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

ANNUAL FINANCIAL REPORT

For the period
from 1 January 2008 to 31 December 2008

(TRANSLATED FROM THE GREEK ORIGINAL)

In accordance with Article 4 of Law 3556/2007

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I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS

STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS
(In accordance with article 4 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. Haralambos Dimitriou, Vice-Chairman

3. Panagiotis Tabourlos, Board Member

We confirm that to the best of our knowledge:

a. The Annual Financial Statements (Separate and Consolidated) of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. for the period 1 January 2008 to 31 December 2008, which have been prepared in accordance with 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.

b. The Annual Report of the Board of Directors provides a true and fair view of the financial position and the performance of the Company and the Group, including a description of the risks and uncertainties they are facing.

Maroussi, 26 March 2009

Chairman & Managing Director	Vice-Chairman	Board Member
Panagis Vourloumis	Haralambos Dimitriou	Panagiotis Tabourlos

The two members of the Board of Directors, who have signed the above statements, have been authorised to do so in accordance with the decision of the Company's Board of Directors of 26 March 2009.

II. ANNUAL REPORT OF THE BOARD OF DIRECTORS

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. FOR THE PERIOD 1 JANUARY 2008 UNTIL 31 DECEMBER 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 4 of Law 3556/2007 and refers to the Annual Financial Statements (Separate and Consolidated) as of 31 December 2008 and the year 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.), as adopted by the European Union (E.U.)

This report includes a financial assessment of the results during 1 January to 31 December 2008 including the changes from the prior year, the significant events which took place in 2008, a presentation of the main risks and uncertainties for the next year, as well as the material transactions between the Company and its related parties.

A. FINANCIAL HIGHLIGHTS OF 2008

OTE Group Turnover increased by 1.4% in 2008, compared to the related period of 2007 and reached Euro 6,407.3 million. This increase in revenues is mainly due to the following:

- Increased revenues from mobile telephony of 11.8% in comparison with 2007, 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 increase in the mobile traffic volume in Greece.
- Increased revenues from co-location and revenues from access to the local loop (Local Loop Unbundling - LLU) by 197.7% in comparison with the prior year.
- Increased revenues from Metro Ethernet & IP CORE by 114.5%, in comparison with the prior year.
- Increased revenues from services rendered by 76.3% in comparison with the prior year.
- Increased revenues from leased lines, data communication and ATM by 23.7% in comparison with the prior year.
- Increased revenues from interconnection services by 10.4% in comparison with the prior year.
- Increased revenues from ADSL and Internet by 0.5% in comparison with the prior year.

The above increases offset the decrease in revenues from domestic telephony by 14.5% compared to the same period last year and the decrease from international telephony by 5.8% compared to same period last year.

OTE's Revenues, reached Euro 2,589.7 million, reflecting a decrease of 3.5% compared to the prior year. This is a result of the decrease in revenues from domestic telephony of 9.3%, as well as the decrease in sales of telecommunication equipment, ISDN, interconnection charges and prepaid cards. These decreases were partially offset by the increase in revenues from international telephony by 2.3%, the increase in revenues from co-location and from access to the local loop (Local Loop Unbundling - LLU) by 227.9%, from Metro Ethernet & IP CORE by 85.3%, the increase in revenues from ADSL and Internet by 0.7%, and the increase in revenues from services rendered by 12.9%.

The Group's Operating Expenses reached Euro 5,349.6 million and reflect an increase of 1.4% compared to the same period last year. This increase is mainly due to the increase in depreciation and amortization by 3.5% and the increase in other operating expenses by 2.7%. Furthermore, the Group's operating expenses for the year 2008 include OTE' s and ROMTELECOM's early retirement programs' costs of Euro 50.2 million, compared to Euro 22.1 million for last year.

The Company's Operating Expenses were Euro 2,277.5 million and reflect a decrease of 3.8% compared to last year. The decrease in operating expenses is mainly due to the following:

- 7.6% decrease in charges from domestic telecommunications operators.
- 13.7% decrease in charges from international telecommunications operators.
- 8.3% decrease in depreciation and amortization.
- 12.0% decrease in the cost of telecommunication equipment.
- 3.1% decrease in other operating expenses.
- 44.8% decrease in early retirement programs' costs.
- 2.3% increase in employee costs.
- 23.0% increase in Staff Retirement Indemnities and Youth Account costs.

As a result **Operating Profit before Financial Activities** of the Group for the year 2008 reached Euro 1,057.7 million compared to Euro 1,046.9 million in the last year reflecting an increase of 1.0%. **Operating Profit before Financial Activities of the Company** for the year 2008 reached Euro 312.2 million, compared to Euro 314.3 million last year, reflecting a decrease of 0.7%.

The Group's Operating Profit before Depreciation and Amortization for 2008 reached Euro 2,270.8 million compared to Euro 2,218.8 million in 2007, reflecting an increase of 2.3%. The respective margin on revenues reached 35.4% compared to 35.1% in the prior year. Excluding early retirement program costs, **Operating Profit before Depreciation and Amortization** for 2008 reached Euro 2,321.0 million compared to Euro 2,240.9 million in the prior year, reflecting an increase of 3.6%. The respective margin on revenues reached 36.2% compared to 35.4% in the prior year.

The Company's Operating Profit before Depreciation and Amortization for 2008 reached Euro 777.2 million compared to Euro 821.3 million in the prior year, reflecting a decrease of 5.4%. The respective margin on revenues reached 30.0% compared to 30.6% in the prior year. Excluding early retirement program costs**, Operating Profit before Depreciation and Amortization** for the year 2008 amounted to Euro 789.4 million compared to Euro 843.4 million in the prior year. The respective margin on revenues reached 30.4% compared to 31.4% in the prior year.

In relation to the **Group's Financial Activities**, interest expense was Euro 343.7 million, reflecting an increase of 44.0% compared to 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 amounted to Euro 72.3 million reflecting a decrease of 7.1% compared to 2007. Income from dividends decreased by 27.5% due to the lower dividend from TELECOM SRBJIA in 2008.

Income Tax (expense) of the Group decreased by 35.5% compared to last year.

The Minority Interests in the Group's Profit declined from Euro 110.4 million (expense) in the year 2007 to Euro 4.0 million (income) in the year 2008, due to the acquisition of COSMOTE's minority interests.

As a result of the above, the **Group's Profit after minority interests** for the year 2008 amounted to profit Euro 601.8 million compared to Euro 662.6 million in the prior year, reflecting a decrease of 9.2%.

The **Group's Capital Expenditure (CAPEX)** for the year 2008 amounted to Euro 964.0 million from Euro 1,101.3 million last year reflecting a decrease of 12.5%. The decrease is mainly due to the decreased Capital Expenditure of COSMOTE and ROMTELECOM.

The **Group's Total Debt** at 31 December 2008 was Euro 6,047.7 million compared to Euro 5,527.8 million as at 31 December 2007, reflecting an increase of 9.4%, whereas the **Group's Net Debt** at 31 December 2008 reached to Euro 4,619.9 million from Euro 4,211.5 million at 31 December 2007, reflecting an increase of 9.7%.

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 6.6% and in EBITDA of 15.8%, in 2008 as compared to 2007. COSMOTE Group enhanced its market share in every country that it operates, a significant achievement given the very competitive environment. Furthermore, COSMOTE Group added approximately 4.4 million new subscribers during 2008, increasing its customer base to nearly 20 million as of 31 December 2008, increased by 28.8% from 31 December 2007. COSMOTE Greece continues to steadily increase its market share attracting almost 100% of the mobile market's total growth. In 2008, it increased its revenues by 6.2%, generating an EBITDA margin 42.4%. At the same time GLOBUL in Bulgaria and AMC in Albania continued to improve their EBITDA margin, while in COSMOTE ROMANIA, EBITDA turned positive for the first time in 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 2008, revenues slightly decreased by 0.2% compared to last year. ROMTELECOM's loss after tax for the year 2008 amounted to Euro 47.2 million. This loss is mainly due to the cost of the early retirement program of Euro 38.0 million, which is included in the results of 2008. In accordance with its corporate transformation program, which ROMTELECOM established in 2008, it has already decreased its headcount by 17.3%, as compared to the end of 2007. The Company's strategy aims to offset 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 compared to 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 643 thousand customers by the end of 2008.

B. STRATEGY- OBJECTIVES

According to the 2009-2011 Business Plan approved by the Company's Board of Directors at their meeting held on 25 November 2008 and given the restrictions set by the legal and regulatory framework combined with the increasing burst in competition in the Greek market and as a consequence of the financial crisis, the main objective of management is the improvement of the EBITDA margin in order to align it to that of other European companies within the industry.

This will be accomplished through the following and with the maximum exploitation of the synergies available within the Group:

- Exploitation of technological convergence with the creation of commercial proposals adjusted to each customer category and based on the continuous development of broadband.
- Sustainability of retail market share and generation of new revenue streams and sources.
- Optimization of the Sales Networks and development of alternative sales channels.
- Exploitation of OTE's infrastructure and development of new business opportunities
- Improvement of the quality of retail and wholesale customers' service.
- Gradual transformation of the network to new generation network development of new technology of broadband infrastructure and generation of an advanced basis of Information Technology, for the maximum possible automation of the Company's operations as well as the introduction and support of competitive Services.
- Securing the fair treatment of OTE in determining and supporting the regulatory framework.
- Decrease of the operating expenses.

- Redefinition of the value of "OTE Brand" based on the convergence of technologies and communication of this (exteriorly and interiorly)

Criterion for the actions is the Company's accountability, in a way that we manage to create additional value wherever the Company performs.

C. SIGNIFICANT EVENTS OF THE YEAR 2008

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 book building 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 book building 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 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 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. Following the completion of the acquisition OTE owns the total (100%) of VOICENET's share capital with the corresponding voting rights.

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 ESTATE's request for a license for the operation of a Real Estate Investment Company
OTE' s subsidiary OTE ESTATE, 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. The Hellenic Capital Market Commission through its relevant decision on 13 June 2008 gave to OTE ESTATE the license for Real Estate Investment Company's operation.

Sale of LOFOS PALLINI S.A.
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 18.4. A pre-tax gain of approximately Euro 17.0 million was realised from this sale.

Early retirement program
On 27 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 2008.

Signature of Collective Labour 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 lead 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.

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).

On 15 May 2008, following the completion of the approvals referred to above, DEUTSCHE TELEKOM A.G acquired from MARFIN Investment Group 19.999234% of OTE's share capital which corresponds to 98,026,324 shares with corresponding voting rights. In due course and after further acquisitions of OTE's shares through the Athens Stock Exchange, DEUTSCHE TELEKOM AG's participation in OTE's share capital increased to 21.967% which corresponds to 107,671,713 shares with corresponding voting rights.

On 2 October 2008, the European Committee has announced the approval under the E.U. Merger Regulation of the proposed acquisition of OTE by the German Telecommunications Organization DEUTSCHE TELEKOM AG. The Commission concluded that this transaction will not impede effective competition significantly. On 15 October 2008 the Hellenic Telecommunications and Post Commission (HTPC) completed its approvals' procedure related to DEUTSCHE TELEKOM' s acquisition of OTE' s Share Capital. Particularly, the assembly approved the change of control of OTE and COSMOTE, subject to being notified within two months of the relevant decision of E.U.'s Competition Committee.

On 5 November 2008, DEUTSCHE TELEKOM AG acquired 14,865,886 shares of OTE owned by the Greek State, representing 3.033% of OTE' s share capital with the corresponding voting rights. Following this acquisition the participation of DEUTSCHE TELEKOM AG in OTE's share capital, stands at 25.0000004% and amounts to 122,537,599 shares with the corresponding voting rights. The Greek State's participation (direct and indirect) stands at 25.0000004% and amounts to 122,537,599 shares with the corresponding voting rights.

D. RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

a) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations.

Maximum exposure to credit risk at the reporting date to which the Group and the Company are exposed is the carrying value of financial assets.

Trade receivables could potentially adversely affect the liquidity of the Group. However due to the large number of customers and their diversification of the customer base however there is no concentration of credit risk with respect to these receivables. Concentration of risk is considered to exist for amounts receivable from the telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Company and the Group.

The Company and the Group have established specific credit policies under which customers are analyzed for creditworthiness and there is an effective management of receivables in place both before and after they become overdue and doubtful. In monitoring credit risk, customers are grouped according to their credit risk characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each balance sheet date for the estimated loss that is expected and an appropriate impairment allowance is established.

Cash and cash equivalents are considered to be exposed to a low level of credit risk. The Company has adopted a "deposits policy" whereby funds are only deposited with banks which have a specified minimum rating by International Rating Agencies as to their creditworthiness; in addition limits are set on the amounts deposited depending on the rating. To avoid concentrations of risks, the Company does not deposit more than 30% of available funds in any one bank.

Financial instruments classified as available-for-sale include listed shares, while financial instruments held to maturity include government bonds and other securities. These two categories are not considered to expose the Company and the Group to a significant credit risk.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities, loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme and at Company level loan to COSMOFON. The above mentioned loans are not considered to expose the Company and the Group to a significant credit risk.

Trade receivables, which include receivables from telecommunication operators, is the category with the higher credit risk. For this category the Company and the Group assesses the credit risk following the established policies and procedures described above and has set made the appropriate provision for impairment.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company 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. The Group's and the Company's available cash as at 31 December 2008 amounts to Euro 1,427.8 million and Euro 344.5 million respectively, their loans amounts to Euro 6,047.7 million and Euro 3,307.1 million respectively while the Group has a long-term credit (committed) line of Euro 350.0 million.

For the monitoring of liquidity risk, the Group prepares annual cash flows when drafting 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 and the Company's results or the value of their financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk are described in further detail and the Group's policies for managing them are as follows:

i. 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 variable interest rates.

The hedging of interest rate risk is managed through having a combination of fixed and floating rate borrowings as well as with the use of interest rate swap agreements.

As at 31 December 2008, the ratio of fixed loans to floating loans for the Group was 81%/19%, (2007:52%/48%). The analysis of borrowings depending on the type of the interest rate is as follows:

(in millions of Euro)	2008		2007	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Variable interest rate	-	1,099.3	1,494.2	2,647.2
Fixed rate interest rate	3,307.1	4,948.4	1,302.7	2,880.6
TOTAL	3,307.1	6,047.7	2,796.9	5,527.8

The following tables demonstrate the sensitivity to a reasonable possible change in interest rates on the income statement and equity through the impact of loans, deposits and derivatives.

Sensitivity to an interest rates increase of 100 basis points:

GROUP (in millions of Euro)			
Profit before tax		**Equity**	
2008	**2007**	**2008**	**2007**
3.3	4.2	3.0	-

COMPANY (in millions of Euro)	
Profit before tax	
2008	**2007**
3.5	2.4

If interest rates would decrease by 100 basis points, the impact would be similar and opposite to the analysis above.

ii. Foreign 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 between the functional currencies and other currencies. The main currencies within the Group is the Euro, Ron (Romania) and the Lek (Albania). The currency risk for the Group is not significant.

Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity) which is monitored at a Group level. Net Debt includes interest bearing loans less cash and cash equivalents, financial assets available-for-sale and held to maturity.

The table below shows an increase in the gearing ratio in 2008 compared to 2007 due to an increase in borrowings used for the acquisition of COSMOTE's minority interests as well as the reduction in equity as the difference arising from the acquisition of minority interests was debited to equity.

GROUP (in millions of Euro)		
Net debt	31/12/2008	31/12/2007
Borrowings	6,047.7	5,527.8
Cash and cash equivalents	(1,427.8)	(1,316.3)
Financial assets available-for-sale and held to maturity	(135.9)	(81.2)
Net debt	4,484.0	4,130.3
Equity	2,173.2	3,054.6
Gearing ratio	2.06x	1.35x

E. MATERIAL TRANSACTIONS WITH RELATED PARTIES

OTE's related parties have been identified based on the requirements of IAS 24 "Related Party Disclosures" and comprise of its subsidiaries, its associates, the entities which have a significant influence on OTE, the members of the Board of Directors and the key management personnel.

The Company purchases goods and services from these related parties, and provides services to them. Furthermore, OTE grants and receives loans to / from its subsidiaries and receives dividends.

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

(in millions of Euro)	2008		2007 (*)	
	Sales OTE	**Purchases OTE**	**Sales OTE**	**Purchases OTE**
COSMOTE	184.1	123.4	192.9	125.6
OTE INTERNATIONAL INVESTMENTS LTD	0.5	4.9	0.4	5.5
HELLAS-SAT	0.6	1.7	0.6	1.7
COSMO-ONE	0.1	0.9	-	1.0
VOICENET	5.4	2.9	4.7	0.4
HELLASCOM	0.2	8.5	0.1	6.6
OTE SAT – MARITEL	1.0	2.1	0.9	2.1
OTE PLUS	0.4	36.7	0.3	30.4
OTE ESTATE	1.3	62.2	2.3	59.7
INFOTE	-	-	4.7	3.7
OTE-GLOBE	33.9	74.3	22.4	64.3
OTE ACADEMY	0.1	4.2	0.3	5.1
DEUTSCHE TELEKOM AG (**)	5.9	4.2	-	-
	233.5	**326.0**	**229.6**	**306.1**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)
(**) : Includes OTE's sales and purchases to and from DEUTSCHE TELEKOM AG for the second half of 2008, when the latter is considered to be a related party of the former.

