company.

## **18. ADJUSTMENTS AND RECLASSIFICATIONS**

In the Company's Balance Sheet as at 31 December 2007, an amount of Euro 35.0 concerning a loan granted by OTE to its subsidiary OTE Plc was reclassified from the line "Investments" to the line "Other Current Assets" for comparability purposes with the Company's Balance Sheet as at 30 June 2008.

In addition, due to OTENET's merger by absorption by OTE, which was concluded on 27 June 2008, (see Note 4), the comparative Company's Financial Statements have been adjusted in order to be comparable with the Company's Financial Statements as of 30 June 2008.

These adjustments had no significant effect to the Company's Financial Statements, while there was no change to the comparable Consolidated Financial Statements, considering that OTENET was already consolidated as subsidiary.



**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**

**Six Months Financial Report**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED) AS OF 30 JUNE 2008**

(Amounts in millions of Euro, unless otherwise stated)

**18. ADJUSTMENTS AND RECLASSIFICATIONS (continued)**

Changes due to the adjustments that have occurred in basic lines of the comparable financial statements are presented at the tables below:

**Company's Balance Sheet as of 31/12/2007**

	<b>REPORTED DATA</b>	<b>ADJUSTED DATA</b>
<i>(Amounts in millions of Euro)</i>		
Non - current assets	6,956.3	6,904.9
Current assets	1,427.2	1,455.8
<b>TOTAL ASSETS</b>	<b>8,383.5</b>	<b>8,360.7</b>
Equity	3,566.4	3,549.0
Non – current liabilities	2,029.1	2,030.0
Current liabilities	2,788.0	2,781.7
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,383.5</b>	<b>8,360.7</b>

**Company's Income Statements**

	<b>REPORTED DATA</b>	<b>ADJUSTED DATA</b>	<b>REPORTED DATA</b>	<b>ADJUSTED DATA</b>
	<b>01.01-30.06.2007</b>	<b>01.01-30.06.2007</b>	<b>01.04-30.06.2007</b>	<b>01.04-30.06.2007</b>
<i>(Amounts in millions of Euro, except per share data)</i>				
Total revenues	1,318.4	1,331.4	657.5	664.5
Total operating expenses	(1,171.3)	(1,184.6)	(586.5)	(592.6)
Operating income before financial results	147.1	146.8	71.0	71.9
Financial results	219.4	219.6	224.3	224.4
Profit before tax	366.5	366.4	295.3	296.3
Profit for the period	309.0	308.6	258.7	259.4
Basic earnings per share	0.6304	0.6296	0.5278	0.5292

**Company's Income Statements**

	<b>REPORTED DATA</b>	<b>ADJUSTED DATA</b>	<b>REPORTED DATA</b>	<b>ADJUSTED DATA</b>
	<b>01.01-31.03.2008</b>	<b>01.01-31.03.2008</b>	<b>01.01-31.03.2007</b>	<b>01.01-31.03.2007</b>
<i>(Amounts in millions of Euro, except per share data)</i>				
Total revenues	633.3	638.0	660.9	666.9
Total operating expenses	(546.1)	(548.5)	(584.8)	(592.0)
Operating income before financial results	87.2	89.5	76.1	74.9
Financial results	(45.0)	(44.9)	(4.9)	(4.8)
Profit before tax	42.2	44.6	71.2	70.1
Profit for the period	27.0	28.7	50.3	49.2
Basic earnings per share	0.0551	0.0587	0.1026	0.1004

**Company's Cash Flow Statements**

	<b>REPORTED DATA</b>	<b>ADJUSTED DATA</b>
	<b>01.01-30.06.2007</b>	<b>01.01-30.06.2007</b>
<i>(Amounts in millions of Euro)</i>		
Net cash from operating activities	159.2	156.0
Net increase in cash and cash equivalents	137.5	134.3
Cash and cash equivalents at beginning of period	814.7	824.6
Cash and cash equivalents at end of period	952.2	958.9

## **19. SUBSEQUENT EVENTS**

The most significant events that have occurred after 30 June 2008, are the following:

1. On 9 July 2008 OTE held the Repeating 56<sup>th</sup> Ordinary General Assembly. During the meeting the shareholders approved the adoption of a Share Option Plan for executives of the Company and the affiliated companies, according to article 42e of the Codified Law 2190/1920. This Plan will replace the existing Plans of OTE and COSMOTE.
2. On 4 July 2008 the Hellenic Telecommunications & Post Commission (HTPC) with its relevant decisions imposed a series of fines on OTE, totaling Euro 3.0, for alleged denial in firstly providing information related to ADSL market control and supervision and secondly in providing data concerning the combined service ‘All in 1’ . OTE intends to file lawsuits before the Athens Court of Appeal demanding the suspension of the decisions.