OTE's financial activities with its related parties comprise interest on loans granted and received and can be analyzed as follows:

(in millions of Euro)	2008		2007	
	Finance income OTE	**Finance expense OTE**	**Finance income OTE**	**Finance expense OTE**
COSMOFON	3.3	-	3.6	-
OTE PLC	1.3	176.7	2.1	73.7
	4.6	**176.7**	**5.7**	**73.7**

OTE's dividend income from its related parties is analyzed as follows:

(in millions of Euro)	**2008**	**2007**
COSMOTE	245.2	163.2
OTE INTERNATIONAL INVESTMENTS LTD	-	57.3
INFOTE	-	5.0
OTE ESTATE	30.3	-
OTE SAT – MARITEL	0.5	-
	276.0	**225.5**

Amounts owed to and by related parties as a result of current transactions between them are analyzed as follows:

(in millions of Euro)	2008		2007(*)	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	37.9	50.4	39.4	34.4
OTE INTERNATIONAL INVESTMENTS LTD	0.3	1.0	0.2	1.4
HELLAS-SAT	0.5	0.3	4.6	0.6
COSMO-ONE	-	0.7	-	0.2
VOICENET	1.7	0.9	0.1	0.1
HELLASCOM	-	2.9	-	1.4
OTE SAT – MARITEL	0.3	0.6	0.3	0.5
OTE PLUS	0.2	15.9	0.8	12.8
OTE AKINHTA	0.7	0.4	3.1	31.7
OTE-GLOBE	68.0	91.8	49.4	73.2
OTE ACADEMY	-	0.1	0.5	0.8
DEUTSCHE TELEKOM AG	6.3	7.2	-	-
	115.9	**172.2**	**98.4**	**157.1**

Amounts owed by and to OTE relating to loans advanced, are analyzed as follows:

(in millions of Euro)	2008		2007	
	Receivable OTE	Payable by OTE	Receivable OTE	Payable by OTE
COSMOFON	46.8	-	51.8	-
OTE PLC	-	3,423.1	35.4	2,787.0
	46.8	**3,423.1**	**87.2**	**2,787.0**

The Group's transactions with related parties for 2008 that are not eliminated in consolidation are as follows:

(in millions of Euro)	2008		2008	
	Amounts owed to the Group	Amounts owed by the Group	Sales of the Group	Purchases of the Group
DEUTSCHE TELEKOM AG	6.5	7.5	7.6	4.3

There are no Group's transactions with related parties for 2007 that are not eliminated in consolidation.

Fees paid to the members of the Board of Directors and key management personnel for 2008 and 2007 amounted to Euro 4.7 million and Euro 3.5 million respectively.

808,620 options under OTE's share based payment plan have been granted to the Company's key management personnel.

F. IMPORTANT EVENTS AFTER THE YEAR END

The most significant events after the balance sheet date (31 December 2008) to the date that the Financial Statements are approved by the Board of Directors are as follows:

1. On 6 February 2009, the Extraordinary General Assembly took place, having been postponed from 8 January 2009. The following items were discussed and approved the amendments to the following in the Articles of Incorporation: article 8 (Board of Directors), article 9 (election, composition and term of the Board of Directors), article 10 (gathering and operation of the Board of Directors) and article 12 (Chairman).

2. On 14 January 2009, the tax authorities concluded their audit of OTE's subsidiary, OTE PLUS without impact. The tax audit covered the open tax years 2005 to 2007.

3. On 12 February 2009, OTE announced that its 100% subsidiary COSMOTE, had acquired, after participating in an international competition, a further 12.6% of AMC. The holding was purchased from the Albanian State for Euro 48.2 million. Following the transaction COSMOTE holding in AMC, direct and indirect, via its 97% subsidiary COSMOHOLDING ALBANIA, 95% AMC. The transaction is subject to the approval of the relevant Albanian governmental and regulatory authorities.

4. On 28 January 2009, OTE's management and OME-OTE (the employee's union) signed a Collective Labor Agreement according to which employees who will have completed the number of years of service required for retirement by 30 December 2009 will be entitled to benefits providing they leave by this date. Applications by eligible employees should have submitted their irrevocable applications by 16 February 2009. The estimated total cost amounts to approximately Euro 11.0 million and will be included in the 2009 income statement in the line item "Cost of early retirement program"

5. On 4 March 2009, an agreement was signed between the Greek Government and IKA (which has absorbed TAP OTE), regarding the transfer of 4% of OTE's shares currently held by the Greek Government, to IKA in accordance with Law 3371/2005 for Euro 10.30 (absolute amount) per share.

6. The tax audit of the Company for the open tax years 2006 and 2007 commenced on 19 February 2009.

7. On 13 March 2009, OTE's Board of Directors decided to call on Extraordinary Meeting of Shareholders for 7 April 2009 to decide on the following items:

   i) Amendment of certain paragraphs of the current Articles of Incorporation
   ii) Determine members of the Audit Committee in accordance with article 37 of Corporate Law 3693/2008.
   iii) Approval for the purchase of own shares by OTE in accordance with article 16 of Corporate Law 2190/1920 and,
   iv) Announcement of members of the Board of Directors who replaced members who have resigned.

8. On 3 February 2009, HTPC imposed a fine of Euro 2.0 million to OTE, for the alleged non provision of information relating of control over the application of competition rules and particularly the control over the price margins for voice telephony. OTE intends to appeal against this decision, before the Athens Administrative Court of Appeals requesting for its annulment

9. On 20 February 2009 OTE' s Board of Directors, decided on and approved the introduction of new beneficiaries to the existing Share Option Plan (Note 29), with the simultaneous granting of 1,107,780 Basic Options to them, of which 590,000 are to be granted to executives of OTE and 517,780 to executives of OTE' s subsidiaries. Furthermore, the Board of Directors, decided on and approved the granting of 2,117,890 Additional Options to existing beneficiaries, of which 927,110 are to be granted to executives of OTE and 1,190,780 to executives of OTE' s subsidiaries.

G. INFORMATION ACCORDING TO ARTICLE 4.7, Law 3556/2007

(a) Share capital structure, rights and obligation of shareholders

The Company's share capital amounts to one billion, one hundred seventy one million, four hundred fifty-nine thousand, four hundred twenty-nine Euro and seventy one cents (1,171,459,429.71) and is divided into four hundred ninety million, one hundred fifty thousand, three hundred eighty nine (490,150,389) registered shares of a nominal value of two Euro and thirty nine cents (Euro 2.39) each.

According to the Company's share registry as of 31 December 2008 the Company's ownership was as follows:

Shareholder	Number of Shares	Percentage
GREEK STATE	107,484,826	21.93%
DEKA S.A. (Greek State's indirect participation)	15,052,773	3.07%
DEUTSCHE TELEKOM AG	122,537,599	25.00%
INSTITUTIONAL INVESTORS	207,995,902	42.44%
PRIVATE INVESTORS	37,079,289	7.56%
TOTAL	***490,150,389***	***100.00%***

All of the Company's shares are common, registered with voting rights and there are no special shareholders categories. The Company's shares are listed on the Athens Stock Exchange under the High Capitalization category, as well as on the NYSE (New York Stock Exchange) under the form of American Depository Reicipts (ADRs). On 31 December 2008 ADRs amounted to 13,684,566 or 6,842,283 shares (1 ADR equals to 0.5 of OTE share), representing 1.396% of OTE's share capital.

Each share incorporates all rights and obligations as these derive from Law 2190/1920 and the Company's Articles of Incorporation the provisions of which are in line with the provisions of the Law.

Any shareholder that has in his possession any number of shares has the right to participate in the General Assembly of the shareholders of the Company either in person or by proxy committing either the total of his shares or part thereof. The Hellenic State, as shareholder, is represented at the General Assembly by the Minister of Finance or by a representative.

Each share is entitled to one vote.

The Company's shareholders are entitled to receive dividends. The minimum dividend provided to all the shareholders is set to be thirty five percent (35%) of net profits.

According to the Articles of Incorporation of the Company the General Assembly may decide on the allocation of the remaining profits at its own discretion; for instance, the Assembly may decide on the distribution of shares to Company employees and its affiliated companies. The shares for such a distribution would be derived from share capital increases through capitalization of profits or is covered by the shareholders themselves.

The General Assembly of shareholders maintains all its rights during liquidation.

Shareholder's liability is limited to the nominal value of shares that they have at their possession.

Shareholders' rights are the ones determined by the provisions of Law 2190/1920.

(b) Restrictions in the transfer of the Company's shares

The Company's shares are intangible and freely traded on the Athens Stock Exchange and are transferred according to the Law.

Exceptionally, according to article 11, Law 3631/2008 (FEK A 6/2008) the acquisition by a shareholder other than the Hellenic State or state related entities as described in article 42E of Law 2190/1920 or by shareholders acting together in a harmonized way of voting rights of 20% and above of the share capital, is subject to the approval of the Inter-ministerial Privatization Committee of Law 3049/2002 which is granted under the requirements of this Law.

According to article 4 of Law 3016/2002, the independent non-executive members of the Board of Directors of the Company cannot possess more than 0.5% of the paid-in share capital.

According to art 13 of Law 3340/2005, management personnel and their close relatives, without having restrictions on the acquisition or transfer of the Company's shares, are obliged to disclose their direct and indirect transactions in the Company's shares, exceeding the amount of Euro 5,000 on an annual basis. The obligation of such disclosures is dictated by Law and the decisions of Capital Market Committee.

According to article 26 of Law 3431/2006, on Electronic Telecommunications, any change in control of the Company is approved by the Hellenic Committee of Post and Telecommunications ("H.T.P.C."). The approval of H.T.P.C. with respect to the change in control is also required by L. 703/1977 on Monopoly and Oligopoly Control and Protection of Free Competition (article 12, par. f of Law 3431/2006 on Electronic Communications)

According to the shareholders agreement of 14 May 2008 between the Greek State and DEUTSCHE TELEKOM AG (thereon "Shareholders' agreement"), ratified by the Law 3676/2008, no other member of DEUTSCHE TELEKOM AG Group possesses OTE shares or voting rights.

(c) Significant direct or indirect investments

Significant direct ownership in the share capital of the Company as of 31 December 2008, according to Law 3556/2007 (FEK A' 91/2007), was as follows:

a) The Greek State which as shareholder holds directly 21.93% of the paid-up share capital of the Company and indirectly 3.07% of the paid-up share capital through DEKA S.A. making the total participation to 25.0000004% of the paid-up share capital of the Company, corresponding to 122,537,599 shares with the respective voting rights.

b) DEUTSCHE TELEKOM AG's participation in OTE paid-up share capital which stands at 25.0000004%, corresponding to 122,537,599 shares, with respective voting rights.

As of 31 December 2008, the Company is not aware of any other shareholder who holds, has acquired or has transferred to a third person or corporate body the ownership of 5% or more of its paid-up share capital with the respective voting rights.

(d) Owners of shares that offer special control rights

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

(e) Restrictions on voting rights-Deadlines in exercising relating rights

There are no restrictions on voting rights according to the Company's Articles of Association. These restrictions derive indirectly from the provision of the above article 11 of Law 3631/2008, as mentioned above, as well as from the "shareholders agreement" ratified by the law, as far as the contractual parties are concerned.

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

On 14 May 2008, an agreement was signed between the two shareholders the Greek State and DEUTSCHE TELEKOM AG, which was ratified by the Greek Parliament by Law 3676/2008 and which provides restrictions in the transfer of shares or in the exercising of voting rights regarding the shares held by the shareholders mentioned in this agreement.

(g) Rules of appointment and replacement of members of the Board of Directors and amendment of the Company's Articles of Incorporation if they differ from the provisions of C.L. 2190/1920.

The provisions of the Company's Articles of Incorporation in relation to the appointment and replacement of the Board of Directors members and the amendment of its Articles of Incorporation are not amended by the provisions of C.L. 2190/1920.

In particular according to the provision in the Articles of Incorporation the Board of Directors consists of up to eleven (11) members, elected by the General Assembly, for a three-year term. Their service term commences on the day of the member's election by the General Assembly and terminates on the Annual General Assembly of the year when the three years from their election are completed.

In case of resignation, death or for any reason occurs derogation of one or more members before the end of their term, the remaining members of the Board of Directors, either elect temporarily one or more replacements, or they continue to exercise the management or the representation of the Company, without having elected one or more replacements. If someone is elected by the General Assembly as temporary member in someone else's position, this election is announced at the next General Assembly (regular or extraordinary), which has the authorization to replace the elected members even if this issue has not been included in the agenda of this General Assembly.

By resolution of the General Assembly the members of the Board of Directors are eleven (11).

The members of the Board of Directors may always be re-elected and can be revoked anytime by the General Shareholders Assembly.

(h) Authority of the Board of Directors for the issuance of new shares/share buy backs according to article 16 of Law 2190/1920

In accordance with article 6 of the Company's Articles of Incorporation, the General Shareholders Assembly, following its decision (subject to the disclosure procedures specified by article 7b of Law 2190/1920) can transfer to the Board of Directors the authority to decide with a majority of two thirds (2/3) of its members and within five (5) years from the date of the relevant decision for:

I. The increase of the share capital with the issuance of new shares. The amount of the increases cannot exceed the total amount of the paid-up share capital as at the date of the transfer of the relevant authority by the General Assembly to the Board of Directors.

II. The issue of bonds up to an amount not exceeding the paid-up share capital, by issuing convertible bonds.

The above authorities of the Board of Directors may be renewed by the General Assembly for a period not exceeding five (5) years for each renewal. The General Assembly's decision comes into force after the end of the five-year period.

Exceptionally, in the event the reserves of the Company exceed one fourth (1/4) of the paid-up share capital, a resolution of the General Assembly for the increase of the share capital through the issuance of a new shares or a bond convertible into shares, will always be required.

There are no resolutions of the General Shareholders Assembly in force for the concession of the above authorities to the Board of Directors.

Following a General Shareholders Assembly resolution and pursuant to the regulations that are in force, the Company may acquire own shares corresponding to a maximum of 10% of its paid-up share capital. Such resolutions of the General Assembly are effectuated by the Board of Directors' decisions.

The General Shareholders Assembly decided on 8 November 2007 to approve the purchase of the Company shares, according to article 16 of Law 2190/1920, up to one tenth (1/10) of its total paid-in share capital for a period of 24 months. To date no Board of Directors decision has been taken to effectuate the resolution.

(i) Significant Group's agreements that are in force/ amended/ terminated upon a change in control of the Company following a public offer

The Group has entered into various loan agreements and bond issuance agreements in which a change of control clause of OTE is included. If the clause is activated OTE must proceed with prepayment of the loan in line where contractually stipulated.

The wording of the specific clause varies in each contract text as follows:

1) Consortium loan Euro 850 million, maturing in September 2012.

In the above loan contracts, the clause is activated if there is a change in control of OTE as a consequence of which the credit rating of OTE or the resulting new legal entity is downgraded below BBB/Baa2.

Control is defined as the ability of the new shareholder to control management and the procedures set by OTE either through ownership of voting rights, through contractual commitment or through other procedures.

In the event the clause is activated, OTE PLC must notify the banks, which have the right to demand the prepayment of the loan.

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 lead 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.

2) Bonds of OTE PLC guaranteed by OTE:

- Euro 600 million maturing in November 2009
- Euro 1,500 million, maturing in February 2011
- Euro 600 million maturing in February 2015 and
- Euro 900 million, maturing in May 2016.

According to the terms of these bonds, the clause is activated if both of the following events occur together:

a) Any person or group of persons (other than the Hellenic State) acquires directly or indirectly more than 50 % of the share capital or of the voting rights of OTE and

b) as a consequence of (a), the rating previously of the bonds by international agencies is withdrawn or downgraded to BB+/Ba1 or their equivalent (Sub-investment grade), within a specific period and with specific terms.

According to the term of the bonds, in case the change of control of OTE clause is activated, OTE PLC must immediately notify in writing the bond owners, who in turn have the right, within 45 days to demand from OTE PLC their prepayment i.e. the capital and the interest applicable to the date of prepayment.

No such clause is included in the terms of other bonds of the Group.

(j) Compensating agreements with Board of Directors Members or personnel in case of resignation/unfair dismissal or service employment termination due to a public offer

The Company has not entered into any agreements with the members of the Board of Directors or its personnel to compensate these persons, in case that because of a Public Offer for the acquisition or concession of its shares, are forced to resign or dismissed unfairly or their services or employment are terminated.

Athens, 26 March 2009

Panagis Vourloumis
Chairman and Managing Director

III. AUDITORS’ REPORT OF THE FINANCIAL STATEMENTS

ERNST & YOUNG
ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
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INDEPENDENT AUDITORS' REPORT

To the shareholders of the Hellenic Telecommunications Organization S.A.

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Hellenic Telecommunications Organization S.A. (the "Company") which comprise of the separate and consolidated balance sheet as at 31 December 2008 and the statements of income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the aforementioned separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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Report on Other Legal and Regulatory Requirements

We confirm that the information provided in the Directors' Report is consistent with the accompanying financial statements in the context of the requirements of articles 43a, 107 and 37 of Corporate Law 2190/1920.

Athens, 27 March 2009

The Certified Auditors Accountants

Themis Lianopoulos	Chris Pelendridis
R.N. ICA (GR) 13771	R.N. ICA (GR) 17831

ERNST &YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
SOEL REG. No. 107

IV. ANNUAL FINANCIAL STATEMENTS

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

ANNUAL FINANCIAL STATEMENTS
(SEPARATE AND CONSOLIDATED)
AS OF 31 DECEMBER 2008
IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
as adopted by the European Union

(TRANSLATED FROM THE GREEK ORIGINAL)

The Annual Financial Statements presented on pages 26 - 109, were approved by the Board of Directors on 26 March 2009 and are signed on its behalf by:

Chairman & Managing Director	Vice-Chairman	Chief Financial Officer	Chief Accounting Officer
Panagis Vourloumis	Haralambos Dimitriou	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

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BALANCE SHEETS (SEPARATE AND CONSOLIDATED) AS OF 31 DECEMBER 2008

(amounts in millions of Euro)	Notes	31 DECEMBER 2008 COMPANY	31 DECEMBER 2008 GROUP	31 DECEMBER 2007 COMPANY (*)	31 DECEMBER 2007 GROUP
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,191.5	5,872.8	2,372.2	6,371.4
Goodwill	5	-	530.7	-	541.5
Telecommunication licenses	6	3.0	329.5	3.4	396.2
Other intangible assets	7	-	556.2	-	582.7
Investments	8	4,890.0	156.6	4,042.4	158.4
Loans and advances to pension funds	19	194.5	194.5	229.8	229.8
Deferred tax assets	22	188.0	286.8	158.7	260.8
Other non-current assets	10	112.4	120.7	98.4	95.9
Total non – current assets		**7,579.4**	**8,047.8**	**6,904.9**	**8,636.7**
Current assets					
Inventories		32.2	201.3	37.1	201.7
Trade receivables	11	697.5	1,194.2	742.4	1,172.0
Other financial assets	13	119.6	135.9	47.8	81.2
Other current assets	12	99.8	261.6	169.3	291.3
Cash and cash equivalents	14	344.5	1,427.8	459.2	1,316.3
Total current assets		**1,293.6**	**3,220.8**	**1,455.8**	**3,062.5**
Assets classified as held for sale	9	**-**	156.6	**-**	**-**
TOTAL ASSETS		**8,873.0**	**11,425.2**	**8,360.7**	**11,699.2**
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	15	1,171.5	1,171.5	1,171.5	1,171.5
Share premium	15	497.9	497.9	485.9	485.9
Statutory reserve	16	330.2	330.2	312.1	312.1
Foreign exchange and other reserves		1.4	73.9	36.2	258.3
Changes in minority interests	8	-	(3,315.2)	-	(2,533.8)
Retained earnings	16	1,523.0	2,553.6	1,543.3	2,337.5
		3,524.0	1,311.9	3,549.0	2,031.5
Minority Interests		-	861.3	-	1,023.1
Total Equity		**3,524.0**	**2,173.2**	**3,549.0**	**3,054.6**
Non – current liabilities					
Long-term borrowings	18	3,288.2	5,409.6	1,285.2	3,947.1
Provision for staff retirement indemnities	19	233.8	254.9	212.4	230.3
Cost of voluntary retirement scheme	19	107.2	107.2	217.5	217.5
Provision for youth account	19	286.3	286.3	273.5	273.5
Deferred tax liabilities	22	-	116.7	-	166.2
Other non – current liabilities	20	41.4	74.6	41.4	233.6
Total non – current liabilities		**3,956.9**	**6,249.3**	**2,030.0**	**5,068.2**
Current liabilities					
Trade accounts payable		526.1	943.9	596.1	931.5
Short-term borrowings	21	-	5.1	1,494.2	1,497.4
Short-term portion of long-term borrowings	18	18.9	633.0	17.5	83.3
Income tax	22	4.0	58.0	23.6	83.0
Deferred revenue		158.4	228.4	136.1	189.2
Cost of voluntary retirement scheme	19	275.8	275.8	200.2	200.2
Dividends payable	17	3.8	3.8	4.0	4.0
Other current liabilities	23	405.1	838.2	310.0	587.8
Total current liabilities		**1,392.1**	**2,986.2**	**2,781.7**	**3,576.4**
Liabilities directly associated with the assets classified as held for sale.	9	**-**	16.5	-	-
TOTAL EQUITY AND LIABILITIES		**8,873.0**	**11,425.2**	**8,360.7**	**11,699.2**

The accompanying notes on pages 33 – 109 form an integral part of these financial statements.

(*): Amounts adjusted due to the merger, by absorption, of OTE NET by OTE (refer to Note 32)

INCOME STATEMENTS (SEPARATE AND CONSOLIDATED) FOR THE YEAR ENDED 31 DECEMBER 2008

		2008		2007	
	Notes	**COMPANY**	**GROUP**	**COMPANY(*)**	**GROUP**
(Amounts in millions of Euro, except for the per share data)					
Revenue					
Domestic telephony	24	1,355.5	1,814.2	1,495.2	2,022.2
International telephony	24	202.4	286.9	197.7	304.5
Mobile telephony	24	-	2,470.8	-	2,210.0
Other revenue	24	1,031.8	1,835.4	989.8	1,783.1
Total revenue		**2,589.7**	**6,407.3**	**2,682.7**	**6,319.8**
Operating expenses					
Payroll and employee benefits		(670.1)	(1,168.4)	(654.7)	(1,149.0)
Provision for staff retirement indemnities and youth account	19	(108.3)	(112.6)	(88.0)	(92.3)
Cost of early retirement program	19	(12.2)	(50.2)	(22.1)	(22.1)
Charges from international operators		(126.7)	(201.0)	(146.8)	(216.4)
Charges from domestic operators		(299.2)	(642.3)	(323.9)	(655.3)
Depreciation and amortization		(465.0)	(1,213.0)	(507.0)	(1,171.8)
Cost of telecommunications equipment		(102.5)	(633.4)	(116.5)	(672.8)
Other operating expenses	25	(493.5)	(1,328.7)	(509.4)	(1,293.2)
Total operating expenses		**(2,277.5)**	**(5,349.6)**	**(2,368.4)**	**(5,272.9)**
Operating income before financial activities		**312.2**	**1,057.7**	**314.3**	**1,046.9**
Income and expense from financial activities					
Interest expense		(194.8)	(343.7)	(98.6)	(238.7)
Interest income		36.3	72.3	47.5	77.8
Foreign exchange differences, net		(6.0)	11.8	(0.5)	(4.8)
Dividend income	8	288.2	12.2	242.3	16.8
Gains from investments		15.9	33.7	287.1	256.8
Impairment of investments	8	(5.3)	-	-	-
Total profit (loss) from financial activities		**134.3**	**(213.7)**	**477.8**	**107.9**
Profit before tax		**446.5**	**844.0**	**792.1**	**1,154.8**
Income tax	22	(83.2)	(246.2)	(212.4)	(381.8)
Profit for the year		**363.3**	**597.8**	**579.7**	**773.0**
Attributable to:					
Shareholders of the parent		363.3	601.8	579.7	662.6
Minority interests		-	(4.0)	-	110.4
		363.3	**597.8**	**579.7**	**773.0**
Basic earnings per share	26	-	**1.2278**	-	**1.3518**
Diluted earnings per share	26	-	**1.2129**	-	**1.3518**

The accompanying notes on pages 33 – 109 form an integral part of these financial statements.

(*): Amounts adjusted due to the merger, by absorption, of OTE NET by OTE (refer to Note 32)

STATEMENTS OF CHANGES IN EQUITY (SEPARATE) FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts in millions of Euro)

	Share capital	Share Premium	Statutory reserve	Available-for-sale reserve	Retained earnings	Total equity
Balance as at 31 December 2006 (*)	**1,171.5**	**485.9**	**283.3**	**26.4**	**1,262.0**	**3,229.1**
Transfer to statutory reserve	-	-	28.8	-	(28.8)	-
Dividends	-	-	-	-	(269.6)	(269.6)
Change in fair value of available-for-sale financial assets	-	-	-	9.8		9.8
Net income and expense for the year recognized directly in equity	-	-	-	9.8	-	9.8
Profit for the year	-	-	-	-	579.7	579.7
Total income and expense for the year	**-**	**-**	**-**	**9.8**	**579.7**	**589.5**
Balance as at 31 December 2007 (*)	**1,171.5**	**485.9**	**312.1**	**36.2**	**1,543.3**	**3,549.0**
Balance as at 31 December 2007 (*)	**1,171.5**	**485.9**	**312.1**	**36.2**	**1,543.3**	**3,549.0**
Transfer to statutory reserve	-	-	18.1	-	(18.1)	-
Dividends	-	-	-	-	(367.6)	(367.6)
Share-based payment	-	12.0	-	-	-	12.0
Other	-	-	-	-	2.1	2.1
Change in fair value of available-for-sale financial assets	-	-	-	(34.8)		(34.8)
Net income and expense for the year recognized directly equity	-	-	-	(34.8)	2.1	(32.7)
Profit for the year	-	-	-	-	363.3	363.3
Total income and expense for the year	**-**	**-**	**-**	**(34.8)**	**365.4**	**330.6**
Balance as at 31 December 2008	**1,171.5**	**497.9**	**330.2**	**1.4**	**1,523.0**	**3,524.0**

The accompanying notes on pages 33 – 109 form an integral part of these financial statements.

(*) Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

ANNUAL FINANCIAL REPORT

STATEMENTS OF CHANGES IN EQUITY (CONSOLIDATED) FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts in millions of Euro)

	Attributable to equity holders of the parent								
	Share capital	**Share Premium**	**Statutory reserve**	**Foreign exchange and other reserves**	**Changes in minority interests**	**Retained Earnings**	**Total**	**Minority Interest**	**Total Equity**
Balance as at 31 December 2006	**1,171.5**	**485.9**	**283.3**	**331.1**	**(580.3)**	**1,973.3**	**3,664.8**	**1,223.9**	**4,888.7**
Transfer to statutory reserve	-	-	28.8	-	-	(28.8)	-	-	-
Dividends	-	-	-	-	-	(269.6)	(269.6)	(81.2)	(350.8)
Net change of participation in subsidiaries	-	-	-	-	(1,953.5)		(1,953.5)	(145.3)	(2,098.8)
Change in fair value of available-for-sale financial assets	-	-	-	9.8	-	-	9.8	-	9.8
Foreign currency translation	-	-	-	(82.6)	-	-	(82.6)	(84.7)	(167.3)
Net income and expense for the year recognized directly in equity	-	-	-	(72.8)	-	-	(72.8)	(84.7)	(157.5)
Profit for the year	-	-	-	-	-	662.6	662.6	110.4	773.0
Total income and expense for the year	**-**	**-**	**-**	**(72.8)**	**-**	**662.6**	**589.8**	**25.7**	**615.5**
Balance as at 31 December 2007	**1,171.5**	**485.9**	**312.1**	**258.3**	**(2,533.8)**	**2,337.5**	**2,031.5**	**1,023.1**	**3,054.6**
Balance as at 31 December 2007	**1,171.5**	**485.9**	**312.1**	**258.3**	**(2,533.8)**	**2,337.5**	**2,031.5**	**1,023.1**	**3,054.6**
Transfer to statutory reserve	-	-	18.1	-	-	(18.1)	-	-	-
Dividends	-	-	-	-	-	(367.6)	(367.6)	-	(367.6)
Share-based payment	-	12.0	-	-	-	-	12.0	-	12.0
Net change of participation in subsidiaries	-	-	-	-	(781.4)	-	(781.4)	(65.8)	(847.2)
Change in fair value of available-for-sale financial assets	-	-	-	(34.8)	-	-	(34.8)	-	(34.8)
Net loss on cash flow hedge	-	-	-	(6.3)	-	-	(6.3)	-	(6.3)
Foreign currency translation	-	-	-	(143.3)	-	-	(143.3)	(92.0)	(235.3)
Net income and expense for the year recognized directly in equity	-	-	-	(184.4)	-	-	(184.4)	(92.0)	(276.4)
Profit for the year	-	-	-	-	-	601.8	601.8	(4.0)	597.8
Total income and expense for the year	**-**	**-**	**-**	**(184.4)**	**-**	**601.8**	**417.4**	**(96.0)**	**321.4**
Balance as at 31 December 2008	**1,171.5**	**497.9**	**330.2**	**73.9**	**(3,315.2)**	**2,553.6**	**1,311.9**	**861.3**	**2,173.2**

The accompanying notes on pages 33 – 109 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (SEPARATE AND CONSOLIDATED)
FOR THE YEAR ENDED 31 DECEMBER 2008

		2008		2007	
(Amounts in millions of Euro)	**Notes**	**COMPANY**	**GROUP**	**COMPANY(*)**	**GROUP**
Cash flows from operating activities					
Profit before tax		**446.5**	**844.0**	**792.1**	**1,154.8**
Adjustments for:					
Depreciation and amortization		465.0	1,213.0	507.0	1,171.8
Share-based payment	29	6.5	12.0	-	-
Cost of early retirement program	19	12.2	50.2	22.1	22.1
Provision for staff retirement indemnities and youth account	19	108.3	112.6	88.0	92.3
Other provisions		76.3	121.9	71.5	106.2
Foreign exchange differences, net		6.0	(11.8)	0.5	4.8
Interest income		(36.3)	(72.3)	(47.5)	(77.8)
Dividend income, gains and impairment of investments		(298.8)	(45.9)	(529.4)	(273.6)
Release of EDEKT fund prepayment	19	35.2	35.2	35.2	35.2
Interest expense		194.8	343.7	98.6	238.7
Working capital adjustments:					
Decrease/ (increase) in inventories		4.8	(9.2)	1.4	(2.0)
Increase in accounts receivable		(42.8)	(123.4)	(107.3)	(127.9)
Decrease in liabilities (except bank liabilities)		(159.0)	(259.3)	(271.6)	(292.6)
Minus:					
Interest and related expenses paid		(103.1)	(212.9)	(78.9)	(216.4)
Income taxes paid		(82.8)	(240.2)	(158.5)	(384.9)
Total cash flows from operating activities		**632.8**	**1,757.6**	**423.2**	**1,450.7**
Cash flows from investing activities					
Acquisition of minority interest and participation in subsidiaries' share capital increase		(852.4)	(849.4)	(2,137.3)	(2,119.0)
Purchase of financial assets		(132.3)	(138.0)	-	-
Sale or maturity of financial assets		25.7	46.8	-	-
Loans advanced		(1.3)	(1.3)	(181.6)	(121.6)
Loans proceeds		-	-	30.0	-
Other long term liabilities		-	-	-	144.5
Purchase of property plant and equipment and intangible assets		(300.7)	(964.0)	(297.0)	(1,101.3)
Proceeds from sale of investments		20.9	24.0	313.8	352.8
Interest received		27.6	66.7	39.4	52.1
Dividends received		285.3	9.2	229.5	12.3
Total cash flows used in investing activities		**(927.2)**	**(1,806.0)**	**(2,003.2)**	**(2,780.2)**
Cash flows from financing activities					
Proceeds from minority shareholders for their participation in subsidiaries' share capital increase		-	16.9	-	12.6
Proceeds from loans granted and issued		2,735.0	2,705.5	1,500.0	1,500.0
Repayment of loans		(2,187.5)	(2,183.4)	(16.1)	(558.4)
Dividends paid to Company's shareholders		(367.8)	(367.8)	(269.3)	(269.3)
Dividends paid to minority interests		-	(5.9)	-	(81.6)
Total cash flows from financing activities		**179.7**	**165.3**	**1,214.6**	**603.3**
Net increase/(decrease) in cash and cash equivalents		**(114.7)**	**116.9**	**(365.4)**	**(726.2)**
Cash and cash equivalents, at the beginning of the year		**459.2**	**1,316.3**	**824.6**	**2,042.5**
Net foreign exchange differences		**-**	**(3.5)**	**-**	**-**
Cash and cash equivalents classified as held for sale	9	**-**	**(1.9)**	**-**	**-**
Cash and cash equivalents, at the end of the year	14	**344.5**	**1,427.8**	**459.2**	**1,316.3**

The accompanying notes on pages 33 – 109 form an integral part of these financial statements.

(*): Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

(Amounts in millions of Euro, unless otherwise indicated)

1. CORPORATE INFORMATION

Hellenic Telecommunications Organization S.A. ("Company" or "OTE"), was incorporated as a *société anonyme* in Athens, Greece in 1949, and is listed in the Greek Register of Societe Anonymes (M.A.E.) with the unique number (AP. MAE) 347/06/B/86/10.

The registered office is located at 99 Kifissias Avenue – 151 24 Maroussi Athens, Greece, and the website is www.ote.gr.

The Company is listed on the Athens Stock Exchange and New York Stock Exchange.

OTE's principle activities are the provision of telecommunications and related services.

The OTE Group ("Group") includes other than the parent Company, all the entities which OTE controls directly or indirectly.

The accompanying Separate and Consolidated Financial Statements («financial statements») as at 31 December 2008 were approved for issuance by the Board of Directors on 26 March 2009 although they are subject to the final approval of OTE's General Assembly.