On 28 July 2008 Hellenic Telecommunications & Post Commission (HTPC) announced in the Press that it had imposed a fine on OTE for an amount of Euro 9.0 for alleged obstacles to the business promotion of the “Double play” service by TELLAS S.A. (fixed telephony with fast Internet combination). OTE intends to file lawsuit before the Athens Court of Appeals demanding the suspension of the decision.

3. Since 17 July 2008, which is the date of the last modification, the participation of DEUTSCHE TELEKOM AG in OTE’s share capital, stands at 21.967%, and amounts to 107,671,713 shares with corresponding voting rights.
4. On 6 August 2008 OTE’s management and OME-OTE (the employees’ union) signed a biannual Collective Labor Agreement (2008-2009), in which wage increases of 3.5% as of 1.1.2008, 3.0% as of 1.9.2008, 3.0% as of 1.1.2009 and 3.0% as of 1.7.2009 were agreed and certain institutional issues were regulated.
5. On 21 July 2008 OTE Plc entered into an interest rate swap arrangement with Goldman Sachs Bank, for a notional amount of Euro 65.0, maturing on 5 August 2013, in order to hedge the fair value of the Euro 1,250 bond, which pays interest at a fixed rate of 5% and matures in 2013. According to the terms of the swap, OTE Plc will receive 5.0% annually by the Goldman Sachs Bank and will pay 3months Euribor, less 0.05% on a quarterly basis.
6. On 31 July 2008 OTE announced the sale of its total participation in the share capital of LOFOS PALLINI S.A. to REDS S.A. for a total consideration of Euro 18.45. A pre-tax gain of approximately Euro 17 was realised from this sale.



## **V. FINANCIAL DATA AND INFORMATION**



**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**  
 REGISTRATION No S.A. 347/06/B/86/10  
 REGISTERED OFFICE: 99 KIFFISIAS AVE - 15124 MAROUSI, ATHENS  
 FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008  
 (In accordance with the Decision 6/448/11.10.2007 of the Hellenic Capital Market Commission)

The purpose of the following data is to provide users with general financial information about the financial condition and the results of operations of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A and the GROUP. Therefore, we recommend the users of that financial data and information, before making any investment decision or proceeding to any transaction with the company, to obtain the necessary information from the website, where the financial statements in accordance with International Financial Reporting Standards are available, together with the auditors' review report, when required.

Company's Web Site : [www.ote.gr](http://www.ote.gr)  
 Board of Directors approval date : 27 August 2008  
 The Certified Auditors : Chris Pelendridis - Thomas Lianopoulos  
 Auditing Company : ERNST & YOUNG (HELLAS) Certified Auditors Accountants S.A.  
 Type of Auditor's Opinion : Unqualified