The total number of Group and Company employees as at the current and previous year end were as follows:

	Group	Company
31 December 2008	33,610	12,056
31 December 2007	34,350	11,754

The Group includes the financial statements of OTE and the following subsidiaries over which OTE directly or indirectly controls:

Company Name	Line of Business	Country	Ownership interest 31/12/2008	Ownership interest 31/12/2007
Direct ownership				
• COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE")	Mobile telecommunications services	Greece	100.00%	90.72%
• OTE INTERNATIONAL INVESTMENTS LTD	Investment holding company	Greece	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%

Company Name	Line of Business	Country	Ownership interest 31/12/2008	Ownership interest 31/12/2007
Indirect ownership				
• 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%
• TEL SIM S.R.L	Retail services	Romania	-	81.65%
• SUNLIGHT ROMANIA S.R.L. -FILIALA	Retail services	Romania	90.00%	81.64%
• 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	-	80.82%
• IOANNIS TSAPARAS & PARTNERS LTD	Retail services	Greece	-	41.64%
• ALBATROS & PARTNERS LTD	Retail services	Greece	-	81.64%
• OTENET CYPRUS LTD	Investment holding company	Cyprus	-	76.33%
• OTENET TELECOMMUNICATIONS LTD	Telecommunications services	Greece	-	71.61%
• OTE PROPERTIES	Real estate	Greece	100.00%	-
• 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%

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets and derivative financial instruments which have been measured at fair values in accordance with IFRS. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The financial statements are presented in millions of Euro, except when otherwise indicated.

Significant accounting judgments, estimates and assumptions: The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions which may affect the application of the accounting policies and the amounts recorded in the financial statements. These estimates and assumptions are revised on an on-going basis and the impact of any revisions are recognized in the period they are incurred. These estimates and assumptions are based on existing experience and on various factors considered reasonable, under the current conditions. These estimates and assumptions are the basis for decisions related to the accounting value of assets and liabilities, which are not available from other sources. The actual final results may differ from these estimates and these variations may have a significant impact on the financial statements.

2. BASIS OF PREPARATION (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill and non financial assets with indefinite useful lives:
The Group determines whether goodwill and non-financial assets with an indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details on impairment testing are disclosed in Note 5.

Provision or income taxes:
The provision for income taxes in accordance with IAS 12 "Income taxes", are the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported and the potential additional tax that may be imposed as a result of audits by the taxation authorities. Group entities are subject to income taxes in various jurisdictions and significant management judgment is required in determining provision for income taxes. Where the actual additional taxes payable are different from the amounts that were initially recorded, these differences will impact the income tax and deferred tax provisions in the period in which such a determination is made. Further details are provided in Note 22.

Deferred tax assets:
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are provided in Note 22.

Allowance for doubtful trade receivables:
The Group's management periodically reassesses the adequacy of the allowance for doubtful trade receivables in conjunction with its credit policy, taking into account historical data and recent developments. Additional details are provided in Note 31.

Post retirement and other defined benefit plans:
The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates, expected future inflation rates and GDP increases. Due to the long term nature of these defined benefit plans these assumptions are subject to a significant degree of uncertainty. Further details are provided in Note 19.

Estimating the useful life of non financial assets:
The Group must estimate the useful life of property, plant and equipment and intangible assets recognized at acquisition or as a result of a business combination. These estimates are revisited at least every balance sheet date taking into account new developments and market conditions.

Contingent liabilities:
The existence of contingent liabilities require management to make assumptions and judgments related to the probability of occurrence of future events as well their potential impact on the Group's operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using accounting policies consistent with those of the previous year except for the adoption of the following new and amended IFRS and IFRIC interpretations which became effective for the accounting period beginning 1 January 2008:

- **IFRIC 11, "IFRS 2 – Group and Treasury Share Transactions"**. IFRIC 11 requires arrangements whereby an employee is granted options to buy equity shares, to be accounted for as equity-settled schemes by an entity even if the entity chooses or is required to buy those equity shares from another party, or the shareholders of the entity provide the equity instruments granted. The interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to equity instruments of the parent. This Interpretation is applicable to the Group and the Company, in connection with the accounting treatment in the subsidiaries individual financial statements, for options granted to their employees to buy equity shares of the Company. The accounting treatment followed by the Group is in line with the relevant provisions of the Interpretation.

- **IFRIC 12, "Service Concession Arrangements"**. This Interpretation outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and/or an intangible asset. IFRIC 12 is not relevant to the Group or the Company. This Interpretation has not yet been endorsed by the EU.

- **IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".** IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. It also explains how this limit, also referred to as the "asset ceiling test", may be influenced by a minimum funding requirement and aims to standardize current practice. This Interpretation has not had any impact on the Group or Companies financial position or performance as all defined benefit schemes are currently in deficit.

- **IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures; Reclassification of Financial Assets",** effective from 1 July 2008 and cannot be applied retrospectively to reporting periods before the effective date. The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss ("FVTPL") category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments do not permit reclassification into FVTPL. The amendment to IFRS 7 relates to the disclosures required to financial assets that have been reclassified. This amendment has not had any impact on the Group or Company's financial position or performance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The significant accounting policies applied for the preparation of the accompanying financial statements under IFRS are as follows:

1. Basis of Consolidation and Investments:

a) Subsidiaries: The Consolidated Financial Statements comprise the financial statements of the Company and all subsidiaries controlled by the Company directly or indirectly. Control exists when the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared as of the same reporting period as the parent company, using consistent accounting policies. Appropriate adjustments are made when necessary to ensure consistency in accounting policies used. All intercompany balances, transactions and any intercompany profit or loss are eliminated in the financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The acquisition of subsidiaries is accounted for using the purchase method of accounting that measures the acquiree's assets and liabilities and contingent liabilities at their fair value at the date of acquisition.

b) Associates: Associates are those entities, in which the Group has significant influence, but not control, over their financial and operating strategy. Significant influence is presumed to exist when the Company has the right to participate in the financial and operating policy decisions, without having the power to govern these policies. Investments in associates in which the Group has significant influence are accounted for using the equity method. Under this method the investment is carried at cost, and is adjusted to recognize the investor's share of the earnings or losses of the investee from the date that significant influence commences until the date that significant influence ceases and also for changes in the investee's net equity. Gains or losses from transactions with associates are eliminated to the extent of the interest in the associate. The associate's value is adjusted for any accumulated impairment loss.

When the Group's share of losses exceeds the carrying amount of the investment, the carrying amount of the investment is reduced to nil and recognition of further losses is discontinued, except to the extent the Group has created obligations or has made payments on behalf of the associate.

Dividends received from associates are eliminated against the carrying value amount of the investment.

c) Transactions between companies under common control. Transactions between companies under common control are excluded from the scope of IFRS 3. Therefore the Group (implementing the guidance of IAS 8 "Accounting policies, changes in accounting estimates and errors" 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.

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost adjusted for any impairment where necessary.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

2. ***Financial Assets – Investments:*** Financial assets are initially measured at their fair value, which is normally the acquisition cost, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. Financial assets are classified as being at fair value through profit and loss, held to maturity, or available-for-sale. Financial assets at fair value through profit or loss are measured at fair value and gains or losses are recognized in the income statement. Held-to-maturity investments are measured at amortized cost using the effective interest method and gains or losses through the amortization process are recognized in income. Available for sale financial assets are measured at fair value and gains or losses are recognized directly in equity while upon sale or impairment gains or losses are recognized in the income statement. The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques.

Offsetting of financial assets and liabilities: Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognized amounts and intends to either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets: The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) *Assets held to maturity:* If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognized in profit or loss.

(ii) *Available-for-sale financial assets:* If an available-for-sale asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

Derecognition of financial assets: A financial asset (or, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition of financial liabilities: A financial liability is derecognized when the obligation under the liability is discharge or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Non-current Assets Held for Sale: The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The basic preconditions to classify a non-current asset (or a disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or groups and its sale must be highly probable. For the sale to be highly probable the appropriate level of management must be committed to a plan to sell the asset (or disposal group).

Immediately before the initial classification of a non current asset (or a disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) will be measured in accordance with the applicable IFRS. Non current assets (or disposal group) classified as held for sale will be measured at the lower of its carrying amount and fair value less costs to sell and any possible resulting impairment losses will be recognized in the income statement. Any subsequent increase in fair value will be recognized, but not in excess of the cumulative impairment loss which was previously recognized.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale it should it is not depreciated or amortized.

3. ***Foreign Currency Translation:*** OTE's functional currency is the Euro. Transactions involving other currencies are translated into Euro at the exchange rates, ruling on the date of the transactions. At the balance sheet date, monetary assets and liabilities, which are denominated in foreign currencies, are retranslated at the exchange rates at that date. Gains or losses resulting from foreign currency translation are recognized in income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-monetary items denominated in foreign currencies that are measured at historical cost are retranslated at the exchange rate at the date of the initial transaction. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the exchange rates at the date that the fair value was determined. The foreign currency differences arising from part of gains or losses from the change of the fair value and are recognized in the income statement or directly in equity depending on the underlying monetary item. The functional currency of the Group's operations outside Greece is the local country's currency. Assets and liabilities of operations outside Greece, including goodwill and the fair value adjustments arising from consolidation, are translated into Euro using exchange rates ruling at the balance sheet date. Revenues and expenses are translated at the average exchange rates prevailing during the year. All resulting foreign exchange differences are recognized as a separate component of shareholders' equity and are recognized in the income statement on the disposal of the foreign entity.

4. ***Goodwill:*** All business combinations are accounted for using the purchase method. For business combinations occurring subsequent to the date of transition to IFRS, goodwill is the excess of the purchase price over the fair value of the net identifiable assets acquired. For business combinations occurring prior to the date of transition to IFRS, goodwill is recorded at the carrying value at the date of transition, based on previous GAAP. Goodwill is not amortized but is tested for impairment at least annually. The goodwill impairment test is a process required by IAS 36 "Impairment of assets". Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognized for goodwill shall not be reversed in a subsequent period. Goodwill on acquisition of subsidiaries is presented as an intangible asset. Negative goodwill on acquisition of subsidiaries is recorded directly in the income statement. Goodwill on acquisition of associates is included in the carrying amount of the investment. The difference arising on the acquisition of a minority interest in a subsidiary, where control already exists, is recorded directly in equity.

5. ***Property, Plant and Equipment:*** Items of property, plant and equipment are measured at cost, net of subsidies received, plus interest costs incurred during periods of construction, less accumulated depreciation and any impairment in value. Any statutory revaluations based on Greek legislation, are reversed.

Subsidies are presented as a reduction of the cost of property, plant and equipment and are recognized in income over the estimated life of the assets through reduced depreciation expense.

The cost of self-constructed assets includes the cost of materials, direct labor costs, relevant general overhead costs, as well as the cost relating to asset retirement obligations in the period in which they are generated and to the extent that their fair value can be reasonably estimated.

The relevant asset retirement costs are capitalized as part of the value of the property, plant and equipment and are depreciated accordingly.

Repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of assets retired or sold are removed from the corresponding accounts at the time of sale or retirement, and any gain or loss is included in the income statement.

(Amounts in millions of Euro, unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditure relating to the replacement of part of an item of property, plant and equipment is added to the carrying amount of the asset if it is probable that future economic benefits will flow to the Group and its cost can be measured reliably. All other expenditures are recognized in the income statement as incurred.

6. ***Depreciation:*** Depreciation is recognized on a straight-line basis over the estimated useful lives of property, plant and equipment, which are periodically reviewed. The estimated useful lives and the respective rates are as follows:

	Estimated Useful Life	**Depreciation Rates**
Buildings – building installations	20-40 years	2.5%-5%
Telecommunication equipment and installations:		
• Telephone exchange equipment	8-12 years	8-12.5%
• Radio relay stations	8 years	12.5%
• Subscriber connections	10 years	10%
• Local and International network	8-17 years	6-12.5%
• Other	5-10 years	10-20%
Transportation equipment	5-8 years	12.5-20%
Furniture and fixtures	3-5 years	20%-33%

7. ***Employee Benefits:***

a) Defined Contribution Plans: Obligations for contributions to defined contribution plans are recognized as an expense as incurred. There are no legal or constructive obligations to pay any further amounts.

b) Defined Staff Benefit Plans: Obligations derived from defined staff benefit plans are calculated separately for each plan by estimating the amount of future benefits employees have earned in return for their service as of the balance sheet date. These benefits are discounted to their present value after taking any adjustments for actuarial gains and losses and past service cost. The discount rate is the yield of Greek Government bonds with maturity that approximates the term of the obligations. These obligations are calculated on the basis of financial and actuarial assumptions which are carried out by independent actuaries using the Projected Unit Credit Method. Net pension cost for the period is recognized in the income statement and consists of the present value of the accrued benefits, interest cost on the benefits obligation, prior service cost and actuarial gains or losses. For post employment plans prior service costs are recognized on a straight-line basis over the average period until the benefits become vested. All actuarial gains or losses are recognised during the average remaining working life of active employees and are included in the service cost of the year, if at the beginning of the year they don’t exceed 10% of the projected benefit obligation. For other long term benefits actuarial gains and losses and past service costs are recognized immediately. Contributions that are related to employees who retire under the voluntary retirement program are recognized when employees accept the offer and the amounts can be reasonably estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

8. ***Taxes:*** Income taxes include current and deferred taxes. Current tax is measured on the taxable income for the year using enacted tax rates at the balance sheet date.

Deferred taxes are provided on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investment in subsidiary and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in subsidiary and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Income tax (current and deferred) relating to items recognized directly in equity is recognized directly in equity and not in the income statement.

9. ***Cash and Cash Equivalents:*** For purposes of the cash flow statement, time deposits and other highly liquid investments with original maturities of three months or less are considered to be cash and cash equivalents.

10. ***Advertising Expenses:*** All advertising costs are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

11. ***Research and Development Costs:*** Research and development costs which do not fulfill the criteria for recognition as an asset are expensed as incurred.

12. ***Recognition of Revenues and Expenses:*** Fixed revenues primarily consist of connection charges, monthly network services fees, exchange network and facilities usage charges, other value added communication services fees, and sales of handsets and accessories. Revenues are recognized as follows:

    - **Connection charges:** Connection charges for the fixed network are deferred and amortized to income over the average customer retention period. Connection costs, up to the amount of deferred connection fees are recognized over the average customer retention period. No connection fees are charged for mobile services.

    - **Monthly network service fees:** Revenues related to the monthly network service fees are recognized in the month that the telecommunication service is provided.

    - **Usage Charges and Value Added Services Fees:** Call fees consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilized. Fees are based on traffic, usage of airtime or volume of data transmitted for value added communication services. Revenues for usage charges and value added communication services are recognized in the period when the services are provided.

      Revenues from outgoing calls made by OTE's subscribers to subscribers of mobile telephony operators are presented at their gross amount in the income statement as the credit and collection risk remains solely with OTE. Interconnection fees for mobile-to-mobile calls are recognized based on incoming traffic generated from other mobile operators' networks. Unbilled revenues from the billing cycle date to the end of each period are estimated based on traffic.

      Revenues from the sale of prepaid airtime cards and the prepaid airtime, net of discounts allowed, included in the Group's prepaid services packages, are recognized based on usage. Such discounts represent the difference between the wholesale price of prepaid cards and boxes (consisting of handsets and prepaid airtime) to the Group's Master Dealers and the retail sale price to the ultimate customers. Unused airtime is included in "Deferred revenue" on the balance sheet. Upon the expiration of prepaid airtime cards, any unused airtime is recognized to income.

      Airtime and acquisition commission costs due to the Group's master dealers for each subscriber acquired through their network are expensed as incurred. Commissions paid for each contract subscriber acquired by the master dealers as well as bonuses paid to master dealers in respect of contract subscribers who renew their annual contracts, are deferred and amortized as expenses over the contract period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Sales of telecommunication equipment:** Revenues from the sale of handsets and accessories, net of discounts allowed, are recognized at the point-of-sale, when the significant risks and rewards of ownership have passed to the buyer.

- **Revenues from dividends:** Revenues from dividends are recognized when the right to receive payment is established with the approval for distribution by the General Assembly of shareholders.

- **Interest income:** Interest income is recognized as the interest accrues (using the effective interest method).

- **Revenues from construction projects:** Revenues from construction projects are recognized in accordance with the percentage of completion method.

In a principal and agency relationship, amounts collected by the agent on behalf of the principal do not result in increases in equity of the agent and thus, they are not revenues for the agent. Revenue for the agent is the amount of commission received by the principal. On the other hand, the principal's revenues consist of the gross amounts described above and the commission paid to the agent is recognized as an expense.

13. ***Earnings per Share:*** Basic earnings per share is computed by dividing net profit for the year attributable to the Company's shareholders by the weighted average number of shares outstanding during each year. Diluted earnings per share is computed by dividing net profit for the year attributable to the Company's shareholders by the weighted average number of shares outstanding during the year adjusted for the impact of share based payments.

14. ***Segment Reporting:*** IAS 14 "Segment Reporting" sets criteria for the determination of the reportable business and geographical segments of enterprises. Segments are determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the Company and each of the consolidated subsidiaries or the sub-group included in the consolidation. The reportable segments are determined using the quantitative thresholds required by the Standard. Information for operating segments that do not constitute reportable segments is combined and disclosed in the "All Other" category. The accounting policies of the segments are the same with those followed for the preparation of the financial statements. Each segment performance is evaluated based on operating profit before depreciation, operating profit and net profit.

15. ***Dividends:*** Dividends declared to the shareholders are recognized and recorded as a liability in the period they are approved by the Shareholders General Assembly.