BALANCE SHEET DATA (Amounts in millions of Euro)				CASH FLOW STATEMENT DATA (Amounts in millions of Euro)					
	GROUP		COMPANY		GROUP		COMPANY		
	30.06.08	31.12.2007	30.06.08	31.12.2007	01.01-30.06.2008	01.01-30.06.2007	01.01-30.06.2008	01.01-30.06.2007	
<b>ASSETS</b>									
Property, plant and equipment	6,176.7	6,371.4	2,248.3	2,372.2					
Intangible assets	907.6	937.7	3.2	3.4	Cash flows from operating activities	438.0	498.6	380.7	366.4
Other non current assets	1,144.3	1,161.4	5,373.4	4,529.3	Profit before tax				
Inventories	192.0	201.7	21.2	37.1	Adjustments for:				
Trade receivables	1,274.6	1,172.0	754.2	742.4	Decrease / (increase) in inventories	584.8	570.8	219.2	258.9
Other current assets	366.0	372.5	462.4	217.1	Depreciation and amortization	44.8	22.1	12.2	22.1
Cash and cash equivalents	1,456.4	1,116.3	450.2	450.2	Provisions	92.5	104.4	73.9	82.9
<b>TOTAL ASSETS</b>	<b>11,517.6</b>	<b>11,533.0</b>	<b>9,314.9</b>	<b>8,308.7</b>	Foreign currency translation differences	(7.1)	(22.7)	0.7	1.3
					Investment (income)/ losses	(69.3)	(69.6)	(305.4)	(262.1)
<b>EQUITY AND LIABILITIES</b>					Amortization of advances to EDEKT pension fund	17.6	17.6	17.6	17.6
Share Capital	1,171.5	1,171.5	1,171.5	1,171.5	Interest expense and related expenses	166.2	106.8	101.0	41.2
Other Equity items	(32.2)	860.0	2,334.2	2,377.5	Adjustments for charge in working capital	9.7	(17.0)	13.9	10.9
Equity attributable to shareholders of the parent (a)	1,139.3	2,031.5	3,505.7	3,549.0	Decrease / (increase) in intangibles	(169.6)	(119.9)	(30.7)	(96.8)
Minority interest (b)	940.3	1,023.1	-	-	Increase in trade receivables	(169.1)	(237.0)	(116.0)	(256.4)
Total equity (c) = (a) + (b)	2,079.6	3,054.6	3,505.7	3,549.0	Decrease in liabilities (except bank liabilities)				
Long-term debt	6,024.6	3,947.1	3,374.9	1,285.2	Interest paid and related expenses paid	(91.3)	(78.2)	(30.1)	-
Provisions / Other non current liabilities	973.4	954.9	759.0	744.8	Income taxes paid	(81.3)	(83.2)	(21.3)	(30.0)
Short-term borrowings	39.2	1,580.7	17.5	1,511.7	Net cash from operating activities (a)	<b>765.9</b>	<b>672.7</b>	<b>335.7</b>	<b>156.0</b>
Other current liabilities	2,400.8	1,995.7	1,657.8	1,270.0					
Total liabilities (d)	9,438.0	8,478.4	5,809.2	4,811.7	Cash flows from investing activities				
<b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>	<b>11,517.6</b>	<b>11,533.0</b>	<b>9,314.9</b>	<b>8,308.7</b>	Acquisition of subsidiary or associate, joint ventures and other investments	(648.9)	(31.1)	(648.9)	(1.0)
					Decrease / (increase) in cash and cash equivalents	(375.0)	(467.3)	(116.0)	(112.7)
					Purchase of property, plant and equipment and intangible assets	5.1	34.8	2.5	5.8
					Proceeds from sale of investment	-	144.5	-	-
					Other long-term liabilities	(0.3)	(87.9)	(0.3)	(147.9)
					Loans granted	26.4	27.4	13.7	16.8
					Interest received	4.9	6.3	4.9	218.2
					Dividends receivable	(1,187.8)	(373.3)	(944.1)	(20.8)
					Net cash used in investing activities (b)				
					Cash flows from financing activities				
					Proceeds from minority shareholders for increase of subsidiary's share capital	16.9	12.6	-	-
					Proceeds of long-term and short-term borrowings	(2,101.3)	-	2,700.0	-
					Repayment of long-term and short-term borrowings	(2,155.4)	(528.7)	(2,100.0)	-
					Dividends paid	(0.8)	(82.5)	(0.6)	(0.9)
					Net cash from / (used in) financing activities (c)	<b>562.0</b>	<b>(598.6)</b>	<b>599.4</b>	<b>(8.9)</b>
					Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	<b>140.1</b>	<b>(299.2)</b>	<b>(9.0)</b>	<b>134.3</b>
					Cash and cash equivalents at beginning of the period	1,316.3	2,042.5	459.2	824.6
					Cash and cash equivalents at end of the period	<b>1,456.4</b>	<b>1,743.3</b>	<b>450.2</b>	<b>958.9</b>

INCOME STATEMENT DATA (Amounts in millions of Euro)				
	GROUP			COMPANY
	01.01-30.06.2008	01.01-30.06.2007	01.01-30.06.2008	
Total revenues	3,128.0	3,059.9	1,590.5	1,551.9
Profit before taxes, investment results and financial results	527.8	513.1	288.3	252.8
Profit before tax	438.0	498.6	247.5	257.4
Net profit	297.4	358.2	160.5	172.5
Attributable to:				
Shareholders of the parent	300.4	277.5	159.3	156.6
Minority interest	(1.0)	72.7	1.2	35.8
	<b>297.4</b>	<b>358.2</b>	<b>160.5</b>	<b>172.5</b>
Basic earnings per share (in €)	0.6129	0.5661	0.3250	0.2786
Profit before taxes, financial results, investment results, depreciation and amortization	1,112.6	1,083.9	578.8	544.3

COMPANY				
01.01-30.06.2008	01.01-30.06.2007	01.01-30.06.2008	01.01-30.06.2007	
Total revenues	1,284.8	1,331.4	646.8	664.5
Profit before taxes, investment results and financial results	177.9	146.8	87.5	71.9
Profit before tax	380.7	366.4	336.1	296.3
Net profit	341.9	308.6	313.2	259.4
Attributable to:				
Shareholders of the parent	341.9	308.6	313.2	259.4
Minority interest	-	-	-	-
	<b>341.9</b>	<b>308.6</b>	<b>313.2</b>	<b>259.4</b>
Basic earnings per share (in €)	0.6976	0.6296	0.6389	0.5292
Profit before taxes, financial results, investment results, depreciation and amortization	416.2	405.7	205.2	199.5