16. ***Non-Current Financial Assets:*** Non-current financial assets are initially recorded at their fair value less any transaction costs. Subsequent to the initial recognition, they are measured at amortized cost and the differences between that cost and the amount of receipt/payment are recognized in income statement over the life of the asset using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

17. ***Share Capital Issuance Costs:*** Share capital issuance costs, net of related deferred tax, are reflected as a deduction to Share Premium.

18. ***Treasury Shares:*** Treasury shares consist of OTE's own equity shares, which are reacquired and not cancelled. Treasury shares do not reduce the number of shares issued but reduce the number of shares in circulation. Treasury shares are recognised at cost as a deduction from equity. Upon derecognition, the cost of the treasury share reduces the Share Capital and Share Premium and any difference is charged to Retained Earnings.

19. ***Leases:*** A lease that transfers substantially all of the rewards and risks incidental to ownership of the leased item is accounted for by the lessee as the acquisition of an asset and the incurrence of a liability, and by the lessor as a sale and/ or provision of financing. Lease payments are apportioned between finance charges (interest), which are recognized in the income statement and a reduction of the lease liability. Finance charges are recognized directly as an expense. The asset capitalized at the commencement of a finance lease is recognised at fair value of the leased property, or if lower, the present value of the minimum lease payments. Its carrying value is subsequently reduced by the accumulated depreciation and any impairment losses. If the lease does not transfer substantially all of the rewards and risks incidental to ownership of property, it is classified as an operating lease by the lessee and the rental payments are recognized as an expense as incurred.

20. ***Related Parties:*** Related party transactions and balances are disclosed separately in the financial statements. Such related parties principally consist of a company's principal owners and management, companies with common ownership and/ or management with the company and its consolidated subsidiaries, or other affiliates of such companies.

21. ***Telecommunication Licenses:*** Telecommunication licenses are recognized at cost and amortized over their useful life and they are reviewed for impairment at least annually.

22. ***Materials and Supplies:*** Materials and supplies are measured at the lower of cost and net realizable value. The cost is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When there is any subsequent increase of the net realizable value of materials and suppliers that have been previously written-down, the amount of the write-down is reversed.

23. ***Trade Receivables and Allowance for Doubtful Trade Receivables:*** Trade receivables are initially recognized at their fair value which is equal to the transaction amount. Subsequently they are measured at fair value less an allowance for any probable uncollectible amounts. At each reporting and financial statements date, all trade receivables are assessed based on historical trends and statistical information and a provision for the probable and reasonably estimated loss for these accounts is recorded. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the income statement at each reporting period. Any customer account balances written-off are charged against the existing allowance for doubtful accounts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

24. ***Intangible Assets:*** Intangible assets acquired separately are measured at cost, while those acquired from a business combination are measured at fair value on the date of acquisition. Subsequently, they are measured at that amount less accumulated amortization and accumulated impairment losses. The useful lives of the intangible assets are assessed to be either definite or indefinite. Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life. Amortization of intangible assets with a finite useful life begins when the asset is available for use. Intangible assets with an indefinite useful life are not amortized but instead they are tested for impairment at least annually in accordance with IAS 36 "Impairment of assets". The useful lives of intangible assets are reviewed on an annual basis, and adjustments, where applicable, are made prospectively. Intangible assets are assessed for impairment at least annually on an individual basis or on a cash generating unit basis.

25. ***Borrowing Costs:*** Borrowing costs incurred during the construction period of property, plant and equipment attributable to these assets, are capitalized as part of the cost of these assets. All other borrowing costs are recognized as an expense in the income statement when incurred.

26. ***Borrowings:*** All loans and borrowings are initially recognized at fair value, net of direct costs associated with the borrowing. After initial recognition, borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement through the amortization process.

27. ***Provisions:*** Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each balance sheet date and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses. Contingent assets and contingent liabilities are not recognized. Provisions for restructuring are recognized when the Group has an approved, detailed and formal restructuring plan, which has either started to be implemented or has been publicly announced to those affected by it. Future operating costs are not provided for.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

28. ***Impairment of Non- Financial Assets:*** The carrying values of the Group's non financial assets are tested for impairment, when there are indications that their carrying amount is not recoverable. In such cases, the recoverable amount is estimated and if the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In measuring value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. If an asset does not generate cash flows individually, the recoverable amount is determined for the cash generating unit to which the asset belongs. At each reporting date the Group assesses whether there is an indication that an impairment loss recognized in prior periods may no longer exist. If any such indication exists, the Group estimates the recoverable amount of that asset and the impairment loss is reversed, increasing the carrying amount of the asset to its recoverable amount, to the extent that the recoverable amount does not exceed the carrying value of the asset that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

29. ***Share-based payment transactions:*** The fair value of share-based compensations is recognized as an expense with a corresponding increase in equity. The fair value is determined at the grant date and is allocated over the period in which the conditions are fulfilled. Fair value is measured based on generally accepted methods which take into account the terms and conditions (except market conditions) under which these rights have been granted.

    For share-based payments, the amount expensed is revised to reflect the actual number of equity instruments that ultimately vest, except where the withdrawal of the right is due to the share prices so that vesting conditions were not met.

30. ***Derivative Financial Instruments and Hedging Instruments:*** Derivative financial instruments include interest rate swaps, currency swaps and other derivative instruments.

    Derivatives for trading purposes: Derivatives that do not qualify for hedging, are considered as derivatives for trading purposes. Initially, these derivatives are recognized at their fair value (which is essentially the transaction cost) at the commencement date. Subsequent to the initial recognition, they are measured at fair value based on quoted market prices, if available, or based on valuation techniques such as discounted cash flows. These derivatives are classified as assets or liabilities depending on their fair value, with any changes recognized in the income statement.

    Hedging: For hedge accounting purposes, hedges are classified either as Fair Value Hedges, where the exposure to changes in the fair value of a recognized asset or liability is being hedged, or as a Cash Flow Hedge, where the exposure to variability in cash flows associated with a specifically identified risk which may be directly related to the recognized asset or liability. When hedge accounting is to be applied, at the inception of the hedge there is formal documentation which includes identification of the hedging instrument, the hedged item, the hedging relationship, the nature of the risk being hedged and the risk strategy.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In a Fair Value Hedge, the gain or loss from re-measuring the hedging instrument at fair value is recognized in the income statement and the carrying amount of the hedged item is adjusted to fair value with respect to the risk being hedged and the fair value adjustment is recognized in the income statement.

In a cash flow hedge, the portion of the gain or loss arising from the fair value movement on the hedging instrument that is determined to be effective is recognized directly in equity and the ineffective portion is recognized in the income statement.

31. ***Reclassifications:*** Certain reclassifications have been made to prior year balances to conform to current year classifications. Such reclassifications did not have any effect on prior period results. Further details of the nature and impact of these reclassifications are disclosed in Note 32. In addition certain reclassifications were made within the Notes for comparability purposes. These reclassifications did not have any impact on the comparative financial statements' net equity or income statement.

32. **The following new and amended IFRS and IFRIC interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted by the Group:**

- **IFRIC 13,** "Customer Loyalty Programmes", effective for financial years beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Company and the Group do not expect that this interpretation will impact the financial statements.

- **IFRIC 15,** "Agreements for the Construction of Real Estate", issued on 3 July 2008 and effective for financial years beginning on or after 1 January 2009 and is to 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 Company and the Group do not expect that this interpretation will impact the financial statements. This Interpretation has not yet been endorsed by the EU.

- **IFRIC 16,** "Hedges of a Net Investment in a foreign operation", issued on 3 July 2008 and effective for financial years beginning on or after 1 October 2008 and is to be applied 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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 Company and the Group do not expect that this interpretation will impact the financial statements.

- **IFRIC 17,** "Distributions of Non-cash Assets to Owners", effective for annual periods beginning on or after 1 July, 2009. IFRIC 17 clarifies the following issues, namely:
  - a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity;
  - an entity should measure the dividend payable at the fair value of the net assets to be distributed;
  - an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss; and
  - An entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation.

  IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. It is to be applied prospectively and earlier application is permitted. The Group and the Company are in the process of assessing the impact of this Interpretation. This Interpretation has not yet been endorsed by the EU.

- **IFRIC 18,** "Transfers of Assets from Customers", effective for financial years beginning on or after 1 July 2009 and is to be applied prospectively. However, limited retrospective application is permitted. This Interpretation is of particular relevance for the utility sector as it clarifies the accounting for agreements where an entity receives an item of Property Plant and Equipment (or cash to construct such an item) from a customer and this equipment in turn is used to connect a customer to the network or to provide ongoing access to supply of goods/services. The Group and the Company are in the process of assessing the impact of this Interpretation. This Interpretation has not yet been endorsed by the EU.

- **IFRS 2,** "Share-based Payments" (Amended), effective for annual periods beginning on or after 1 January 2009. The amendment clarifies two issues. The definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. The Company and the Group do not expect that this interpretation will impact the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **IFRS 3,** "Business Combinations" (Revised) and IAS 27, "Consolidated and Separate Financial Statements" (Amended), effective for annual periods beginning on or after 1 July 2009. A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 "Consolidated and Separate Financial Statements" were issued by IASB on 10 January 2008. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with minority interests. The revised IFRS 3 and amendments to IAS 27 have not yet been endorsed by the EU.

- **IFRS 8,** "Operating Segments", effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 'Segment reporting'. IFRS 8 adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Company and the Group do not expect that this interpretation will have a significant impact on the financial statements.

- **IAS 1,** "Presentation of Financial Statements" (Revised), effective for annual periods beginning on or after 1 January 2009. IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with "other comprehensive income"; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Group and the Company will make the necessary changes to the presentation of its financial statements in 2009.

- **IAS 32 and IAS 1,** "Puttable Financial Instruments" (Amended), effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Company and the Group do not expect that this interpretation will have a significant impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **IAS 23, "Borrowing Costs" (Revised)**, effective for annual periods beginning on or after 1 January 2009. The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalized. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The revised standard will not impact the Company's or the Group's financial statements given that interest is already capitalized.

- **IAS 39 "Financial Instruments: Recognition and Measurement - Eligible Hedged Items"** effective for financial years beginning on or after 1 January 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

- **Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements"** effective for financial years beginning on or after 1 January 2009. The amendments to IFRS 1 allows an entity to determine the "cost" of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognized in the income statement in the separate financial statements. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent's separate financial statements and do not have an impact on the financial statements of the Group.

- **IAS 39, "Financial Instruments: Recognition and Measurement" and IFRIC 9, "Reassessment of embedded derivatives" (Amended)**, effective for annual periods ending on or after 30 June 2009. This amendment clarifies the accounting treatment of embedded derivatives for entities that make use of the Reclassification Amendment issued by the IASB in October 2008. The reclassification amendment allows entities to reclassify particular financial instruments out of the 'fair value through profit or loss' category in specific circumstances. These amendments to IFRIC 9 and IAS 39 clarify that on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendments apply retrospectively and are required to be applied. Adoption of these amendment is not expected to impact significantly the financial statements of the Company or the Group. This amendment has not yet been endorsed by the EU.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **IFRS 7, "Financial Instruments: Disclosures" (Amended),** effective for annual periods beginning on or after 1 January 2009. The amendment requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: a) Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1). (b) Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2) (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3). This information must be given by class of financial instrument. The amendment also revises specified minimum liquidity risk disclosures. Adoption of these amendment is not expected to impact significantly the financial statements of the Company or the Group. This amendment has not yet been endorsed by the EU.

In May 2008 the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These amendments are effective for periods beginning on or after 1 January 2009 and have not yet been endorsed by the EU. Adoption of these amendments is not expected to impact significantly the financial statements of the Company or the Group.

- **IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" (Amended),** The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale, under IFRS 5, even when the entity will retain a non-controlling interest in the subsidiary after the sale.

- **IFRS 7, "Financial Instruments: Disclosures" (Amended),** this amendment removes the reference to 'total interest income' as a component of finance costs.

- **IAS 1, "Presentation of Financial Statements" (Amended),** This amendment clarifies that assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.

- **IAS 8**, **"Accounting Policies, Changes in Accounting Estimates and Errors" (Amended),** this amendment clarifies that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

- **IAS 10, "Events after the Reporting Period" (Amended),** this amendment clarifies that dividends declared after the balance sheet date are not considered obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **IAS 16, "Property, Plant and Equipment" (Amended),** Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds on sale are subsequently shown as revenue. IAS 7, "Statement of cash flows" is also revised, to require cash payments to manufacture or acquire such items to be classified as cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also shown as cash flows from operating activities.

- **IAS 18, "Revenue" (Amended),** This amendment replaces the term 'direct costs' with 'transaction costs' as defined in IAS 39.

- **IAS 19, "Employee Benefits" (Amended),** This amendment:
  - Revises the definition of 'past service costs'
  - Revises the definition of 'return on plan assets'
  - Revises the definition of 'short-term' and 'other long term' employee benefits
  - Deletes the reference to the recognition of contingent liabilities to ensure consistency with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 does not allow for the recognition of contingent liabilities.

- **IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance" (Amended),** Loans granted with no or low interest rates will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates, thereby being consistent with IAS 39. The difference between the amount received and the discounted amount is accounted for as a government grant.

- **IAS 23, "Borrowing Costs" (Amended),** The amendment revises the definition of borrowing costs to combine the types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method as described in IAS 39.

- **IAS 27 "Consolidated and Separate Financial Statements" (Amended),** When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

- **IAS 28, "Investment in Associates" (Amended),**
  - If an associate is accounted for at fair value in accordance with IAS 39 (as it is exempt from the requirements of IAS 28), only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.
  - An investment in an associate is a single asset for the purpose of conducting the impairment test – including any reversal of impairment. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance. Any impairment is reversed if the recoverable amount of the associate increases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **IAS 29, "Financial Reporting in Hyperinflationary Economies" (Amended),** this amendment revises the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. No specific transition requirements have been stated as it is a clarification of the references rather than a change.

- **IAS 31, "Interest in Joint ventures" (Amended),** This amendment clarifies that if a joint venture is accounted for at fair value, in accordance with IAS 39 (as it is exempt from the requirements of IAS 31), only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expenses will apply. Early application is permitted.

- **IAS 34, "Interim Financial Reporting" (Amended),** this amendment clarifies that earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

- **IAS 36, "Impairment of assets" (Amended),** This amendment clarifies that when discounted cash flows are used to estimate 'fair value less costs to sell', the same disclosure is required as when discounted cash flows are used to estimate 'value in use'.

- **IAS 38, "Intangible Assets" (Amended),**
  - Expenditure on advertising and promotional activities is recognized as an expense when the entity either has the right to access the goods or has received the services.
  - Deletes references to there being rarely, if ever, persuasive evidence to support an amortization method for finite life intangible assets that results in a lower amount of accumulated amortization than under the straight-line method, thereby effectively allowing the use of the unit of production method.
  - A prepayment may only be recognized in the event that payment has been made in advance to obtaining right of access to goods or receipt of services.

- **IAS 39, "Financial instruments recognition and measurement" (Amended),**

  - Clarifies that changes in circumstances relating to derivatives – specifically derivatives designated or de-designated as hedging instruments after initial recognition – are not reclassifications.

  - Removes the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge.

  - Requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **IAS 40, "Investment property" (Amended),**

  - Revises the scope (and the scope of IAS 16) such that property that is being constructed or developed for future use as an investment property is classified as investment property. If an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. To be applied prospectively.

  - Revises the conditions for a voluntary change in accounting policy to be consistent with IAS 8.

  - Clarifies that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability.

(Amounts in millions of Euro, unless otherwise indicated)

4. PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment is analyzed as follows:

COMPANY (*)	Buildings	Telecommunication equipment	Transportation means	Furniture and fixtures	Construction in progress	Investment supplies	Total
31/12/2006							
Cost	29.3	7,515.8	38.5	178.5	169.9	103.8	8,035.8
Accumulated depreciation	(5.8)	(5,117.8)	(32.7)	(163.7)	-	-	(5,320.0)
Net book value 31/12/2006	**23.5**	**2,398.0**	**5.8**	**14.8**	**169.9**	**103.8**	**2,715.8**
1/1/2007							
Net book value 1/1/2007	23.5	2,398.0	5.8	14.8	169.9	103.8	2,715.8
Additions	1.7	227.9	2.2	7.6	243.8	81.2	564.4
Spin-off of OTE-GLOBE - cost	-	(203.1)	-	-	(5.1)	-	(208.2)
Disposal and transfers - cost	-	(10.5)	(1.6)	(5.3)	(190.8)	(74.5)	(282.7)
Disposals and transfers – accumulated depreciation	-	10.5	1.5	5.3	-	-	17.3
Depreciation charge for the year	(1.5)	(496.5)	(1.6)	(7.0)	-	-	(506.6)
Spin-off of OTE-GLOBE - accumulated depreciation	-	72.2	-	-	-	-	72.2
Net book value 31/12/2007	**23.7**	**1,998.5**	**6.3**	**15.4**	**217.8**	**110.5**	**2,372.2**
31/12/2007							
Cost	31.0	7,530.1	39.1	180.8	217.8	110.5	8,109.3
Accumulated depreciation	(7.3)	(5,531.6)	(32.8)	(165.4)	-	-	(5,737.1)
Net book value 31/12/2007	**23.7**	**1,998.5**	**6.3**	**15.4**	**217.8**	**110.5**	**2,372.2**
1/1/2008							
Net book value 1/1/2008	23.7	1,998.5	6.3	15.4	217.8	110.5	2,372.2
Additions	13.4	200.3	0.8	3.2	279.6	56.6	553.9
Disposal and transfers - cost	-	(95.2)	(0.8)	(9.2)	(204.3)	(65.6)	(375.1)
Other adjustments - cost	-	19.3	-	(19.3)	-	-	-
Disposals and transfers – accumulated depreciation	-	95.1	0.8	9.2	-	-	105.1
Depreciation charge for the year	(1.6)	(454.2)	(1.9)	(6.9)	-	-	(464.6)
Other accumulated depreciation adjustments	-	(17.5)	-	17.5	-	-	-
Net book value 31/12/2008	**35.5**	**1,746.3**	**5.2**	**9.9**	**293.1**	**101.5**	**2,191.5**
31/12/2008							
Cost	44.4	7,654.5	39.1	155.5	293.1	101.5	8,288.1
Accumulated depreciation	(8.9)	(5,908.2)	(33.9)	(145.6)	-	-	(6,096.6)
Net book value 31/12/2008	**35.5**	**1,746.3**	**5.2**	**9.9**	**293.1**	**101.5**	**2,191.5**

(*): Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

There are no restrictions on title on property, plant and equipment.

Borrowing costs capitalized during fiscal years 2008 and 2007 amount to Euro 6.7 and Euro 5.2, respectively.

(Amounts in millions of Euro, unless otherwise indicated)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	**Land**	**Buildings**	**Telecommunication equipment**	**Transportation Means**	**Furniture and fixtures**	**Construction in progress**	**Investment supplies**	**Total**
31/12/2006								
Cost	48.5	941.2	12,083.1	56.5	490.5	628.0	207.9	14,455.7
Accumulated depreciation	-	(304.4)	(7,186.2)	(43.7)	(337.9)	-	-	(7,872.2)
Net book value 31/12/2006	**48.5**	**636.8**	**4,896.9**	**12.8**	**152.6**	**628.0**	**207.9**	**6,583.5**
1/1/2007								
Net book value 1/1/2007	48.5	636.8	4,896.9	12.8	152.6	628.0	207.9	6,583.5
Additions	1.3	51.7	1,085.0	14.2	54.9	906.6	130.4	2,244.1
Disposal of subsidiary (cost)	(0.7)	-	(5.7)	-	(7.1)	(15.7)	-	(29.2)
Disposal of subsidiary (accumulated depreciation)	-	-	5.7	-	5.6	-	-	11.3
Other adjustments	-	(3.0)	10.6	-	(10.6)	-	-	(3.0)
Disposal and transfers - cost	-	(3.9)	(173.0)	(8.6)	(14.9)	(1,030.4)	(166.1)	(1,396.9)
Disposals and transfers – accumulated depreciation	-	1.1	165.2	7.7	13.2	-	-	187.2
Exchange differences - cost	(0.5)	(39.3)	(312.6)	(2.5)	(10.6)	(3.1)	(10.9)	(379.5)
Exchange differences – accumulated depreciation	-	22.1	208.0	2.4	7.3	-	-	239.8
Depreciation charge for the year	-	(35.3)	(1,012.1)	(5.5)	(36.0)	-	-	(1,088.9)
Other accumulated depreciation adjustments	-	3.0	(8.0)	-	8.0	-	-	3.0
Net book value 31/12/2007	**48.6**	**633.2**	**4,860.0**	**20.5**	**162.4**	**485.4**	**161.3**	**6,371.4**
31/12/2007								
Cost	48.6	946.7	12,687.4	59.6	502.2	485.4	161.3	14,891.2
Accumulated depreciation	-	(313.5)	(7,827.4)	(39.1)	(339.8)	-	-	(8,519.8)
Net book value 31/12/2007	**48.6**	**633.2**	**4,860.0**	**20.5**	**162.4**	**485.4**	**161.3**	**6,371.4**
1/1/2008								
Net book value 1/1/2008	48.6	633.2	4,860.0	20.5	162.4	485.4	161.3	6,371.4
Additions	2.4	26.9	812.5	5.6	30.7	383.3	84.0	1,345.4
Held for sale (cost)	(0.3)	(4.1)	(150.5)	(0.5)	(11.9)	-	-	(167.3)
Held for sale (accumulated depreciation)	-	1.0	60.5	0.3	6.6	-	-	68.4
Other adjustments	-	-	19.3	-	(19.3)	-	-	-
Disposal and transfers - cost	-	(0.2)	(273.7)	(6.6)	(13.3)	(317.2)	(101.6)	(712.6)
Disposals and transfers – accumulated depreciation	-	4.0	267.7	6.0	14.0	-	-	291.7
Exchange differences - cost	(0.6)	(55.8)	(449.8)	(3.7)	(16.0)	(17.2)	(6.9)	(550.0)
Exchange differences – accumulated depreciation	-	31.7	290.4	3.0	11.7	-	-	336.8
Depreciation charge for the year	-	(34.3)	(1,028.2)	(7.0)	(41.5)	-	-	(1,111.0)
Other accumulated depreciation adjustments	-	-	(17.5)	-	17.5	-	-	-
Net book value 31/12/2008	**50.1**	**602.4**	**4,390.7**	**17.6**	**140.9**	**534.3**	**136.8**	**5,872.8**
31/12/2008								
Cost	50.1	913.5	12,645.2	54.4	472.4	534.3	136.8	14,806.7
Accumulated depreciation	-	(311.1)	(8,254.5)	(36.8)	(331.5)	-	-	(8,933.9)
Net book value 31/12/2008	**50.1**	**602.4**	**4,390.7**	**17.6**	**140.9**	**534.3**	**136.8**	**5,872.8**

The amount of borrowing costs capitalized during fiscal years 2008 and 2007 by the Group was Euro 7.4 and Euro 5.2, respectively.

During 2008, OTE GLOBE revised its estimate of the useful life of certain network infrastructure which resulted in an increased depreciation charge in 2008 of Euro 33.7.

(Amounts in millions of Euro, unless otherwise indicated)

5. GOODWILL

Goodwill in the accompanying financial statements is analyzed as follows:

Carrying value 1/1/2007	**540.8**
Exchange differences	0.7
Carrying value 31/12/2007	**541.5**
Carrying value 1/1/2008	**541.5**
Absorption of OTENET	(10.1)
Exchange differences	(0.7)
Carrying value 31/12/2008	**530.7**

The annual impairment test of purchased goodwill and the brand name (Note 7) was carried out having allocated goodwill to the following cash generating units:

- Greece
- Romania
- Bulgaria
- Albania

The recoverable amount of the cash generating units was determined using the value in use method. The value in use was determined based on the projected cash flows derived from the three year plan approved by management, these cash flows were then initially projected over ten years and then to infinity.

The basic assumptions used in determining the value in use of the cash generating units was as at 31 December 2008 is as follows:

	Greece	Romania	Bulgaria	Albania
Discount rate	8%	14.3%	12%	14.65%
Rate of increase of revenue	0.5-2%	38 – 3%(*)	2-5%	1-3%
EBITDA margin	42%	30-40%	42-43%	50-60%

(*) There is a downward rate of change of revenue

For the projection of cash flows over a ten year period a growth rate of 2% was assumed for all cash generating units.

The following are the main assumptions used by management in projecting cash flows as part of the annual impairment test of goodwill and intangible assets with indefinite useful life:

- Risk-free return: The risk free return used to determine the cost of capital was derived from the 10 year Greek government bond rate as at the year end. The risk free return was derived from equivalent sources in the other countries.
- Budgeted profit margin: Budgeted operating profit and EBITDA were based on actual historical experience from the last few years adjusted to take into consideration expected variances in operating profitability.

The basic assumptions used are consistent with independent external sources of information.

Based on the impairment test as at 31 December 2008, no impairment losses were identified in the recorded amounts of goodwill or the brand name.

(Amounts in millions of Euro, unless otherwise indicated)

6. TELECOMMUNICATION LICENSES

Telecommunication Licenses are analyzed as follows:

	COMPANY	GROUP
2007		
Net book value 1/1/2007	3.8	384.2
Additions	-	59.8
Exchange differences, cost	-	(4.0)
Amortization charge for the year	(0.4)	(47.2)
Exchange differences, accumulated depreciation	-	3.4
Net book value 31/12/2007	**3.4**	**396.2**
31/12/2007		
Cost	6.2	567.0
Accumulated amortization	(2.8)	(170.8)
Net Book Value 31/12/2007	**3.4**	**396.2**
2008		
Net book value 1/1/2008	3.4	396.2
Additions	-	17.5
Write-offs, cost		(3.9)
Assets held for sale (cost)	-	(39.2)
Assets held for sale (accumulated depreciation)	-	8.0
Exchange differences, cost	-	(10.4)
Amortization charge for the year	(0.4)	(48.1)
Write-offs, accumulated depreciation		3.8
Exchange differences, accumulated depreciation	-	5.6
Net book value 31/12/2008	**3.0**	**329.5**
31/12/2008		
Cost	6.2	531.0
Accumulated amortization	(3.2)	(201.5)
Net Book Value 31/12/2008	**3.0**	**329.5**

Telecommunication licenses comprise of licenses acquired primarily from the Group's mobile operations, more specifically COSMOTE and GLOBUL. These licenses are amortized on a straight line basis over their useful lives being between 15 and 24 years.

(Amounts in millions of Euro, unless otherwise indicated)

7. OTHER INTANGIBLE ASSETS

Other intangible assets in the Group's balance sheet comprise mainly of the identifiable assets recognized as a result of the acquisition of GERMANOS during 2006. These identifiable assets recognized relate mainly to the brand name, franchise agreements and customer relationships and computer software. The movement is as follows:

2007	**GROUP**
Net book value 1/1/2007	**630.9**
Additions	22.8
Disposals, cost	(30.5)
Exchange differences, cost	(7.1)
Amortization charge for the year	(35.7)
Exchange differences, accumulated depreciation	1.6
Disposals, accumulated depreciation	0.7
Net book value 31/12/2007	**582.7**
31/12/2007	
Cost	666.5
Accumulated amortization	(83.8)
Net Book Value 31/12/2007	**582.7**

2008	
Net book value 1/1/2008	**582.7**
Additions	46.7
Disposals, cost	(18.2)
Exchange differences, cost	(8.4)
Amortization charge for the year	(53.9)
Exchange differences, accumulated depreciation	6.9
Disposals, accumulated depreciation	0.4
Net book value 31/12/2008	**556.2**
31/12/2008	
Cost	686.6
Accumulated amortization	(130.4)
Net Book Value 31/12/2008	**556.2**

As described in Note 5, during 2008, the Group carried out an impairment test on the brand name from which no impairment losses were identified.

As referred to above, other intangible assets mainly relate to the brand name of Euro 417.3 which were initially determined to have an indefinite useful life. During the fourth quarter of 2008, the Group revised its estimate of the GERMANOS brand name's useful life which it determined to be 15 years from the end of October 2008, the date of the reassessment. The related amortization of Euro 4.6 was charged to the 2008 income statement, and the net book value of the brand as at 31 December 2008, amounted to Euro 412.7.

(Amounts in millions of Euro, unless otherwise indicated)

8. INVESTMENTS

Investments are analyzed as follows:

	2008		2007	
	COMPANY	**GROUP**	**COMPANY(*)**	**GROUP**
(a) Investments in subsidiaries	4,733.6	-	3,884.6	-
(b) Other investments	156.4	156.6	157.8	158.4
	4,890.0	**156.6**	**4,042.4**	**158.4**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

(a) Investment in subsidiaries:

	Country of incorporation	**31/12/2008**	**31/12/2007 (*)**
• COSMOTE	Greece	3,505.7	2,654.3
• OTE INTERNATIONAL INVESTMENTS LTD	Cyprus	497.9	497.9
• HELLAS-SAT	Cyprus	194.7	194.7
• COSMO-ONE	Greece	0.7	3.2
• VOICENET	Greece	4.0	2.7
• HELLASCOM	Greece	8.4	8.4
• OTE SAT- MARITEL	Greece	11.2	11.2
• OTE PLC	U.K.	-	-
• OTE PLUS	Greece	3.8	3.8
• OTE ESTATE	Greece	336.3	336.3
• OTE-GLOBE	Greece	163.7	163.7
• OTE INSURANCE	Greece	0.6	0.6
• OTE ACADEMY	Greece	6.6	5.9
• OTENET CYPRUS LTD	Cyprus	-	1.6
• OTENET TELECOMMUNICATIONS LIMITED	Cyprus	-	0.3
		4,733.6	**3,884.6**

(*) Adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

The movement of investments in subsidiaries is as follows:

	COMPANY
Balance as at 1 January 2007	1,636.7
Acquisition of interest in subsidiary	2,105.0
Sale of investments	(12.4)
Participation in the share capital increase of subsidiary	162.8
Reduction of subsidiary's share capital	(12.0)
Liquidation of subsidiary (OTE AUSTRIA HOLDING GMBH)	(0.1)
Participation in the share capital of OTENET	4.6
Balance as at 31 December 2007 (*)	**3,884.6**
Balance as at 1 January 2008	3,884.6
Acquisition of interest in subsidiary	847.4
Participation in the share capital increase of subsidiary	3.5
Share-based payment to management of subsidiaries (Note 29)	5.5
Sale of investments	(1.9)
Impairment	(5.3)
Other	(0.2)
Balance as at 31 December 2008	**4,733.6**

8. INVESTMENTS (continued)

The movement of investments during the year depicted in the table above can be summarized as follows:

A. Public offer for the acquisition of COSMOTE's minority interests

On 9 November 2007, following the approval by the Board of Directors, OTE announced the submission of a Public Tender Offer for the acquisition of the 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.

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.

In accordance with 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 publication of the announcement (Sell-Out Right), which took place on 31 January 2008. 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 shares, which represent 100% of the share capital and voting rights.

The total cost of the acquisition of the minority interests during 2008 was Euro 846.1. The difference arising from the acquisition of the above minority interests of Euro 780.3 was recognized directly in Equity in the consolidated financial statements (in the line "Net change of participation in subsidiaries"), as it relates to the acquisition of minority in an entity where control already exists.

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.

8. INVESTMENTS (continued)

B. Acquisition of VOICENET's minority interests

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. The difference arising from the acquisition of the above minority interests of Euro 1.1 was recognized directly in Equity in the consolidated financial statements (in the line "Net change of participation in subsidiaries"), as it relates to the acquisition of minority in an entity where control already exists.

C. Participation in OTE ACADEMY's share capital increase

In July 2008, following approval by the Board of Directors, OTE participated in the share capital increase of Euro 3.5 of its subsidiary OTE ACADEMY. OTE purchased a further 1,200,000 shares with a nominal value of Euro 2.93 (absolute amount) thereby retaining its 100% holding in the subsidiary.

D. SALE of OTENET Cyprus Ltd and OTENET Telecommunications Ltd

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. The book value of the investment amounted to Euro 1.9.

E. Impairment

During 2008, an impairment test was carried out on OTE's participation in COSMOONE and OTE ACADEMY as there were indications that the carrying values were not recoverable. The results of the impairment tests showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 2.5 and Euro 2.8 respectively, was recognized in the 2008 income statement in the line "Impairment of investments".

The following occurred during the year which impacted the Company's participation in its subsidiaries:

1. Completion of OTENET's merger with OTE by absorption

In May 2007, OTE's management announced its decision to merge OTENET and absorb its business activities. The absorption was approved by the Board of Directors of OTE on 18 December 2007 and by OTENET's Board of Directors on 28 December 2007. The date of the conversion balance sheet was set to be 31 December 2007. On 19 March 2008 OTE and its subsidiary OTENET signed a Draft Merger Agreement ("the 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.

2. Dissolution of OTEPLUS ROMANIA – Liquidation of OTEPLUS BULGARIA

OTE PLUS' 100% subsidiary, OTE PLUS ROMANIA, which has its headquarters in Bucharest Romania and provides consulting services was dissolved within 2008. Similarly, OTE PLUS's 100% subsidiary, OTE PLUS BULGARIA, has started liquidation proceedings.

(Amounts in millions of Euro, unless otherwise indicated)

8. INVESTMENTS (continued)

3. Amendment of OTE ESTATES's Charter.

On 18 December 2008, the amendment to article 5 of OTE ESTATE's charter was financed following the decision by the General Assembly of Shareholders. After the amendment OTE Estate's share capital was reduced by Euro 102.2 as a result of a reduction in the nominal amount of the shares from Euro 2.93 to Euro 2.43 (absolute amount). As at 31 December 2008, the return of capital had not yet taken place.

4. Incorporation of "OTE PROPERTIES – Real Estate Investment Company"

In April 2008, OTE's subsidiary OTE ESTATE filed a request with the Hellenic Capital Market Commission for a license for the operation of a Real Estate Investment Company. The Hellenic Capital Market Commission with its decision of 13 June 2008 provided OTE ESTATE with this license of operation. The new company which was incorporated is a 100% subsidiary of OTE ESTATE with a share capital of Euro 30.0 which was fully paid-up by OTE ESTATE during the year .