STATEMENT OF CHANGES IN EQUITY DATA (Amounts in millions of Euro)				
	GROUP		COMPANY	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
Total equity at beginning of the period (01.01.2008 and 01.01.2007)	3,054.6	4,888.7	3,549.0	3,237.8
Profit for the period	297.4	358.2	160.5	172.5
	3,352.0	5,238.9	3,590.9	3,549.0
Dividends declared	(367.6)	(358.3)	(367.6)	(269.6)
Net income / (loss) recognized directly in equity	(20.6)	6.5	(20.6)	6.5
Stock option plan	3.0	-	3.0	-
Foreign currency translation differences	(44.0)	151.5	-	-
Net change of interest in subsidiaries	(843.2)	6.0	-	-
Total equity at end of the period (30.06.2008 and 30.06.2007)	<b>2,079.6</b>	<b>5,382.1</b>	<b>3,505.7</b>	<b>3,283.3</b>

**ADDITIONAL DATA AND INFORMATION**

- The companies which are included in the consolidated financial statements, their country of incorporation, the Group's participating interest (direct and indirect) and the method of consolidation, are presented in Note 1 of the interim financial statements.
- In the six-month period ended 30 June 2008, INFOTE S.A. is not included in the consolidated financial statements, as it was sold in December 2007.
- The fiscal years that are unaudited by the tax authorities for the Company and the Group's subsidiaries are presented in Note 9 of the interim financial statements.
- In May 2008, OTE announced the sale of the Group's investment in OTENET CYPRUS LTD and OTENET TELECOMMUNICATIONS LTD to Cyprus Trading Corporation Plc (CTC) for an amount of approximately € 3.9 million.
- In May 2008 OTE acquired the remaining interest in its subsidiary VOICENET from SANYO HELLAS INVESTMENT S.A., for a consideration of € 1.3 million. Following that acquisition, OTE owns 100% of VOICENET's share capital and the corresponding voting rights.
- On 27 June 2008 the relevant ministerial decision which approved and concluded the procedure of OTENET's absorption by its parent company (OTE), was registered in Societal Anonymos Records of the Prefecture of Athens. The impact of the merger in the financial statements is not significant. Because of the absorption, the comparative separate financial statements have been adjusted. These adjustments are presented in Note 18 of the financial statements.
- The outcome of the pending litigation and claims is not expected to have material impact in the financial statements. The amount of provisions that have been established as of 30 June 2008 for litigation and other risks, as well as for structured tax years are as follows: a) for the Company € 121.3 million and € 5.0 million respectively and b) for the Group € 123.5 million and € 16.2 million respectively.
- Number of employees at the end of the period: Group 33,062 (30.06.2007: 33,334), Company 12,123 (30.06.2007: 11,940).
- Net loss recognized directly in equity relates to the fair value difference between 30 June 2008 and 31 December 2007, of available for sale marketable securities listed on the Athens Stock Exchange.
- The Company's transactions with its related parties as defined in IAS 24, are analyzed as follows: Sales and purchases of goods and services for the first six months of 2008, amounted to € 106.5 million and € 153.9 million, respectively. Interest income and interest expense for the first half of 2008 amounted to € 2.6 million and € 16.2 million respectively. Dividends income from related parties amounted to € 276.0 million. The outstanding balance of receivables and payables from related parties as of 30 June 2008 derived from current transactions amounted to € 64.5 million and € 103.5 million, respectively. The outstanding balance of receivables and payables from related parties from the loans granted and received amount to € 65.9 million and € 3,454.8 million respectively. The outstanding balance of the Income Statement of the first half of 2008, amount to € 2.7 million. Based on OTE's share option plan, 808,620 stock options have been granted to key management personnel, which had not been vested until 30 June 2008. At the Group level there are no further transactions and outstanding balances with related parties.
- Earnings per share were calculated based on the weighted average number of shares outstanding.
- The most significant events that have occurred after 30 June 2008 are presented in the Note 19 of the interim financial statements.

Marched, 27 August 2008

CHAIRMAN AND MANAGING DIRECTOR

VICE CHAIRMAN

CHIEF FINANCIAL OFFICER

CHIEF ACCOUNTING OFFICER

PANAGIS VOURLAKIS  
I.D. Number N 032941

GEORGE BITROS  
I.D. Number A 759012

CHRISTINE SINIOUKAKI  
I.D. Number 1 96760

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