5. Changes in investments in the COSMOTE Group.

a. On 5 November 2008, the absorption of TEL SIM S.R.L. by GERMANOS TELECOM ROMANIA S.A. was completed following the relevant decision by the appropriate authorities.
b. On 13 October 2008, the absorption of ALBATROS & PARTNERS LTD by GERMANOS was completed, the latter having previously acquired all of the former's shares.
c. On 16 December 2008, the absorption of GRIGORIS MAVROMICHALIS & PARTNERS LTD by GERMANOS was completed the latter having previously acquired all of the formers' shares.
d. On 16 December 2008, the sale of GERMANOS's 51% holding in IOANNIS TSAPARAS & PARTNERS LTD was completed.

The total difference arising from the acquisition of minority interests in companies which the Company already controls and which have been recorded directly in equity can be analyzed as follows:

	2008	2007
COSMOTE	3,132.2	2,351.9
GERMANOS	171.7	171.7
OTENET	12.3	12.3
HELLASCOM	(3.3)	(3.3)
HELLAS-SAT	1.2	1.2
VOICENET	1.1	-
	3,315.2	**2,533.8**

(b) Other investments

OTE's other investments can be analyzed as follows:

	Cost of investment	
	2008	**2007**
TELEKOM SRBIJA	155.1	155.1
Other	1.3	2.7
	156.4	**157.8**

(Amounts in millions of Euro, unless otherwise indicated)

8. INVESTMENTS (continued)

In 2007 and 2008, OTE reassessed its position regarding its investment in TELEKOM SRBIJA, taking into consideration the historical disputes on certain matters with the 80% shareholder, the Serbian Government, and the fact that the management roles with TELEKOM SRBIJA held by individuals appointed by OTE are largely administrative rather than decision making and that the two appointed board members cannot influence the board's decisions and, consequently, concluded that its investment in TELEKOM SRBIJA was to be continued to be accounted for at cost, since OTE does not exercise significant influence.

Movement in "other investments" can be analyzed as follows:

	COMPANY	GROUP
As at 1 January 2008	157.8	158.4
Other movements	(1.4)	(1.8)
As at 31 December 2008	**156.4**	**156.6**

On 31 July 2008, OTE announced the sale of its entire participation in the share capital of LOFOS PALLINI S.A. to REDS S.A. for a total consideration of Euro 18.4. A pre-tax gain of approximately Euro 17.0 was realized from this sale and is recorded in the line "Gains from investments" in the 2008 income statement.

Dividend income is derived from the following entities:

Company	**2008**	**2007**
COSMOTE	245.2	163.2
OTE INTERNATIONAL INVESTMENTS LTD	-	57.3
OTE ESTATE	30.3	-
INFOTE	-	5.0
OTESAT – MARITEL	0.5	-
TELEKOM SRBIJA	11.2	15.7
Other available-for-sale investments	1.0	1.1
	288.2	**242.3**

Group	**2008**	**2007**
TELEKOM SRBIJA	11.2	15.7
Other available for sale investments	1.0	1.1
	12.2	**16.8**

9. ASSETS HELD FOR SALE

DEUTSCHE TELEKOM AG sought the approval from FYROM's Competition Committee for its participation in OTE based on the shareholders agreement with the Greek Government. After the implementation of the shareholders agreement DEUTSCHE TELEKOM AG and OTE would have a combined holding of more than 90% of the local market share via their subsidiaries T-MOBILE Macedonia AD Skopje and COSMOFON, respectively. Accordingly, DEUTSCHE TELEKOM AG committed to the sale of COSMOFON.

(Amounts in millions of Euro, unless otherwise indicated)

9. ASSETS HELD FOR SALE (continued)

On 15 September 2008, OTE publicly announced that it had appointed financial advisors for the sale of COSMOFON, which is a mobile telephony provider in Skopje. GERMANOS Telecom Skopje S.A (GTS), a subsidiary of GERMANOS will be sold together with COSMOFON, the impact of the sale of GERMANOS Telecom Skopje S.A (GTS) is insignificant.

Taking into account the provisions of IFRS 5, COSMOFON meets the criteria for classification as held for sale and, therefore, in the consolidated balance sheet as of 31 December 2008, COSMOFON's assets and liabilities are presented separately from other assets and liabilities of the Group in line items "Assets classified as held for sale" and in "Liabilities directly associated with assets classified as held for sale", respectively. The afore-mentioned classification did not affect OTE's separate balance sheet, as of 31 December 2008.

The assets and liabilities of COSMOFON, after the elimination of inter company balances as of 31 December 2008, are analyzed as follows:

ASSETS	
Non -current assets	
Property, plant and equipment	98.9
Telecommunication licenses	31.2
Total non-current assets	**130.1**
Current assets	
Inventories	2.6
Trade receivables	17.4
Other current assets	4.6
Cash and cash equivalents	1.9
Total current assets	**26.5**
Assets classified as held for sale	**156.6**
LIABILITIES	
Trade accounts payable	10.2
Deferred tax liability	1.6
Other current liabilities	4.7
Total liabilities	**16.5**
Liabilities directly associated with the assets classified as held for sale.	**16.5**

(Amounts in millions of Euro, unless otherwise indicated)

9. ASSETS HELD FOR SALE (continued)

Condensed income statements of COSMOFON for the periods presented are included in the table below for information purposes, amounts presented are before the elimination of inter company transactions:

	Fiscal years	
	2008	**2007**
Revenue	66.2	62.2
Operating expenses	(64.5)	(59.4)
Operating income before financial activities	1.7	2.8
Total profit (loss) from financial activities	(1.5)	(2.7)
Profit before tax	0.2	0.1
Income tax	-	-
Profit for the year	**0.2**	**0.1**

10. OTHER NON-CURRENT ASSETS

Other non-current assets are analyzed as follows:

	2008		2007	
	COMPANY	**GROUP**	**COMPANY(*)**	**GROUP**
Loans and advances to employees	65.1	65.1	46.3	46.5
Loans to COSMOFON	46.2	-	51.2	-
Deferred expenses (long-term)	-	29.6	-	38.6
Other	1.1	26.0	0.9	10.8
	112.4	**120.7**	**98.4**	**95.9**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

Loans and advances to employees comprise mainly of loans granted to employees with service period exceeding 25 years against the accrued indemnity payable to them upon retirement. The effective interest rate on these loans is 1.74% for fiscal year 2008 and 1.58% for fiscal year 2007. The discount factor is the rate used for the actuarial valuation of staff leaving indemnities which is 5.5% for 2008 and 4.8% for 2007 (See Note 19).

Loans to COSMOFON relate to two loans of Euro 22.0 and Euro 34.2 granted by OTE. The loans were granted at 6.5% fixed interest rate and they mature in 2010 and 2012 respectively. During 2008 and 2007, OTE collected Euro 5.0 per annum from the first loan.

(Amounts in millions of Euro, unless otherwise indicated)

11. TRADE RECEIVABLES

Trade Receivables are analyzed as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY(*)	GROUP
Subscribers	1,165.6	1,855.5	1,113.5	1,666.8
International traffic	103.8	144.1	121.7	205.1
Due from subsidiaries	109.6	-	98.4	-
Unbilled revenues	19.6	82.0	34.4	91.6
	1,398.6	2,081.6	1,368.0	1,963.5
Minus				
Allowance for doubtful accounts	(701.1)	(887.4)	(625.6)	(791.5)
	697.5	**1,194.2**	**742.4**	**1,172.0**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

The movement in the allowance for doubtful accounts is as follows:

	COMPANY	GROUP
Balance at 1/1/2007	(570.6)	(711.4)
Charge for the year	(55.9)	(88.0)
Write-offs	0.9	4.5
Exchange differences	-	3.4
Balance at 31/12/2007(*)	**(625.6)**	**(791.5)**
Balance at 1/1/2008	(625.6)	(791.5)
Charge for the year	(75.5)	(119.8)
Write-offs	-	6.9
Exchange differences	-	5.6
Reversal of provision	-	5.0
Provision for trade receivables held for sale	-	6.4
Balance at 31/12/2008	**(701.1)**	**(887.4)**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

As at 31 December 2008, the aging analysis of trade receivables is as follows:

	COMPANY	GROUP
Not impaired and not past due	374.9	617.9
Not impaired and past due:		
• Less than 30 days	117.9	264.3
• Between 31 and 180 days	169.7	229.5
• More than 180 days	35.0	82.5
Total	**697.5**	**1,194.2**

(Amounts in millions of Euro, unless otherwise indicated)

12. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY(*)	GROUP
Advances to pension funds, short-term portion (See Note 19)	35.2	35.2	35.2	35.2
Short-term portion of loan to Auxiliary fund (See Note 19)	10.0	10.0	0.5	0.5
Inter company loan to OTE PLC	-	-	35.0	-
Due from OTE Leasing customers (See Note 30)	25.4	25.4	23.0	23.0
Loans and advances to employees	6.2	6.2	5.0	5.1
VAT recoverable	-	22.5	-	25.2
Other prepayments	2.5	59.0	10.7	78.4
Deferred expenses	2.0	9.5	3.0	19.1
Other	18.5	93.8	56.9	104.8
	99.8	**261.6**	**169.3**	**291.3**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

13. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY	GROUP
Available-for-sale	13.0	26.2	47.8	56.0
Held to maturity –Bonds	106.6	109.7	-	25.2
	119.6	**135.9**	**47.8**	**81.2**

Other financial assets comprise of shares listed on the Athens Stock Exchange, which are classified as available-for-sale. In addition, other financial assets include Greek and German government bonds, which are classified as held to maturity.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY(*)	GROUP
Cash in hand	1.2	3.5	1.3	4.4
Short-term bank deposits	343.3	1,426.2	457.9	1,311.9
	344.5	**1,429.7**	**459.2**	**1,316.3**
Held for sale	**-**	(1.9)	**-**	**-**
	344.5	**1,427.8**	**459.2**	**1,316.3**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

(Amounts in millions of Euro, unless otherwise indicated)

15. SHARE CAPITAL – SHARE PREMIUM

OTE's share capital as at 31 December 2008, amounted to Euro 1,171.5, divided into 490,150,389 registered shares, with a nominal value of Euro 2.39 (absolute amount) per share and the respective share premium as at 31 December 2008 and 2007 amounted to Euro 497.9 and Euro 485.9, respectively.

As of 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 17 March 2008, MARFIN Investment Group announced that it had signed an agreement with DEUTSCHE TELEKOM AG for the sale of 98,026,324 shares for Euro 26.0 (absolute amount) per share, with a transaction deadline of 7 May 2008.

The above agreement was subject to the approval of the relevant request of DEUTSCHE TELEKOM AG by the Interministerial Privatization Committee of Greece the approval of the Board of Directors of MARFIN Investment Group as well as the approval of the Executory and Supervisory Boards of DEUTSCHE TELEKOM AG.

On 15 May 2008, following the completion of the approvals referred to above, DEUTSCHE TELEKOM A.G acquired from MARFIN Investment Group 19.999234% of OTE's share capital which corresponds to 98,026,324 shares with corresponding voting rights.

In due course and after further acquisitions of OTE's shares through the Athens Stock Exchange, DEUTSCHE TELEKOM AG's participation in OTE's share capital increased to 21.967% which corresponds to 107,671,713 shares with corresponding voting rights.

On 2 October 2008, the European Committee announced the approval under the E.U. Merger Regulation of the proposed acquisition of OTE by the German Telecommunications Organization DEUTSCHE TELEKOM AG. The Commission concluded that this transaction will not impede effective competition significantly.

On 15 October 2008, the Hellenic Telecommunications and Post Commission (HTPC) completed its approvals' procedure related to DEUTSCHE TELEKOM AG's participation in OTE's share capital.

On 5 November 2008, DEUTSCHE TELEKOM AG acquired, through the Athens Stock Exchange 14,865,886 shares of OTE owned by the Greek State, representing 3.033% of OTE' s share capital with corresponding voting rights.

From 31 December 2008 onwards, and after the share transfer of 3.033% referred to above, DEUTSCHE TELEKOM AG's participation in OTE's share capital amounted to 25.0000004%, which corresponds to 122,537,599 shares with corresponding voting rights, while the Greek States holding (direct and indirect) amounted to 25.0000004%, which corresponds to 122,537,599 shares with corresponding voting rights.

The following is an analysis of the ownership of OTE's shares as at 31 December 2008:

Shareholder	Number of shares	Percentage %
Hellenic State	107,484,826	21.93%
D.E.K.A. S.A. (indirect participation of the Hellenic State)	15,052,773	3.07%
DEUTSCHE TELEKOM AG	122,537,599	25.00%
Institutional Investors	207,995,902	42.44%
Private Investors	37,079,289	7.56%
Total	**490,150,389**	**100.00%**

(Amounts in millions of Euro, unless otherwise indicated)

16. STATUTORY RESERVE - RETAINED EARNINGS

Under Greek Corporate Law, entities are required to transfer a minimum of five percent of their annual net profit to a statutory reserve, until such reserve equals one-third of the issued share capital. As at 31 December 2008 and 2007, this reserve amounted to Euro 330.2 and Euro 312.1 respectively. This statutory reserve cannot be distributed to shareholders. Retained Earnings include undistributed taxed profits as well as untaxed and specially taxed reserves which, upon distribution, will be subject to income tax.

17. DIVIDENDS

Under Greek Corporate Law, each year companies are required to distribute to their shareholders dividends of at least 35% of profits which result from their accounting book and records (published financial statements), after allowing for the statutory reserve. However, companies can waive such dividend payment requirement with the unanimous consent of their shareholders.

On 26 June 2008, the General Assembly of OTE's Shareholders approved the distribution of a dividend from the 2007 profits of a total amount of Euro 367.6 or Euro 0.75 (in absolute amounts) per share. The amount of dividends payable as at 31 December 2008 amounted to Euro 3.8.

The Board of Directors of OTE will propose to the Annual General Assembly of the Shareholders the distribution of a dividend from the 2008 profits of a total amount of Euro 367.6 or Euro 0.75 (in absolute amount) per share.

Pursuant to Law 3697/2008, from 2009 onwards all distributions of dividends will be subject to 10% withholding tax which will be borne by the beneficiary, however the related law provides for certain exemptions.

18. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

		2008	2007
COMPANY			
(a)	Loan from European Investment Bank / Hellenic State	18.9	36.4
(b)	Intercompany loans from OTE PLC	3,288.2	1,266.3
	Total long-term debt	3,307.1	1,302.7
	Short-term portion	(18.9)	(17.5)
	Long-term portion	**3,288.2**	**1,285.2**
GROUP			
(a)	Loan from European Investment Bank / Hellenic State	18.9	36.4
(b)	Syndicated loans	500.0	500.0
(c)	Global Medium-Term Note Programme	5,464.5	3,360.4
(d)	Other bank loans	59.2	133.6
	Total long-term debt	6,042.6	4,030.4
	Short-term portion	(633.0)	(83.3)
	Long-term portion	**5,409.6**	**3,947.1**

18. LONG-TERM BORROWINGS (continued)

COMPANY

(a) Loan from European Investment Bank/ Hellenic State

The long-term loan to OTE by the European Investment Bank / Hellenic State was granted in 1995, is denominated in ECU, bears interest at 8.30% and is repayable in annual installments through to 2009. During 2008, OTE paid Euro 17.5 (2007: Euro 16.1) of capital against the loan (the installment, including interest amounted to Euro 20.5). The amount last installment will be paid in July 2009 (Euro 18.9) has been transferred to short-term portion of long-term borrowings.

(b) Intercompany loans from OTE PLC

The intercompany loans from OTE PLC as at 31 December 2008 are analyzed as follows:

- Loan of Euro 1,209.0 with fixed interest rate of 5.22%, issued in August 2003 maturing in August 2013. The outstanding balance as of 31 December 2008 is Euro 1,120.3 (2007: Euro 1,120.8).
- Loan of Euro 650.0 with fixed interest rate of 3.80%, issued in November 2005 maturing in November 2011. The outstanding balance as of 31 December 2008 is Euro 146.7 (2007: Euro 145.5).
- Loan of Euro 600.0, with a fixed interest rate of 6.02% issued in February 2008 and maturing in February 2015. The outstanding balance as of 31 December 2008 is Euro 596.4.
- Loan of Euro 1,500.0, with a fixed interest rate of 5.395% issued in February 2008 and maturing in February 2011. On the 9 October 2008, OTE repaid Euro 70.0 of the loan to its subsidiary OTE PLC. The prepayment amounted to Euro 72.0 at a price of 99.40% (purchase price – clean price) and represents capital and accrued interest to the repayment date. The outstanding balance as of 31 December 2008 is Euro 1,424.8.

GROUP

(a) Loan from European Investment Bank / Hellenic State

See the above analysis for the Company.

(b) Syndicated Loans

On 2 September 2005, OTE PLC signed a Euro 850.0 Syndicated Credit Facility with banks, guaranteed by OTE. The facility has a five year term with an extension option of 1+1 year subject to lenders' consent. The facility consists of: a) a Euro 500.0 Term Loan and b) a Euro 350.0 Revolving Credit Facility. The loan bears a "margin adjustment clause" whereby the margin is adjustable based on OTE's long-term credit rating. The loan agreement includes a change of control clause which is triggered when there is a change of control in OTE which will result in a credit rating of OTE or the new legal entity at a level lower of BBB/Baa2. In the case the clause is triggered, OTE PLC is obliged to notify the banks, which can request the immediate repayment of the loan. On 6 September 2005, OTE PLC drew Euro 500.0 under the Term Loan. Up to 31 December 2008, no draw-downs have been made from the Revolving Credit Facility.

18. LONG-TERM BORROWINGS (continued)

At OTE PLC's request and following the banks' consent, the maturity of the loan was extended as follows:

a) for Euro 25.8 (Term Loan) and Euro 18.0 (Revolving Credit Facility) to September 2010

b) for Euro 29.0 (Term Loan) and Euro 20.3 (Revolving Credit Facility) to September 2011 and

c) for Euro 445.2 (Term Loan) and Euro 311.7 (Revolving Credit Facility) to September 2012.

In 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 AG, the Greek State's interest in OTE 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.

The current credit rating of OTE has resulted in an adjustment to the margin as follows: for the Term Loan to 0.25% and for the Revolving Credit Facility to 0.225%.

(c) Global Medium Term Note Programme

OTE PLC has a Global Medium Term Note Program guaranteed by OTE, of Euro 6,500 with OTE as guarantor.

On 12 February 2008, OTE PLC completed the issuance of two bonds amounting to Euro 1,500.0 and Euro 600.0 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.

As at 31 December 2008, notes for a total of Euro 5,500.0 under the Global Medium Term Note Programme were issued, as follows:

(i) Euro 1,250.0 notes at a fixed rate 5.0%, issued in August 2003, maturing on 5 August 2013.

(ii) Euro 650.0 notes fixed at a rate 3.75%, issued in November 2005 maturing on 11 November 2011.

(iii) Euro 900.0 notes at a fixed rate 4.625%, issued in November 2006 maturing on 20 May 2016.

(iv) Euro 600.0 notes with floating rate, issued in November 2006 maturing on 21 November 2009.

(v) Euro 1,500.0 notes issued in February 2008, maturing on 14 February 2011 with a fixed rate of 5.375% and

(vi) Euro 600.0 notes issued in February 2008, maturing on 12 February 2015, with a fixed rate of 6.0%.

These bonds are traded on the Luxembourg Stock Exchange.

18. LONG-TERM BORROWINGS (continued)

The Euro 900.0 and Euro 600.0 bonds issued in November 2006 and the Euro 1,500.0 and Euro 600.0 bonds issued in February 2008 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 (Sub-investment grade), within a specific period and under specific terms and conditions.

In the event that the clause is triggered OTE PLC is obliged to notify the banks, which can request (within 45 days) the repayment of the loan.

The terms of the bonds (v) and (vi) include a step-up clause triggered by changes in the credit rating of OTE (“step up clause”). The bond coupon may increase by 1.25% in the event that:
a) one or both of the two credit rating agencies (Moody’s and Standard and Poor’s) downgrades the rating to BB+, Ba1 and under (sub-investment grade), or
b) both rating agencies (Moody’s and Standard and Poor’s) 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.

Derivatives
On 21 July 2008, OTE PLC entered into an interest rate swap with Goldman Sachs that has a notional of Euro 65.0 and matures on 5 August 2013. The swap has been designated as the hedging instrument in the Fair Value hedge of a portion of OTE PLC’s Euro 1,250.0 bond, which bears a fixed rate of 5.0% and matures in 2013. OTE PLC will receive 5.0% annually from Goldman Sachs and pay three month Euribor less 0.05% every quarter. The gain from the change in the fair value of the swap has been recorded in the line “interest expense” and is offset by the loss from the change in fair value of the loan. Any ineffectiveness arising is immaterial.

On 1 October 2008, the Group designated an existing swap, with a notional of Euro 200.0 and which matures on 2 September 2010 as the hedging instrument in a cash flow hedge of the cashflows of a portion of a syndicated loan of Euro 500.0 which bears a variable interest rate. The Group receives Euribor and pays a fixed rate of 3.671% on a quarterly basis. The effective portion of the change in fair value of the swap is a loss of Euro 6.3 and has been recorded in equity, the ineffective portion of Euro 0.3 has been recorded in the income statement.

(d) Other bank loans

ROMTELECOM has obtained long-term loans in Euro and Korea Won, the outstanding balance of which amount to Euro 54.8 as at 31 December 2008. Of these loans, two with outstanding balances of Euro 7.9 and Euro 16.1 are in Euro with fixed interest rates of 6.12% and 5.00% maturing in 2009 and 2012 respectively. The remaining three loans with outstanding balances of Euro 8.0, Euro 13.7 and Euro 9.1 are in Korean Won with a fixed interest rate of 4.20%, 2.50% and 2.50% and maturing in 2014, 2018 and 2020, respectively. During 2008, ROMTELECOM repaid an amount of Euro 13.4 out of its long-term debt.

18. LONG-TERM BORROWINGS

On 10 May 2005, GLOBUL entered into a credit facility agreement with Bank Austria, with a three year credit facility of Euro 75.0 maturing in 2008, bearing interest at Euribor + 1.25%. Draw-downs under the facility through to 31 December 2007 amounted to Euro 50.0. The outstanding balance was repaid in full during 2008 with proceeds from an inter company loan from OTE PLC.

E-VALUE, a GERMANOS subsidiary, entered into a credit facility of Euro 3.0 with EFG Eurobank, maturing in 2008 with a floating interest of EURIBOR + 0.55%. During 2008, the company refinanced this loan, with a new loan of Euro 2.0 maturing in 2010 and bearing a variable rate of Euribor + 0.90%. As at 31 December 2008, the balance outstanding was Euro 2.0.

19. PROVISIONS FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS

OTE employees are covered by various pension, medical and other benefit plans as summarized below:

Defined Contribution Plans:

(a) Main Pension Fund (TAP-OTE):

The TAP-OTE Fund, a multi-employer fund to which OTE contributes, is the main fund providing pension and medical benefits to OTE employees. The employees of the National Railway Company and the Greek Post Office are also members of this Fund.

According to Law 2257/1994, OTE was liable to cover the annual operating deficit of TAP-OTE up to a maximum amount of Euro 32.3, which could be adjusted with the Consumer Price Index. Pursuant to Greek legislation (Law 2768/1999), a fund was incorporated on 8 December 1999, as a société anonyme under the name of EDEKT-OTE S.A. ("EDEKT"), for the purpose of administering contributions to be made by OTE, the Hellenic State and the Auxiliary Pension Fund, in order to finance the TAP-OTE deficit. The Hellenic State's and the Auxiliary Pension Fund's contributions to EDEKT were set to Euro 264.1 and Euro 410.9, respectively. Pursuant to Law 2937/2001, OTE's contribution was set at Euro 352.2, representing the equivalent to the net present value of ten (10) years' (2002-2011) contributions to TAP-OTE. This amount was paid on 3 August 2001 and is being amortized over the ten-year period, the annual amortization charge being Euro 35.2 and included in "Payroll and employee benefits". Pursuant to Law 2843/2000, any deficits incurred by TAP-OTE are covered by the Hellenic State.

Pursuant to Law 3029/2002, the duration over which employers are obliged to cover the annual deficits of pension funds of employees will be determined by Ministerial Decision.

As a result of Law 3655/2008 (FEK 55 A/3.4.08) relating to the pension issue, the pension segment of TAP OTE was incorporated into IKA-ETEAM (the main social security of Greece) from 1 August 2008, with a gradual reduction of contributions from TAP OTE to those of IKA, which is expected to commence in 2013 and conclude in 2023 in three equal installments. At the same time, the Medical segment of TAP OTE as well as the two segments of the Auxillary fund (the Lump – Sum Payment segment and the Additional Pension segment) were incorporated from 1 October 2008 into TAYTEKO.

In conjunction with the new Law, it is anticipated that the shares of TAP OTE in the share capital of EDEKT-OTE, will pass to IKA-ETEAM from the date this Section is transferred to IKA-ETEAM.

(Amounts in millions of Euro, unless otherwise indicated)

19. PROVISIONS FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS (continued)

(b) Auxiliary Pension Fund:

(i) The Auxiliary Fund-Lump Sum segment provides members with a lump sum benefit upon retirement or death.

(ii)The Auxiliary Pension Benefit Fund provides to those members, who were members prior to 1993, with a pension of 20% of salary after 30 years service. Law 2084/92 has fixed minimum contributions and maximum benefits, after 35 years of service, for new entrants from 1993.

Based on actuarial studies performed in prior years and on current estimations, these pension funds show (or will show in the future) increased deficits. OTE does not have a legal obligation to cover any future deficiencies of these funds and, according to management; neither does it voluntarily intend to cover such possible deficiencies. However, there can be no assurance that OTE will not be required (through regulatory arrangements) to make additional contributions in the future to cover operating deficits of these funds.

Loans and advances to pension funds are analyzed as follows:

	2008	2007
Loans and advances to:		
EDEKT	105.6	140.9
Auxiliary Fund	2.6	4.0
Interest bearing loan to Auxiliary Fund	131.5	120.6
Total	**239.7**	**265.5**
Loans and advances to:		
EDEKT	35.2	35.2
Auxiliary Fund	0.5	0.5
Interest bearing loan to Auxiliary Fund	9.5	-
Short-term portion	**45.2**	**35.7**
Long-term portion	**194.5**	**229.8**

Loans to pension funds are reflected in the financial statements at amortized cost, having been discounted, using appropriate Greek market rates, on initial recognition to their present values.

Article 74 of Law 3371/2005 and the provisions of the related Ministerial Decision, provided that OTE should grant an interest bearing loan to the Auxiliary Fund in order to cover the Lump Sum benefits upon retirement due to participants of the Voluntary Retirement Program. On 23 October 2006, the loan agreement was signed and its main terms are as follows: the total amount of the loan is up to Euro 180.0, which will be granted partially in accordance with the Fund's needs, as determined by the above mentioned Law and the related Ministerial Decision. If the Lump Sum benefits exceed the amount of Euro 180.0, OTE will grant the additional amount, which can not exceed the amount of Euro 10.0. In this case, the above mentioned agreement will be amended in order to include the final amount of the loan and to update the repayment schedule. Following the above mentioned terms, on 30 October 2007 and on 21 May 2008 two amendments to the loan agreement were signed based on which additional amounts of Euro 8.0 and Euro 1.3 were granted and the repayment schedule was updated so that as at 31 December 2008, the total loan granted amounted to Euro 189.3. The loan is repayable in 21 years including a two year grace period, meaning that the repayment started on 1 October 2008 through monthly installments. The loan bears interest at 0.29%.

(Amounts in millions of Euro, unless otherwise indicated)

19. PROVISIONS FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS (continued)

Defined Benefit Plans:

(a) Provision for Staff Retirement Indemnities

Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissal or retirement). Employees who resign (except those with over fifteen years of service) or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal. In the case of OTE employees, the maximum amount is limited to a fixed amount (Euro 0.02 and is adjusted annually according to the inflation rate), plus 9 months salary. In practice, OTE employees receive the lesser amount between 100% of the maximum liability and Euro 0.02 plus 9 months' salary. Employees with service exceeding 25 years are entitled to draw loans against the accrued indemnity payable to them upon retirement.

The provision for staff leaving indemnity is reflected in the financial statements in accordance with IAS 19 "Employee Benefits" and is based on an independent actuarial study.

The components of the staff retirement indemnity expense are as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY	GROUP
Current service cost	15.3	18.4	16.3	18.7
Interest cost on benefit obligation	14.9	15.5	13.5	14.5
Amortization of past service cost	7.8	6.7	7.8	7.8
Amortization of unrecognized actuarial loss	1.0	2.7	2.9	3.8
	39.0	**43.3**	**40.5**	**44.8**

Changes in the present value of the staff leaving indemnities are as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY	GROUP
Defined benefit obligation - beginning of the year	312.3	331.3	316.7	332.6
Current service cost	15.3	18.4	16.3	18.7
Interest cost	15.0	15.5	13.5	14.5
Actuarial loss/(gain)	12.2	11.1	-	(23.1)
Past service cost	1.0	2.5	(22.3)	4.1
Benefits paid	(17.4)	(19.6)	(27.5)	(32.0)
Termination benefits based on Voluntary Leave Scheme	-	-	16.5	16.5
Defined benefit obligation - end of the year	**338.4**	**359.2**	**313.2**	**331.3**
Unrecognised actuarial losses	(55.6)	(55.3)	(44.1)	(44.3)
Unrecognised past service costs	(49.0)	(49.0)	(56.7)	(56.7)
Defined benefit liability - end of the year	**233.8**	**254.9**	**212.4**	**230.3**

(Amounts in millions of Euro, unless otherwise indicated)

19. PROVISION FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS (continued)

The assumptions underlying the actuarial valuation of the Company are as follows:

	2008	2007
Discount rate	5.5%	4.8%
Assumed rate of future salary increases	6.5%	5.5%

(β) Youth Account

The Youth Account provides OTE's employees' children a lump sum payment generally when they reach the age of 25. The lump sum payment is made up of employees' contributions, interest thereon and OTE's contributions which can reach up to a maximum 10 months' salary of the total average salary of OTE employees depending on the number of years of contributions.

The provision for benefits under the Youth Account is based on an independent actuarial study.

The amount of the Youth Account provision recognized in income statement is as follows:

	2008	2007
Current service cost	19.9	21.8
Interest cost on benefit obligation	11.8	11.8
Amortization of unrecognized actuarial loss	31.8	10.7
Amortization of past service cost	5.8	3.2
	69.3	**47.5**

The following is a reconciliation of the projected benefit obligation to the liability recorded for the Youth Account benefits:

	2008	2007
Projected benefit obligation at beginning of year	202.5	206.5
Service cost-benefits earned during the year	19.9	21.8
Interest cost on projected benefit obligation	11.8	11.8
Amortization of unrecognized actuarial loss	31.8	10.7
Amortization of past service cost	5.8	3.2
Benefits paid	(56.2)	(51.5)
Projected benefit obligation at end of year	215.6	202.5
Employee's accumulated contributions	70.7	71.0
	286.3	**273.5**

The reconciliation of the total defined benefit obligation regarding the Account to the benefit liability is as follows:

	2008	2007
Defined benefit obligation	277.7	286.4
Unrecognised actuarial losses	(56.1)	(72.1)
Unrecognised past service costs	(6.0)	(11.8)
Benefit liability	**215.6**	**202.5**

(Amounts in millions of Euro, unless otherwise indicated)

19. PROVISION FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS (continued)

The assumptions underlying the actuarial valuation, of the Youth Account are as follows:

	2008	2007
Discount rate	5.0%	4.5%
Assumed rate of future salary increase	4.5%	4.5%

Voluntary Leave Scheme

On 25 May 2005, the management of OTE and OME-OTE (the personnel union body) signed a Collective Labor Agreement which stipulates the staff hiring procedures. In accordance with this agreement, all new recruits by OTE will be covered with indefinite service agreements.

The agreement became effective from the date the relevant law for the voluntary leave of OTE staff came into force.

The enactment of Article 74 of Law 3371/2005 (Government Gazette 178/14.7.2005) and the Collective Labor Agreement signed between OTE and OME-OTE on 20 July 2005, instituted the framework for the voluntary retirement scheme. Pursuant to this Law and the collective labor agreement, employees who would complete the number of years of service required for retirement up to 31 December 2012 would be entitled to full pension and other benefits.

Employees that desired to come under the provisions of the above mentioned Law, with the decision of TAP OTE, such factitious time insured as the one required for the vesting of the retirement right was recognized. The same decision for the recognition of factitious time was also taken by the Auxiliary Fund.

The cost components of the voluntary leave are as follows:

- The cost of employer's and employees' contributions to TAP-OTE for the period required for the employees to be entitled to pension,
- The amount of pensions TAP OTE will be required to prepay to these employees,
- The total cost of employer's and employees' contributions to the Auxiliary Fund for the period required for the employees to be entitled to pension,
- The amount of pensions the Auxiliary Fund will be required to prepay to these employees,
- The total cost of employees' contributions to Auxiliary Fund for the Lump Sum benefit,
- The total cost of bonuses based on the collective labor agreement signed on 20 July 2005 and
- The termination payments upon retirement of the employees (staff retirement indemnities).

Because of the periodical payments of the majority of the above mentioned costs (payments through to 2012), the nominal amounts of these liabilities were discounted at their present values.

(Amounts in millions of Euro, unless otherwise indicated)

19. PROVISION FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS (continued)

The increase which resulted during 2008 due to the discounting of the provision from the passage of time amounted to Euro 8.1 (2007: Euro 12.3) and is included in the 2008 income statement under interest expense.

Based on the estimated period of payment, these obligations are classified as follows:

	2008	2007
Short-term portion of the provision for Voluntary Leave Scheme	275.8	200.2
Long-term portion of the provision for Voluntary Leave Scheme	107.2	217.5
Total	**383.0**	**417.7**

The movement of the provision for the cost of the Voluntary Leave Scheme is as follows:

Balance as of 1 January 2007	**678.1**
Payments during year 2007	(256.2)
Adjustment due to re-estimation	(16.5)
Adjustment due to time value of money	12.3
Balance as of 31 December 2007	**417.7**

Balance as of 1 January 2008	**417.7**
Payments during year 2008	(42.8)
Adjustment due to time value of money	8.1
Balance as of 31 December 2008	**383.0**

Based on the provisions of Law 3371/2005, the Greek State will contribute a 4% stake in OTE's share capital to TAP-OTE for the portion of the total cost that relates to employer's and employees' contributions to TAP-OTE and to the amount of pensions TAP OTE will be required to prepay, subject to EU approval.

In May 2007, the European Commission by its relevant decision with reference number C 2/2006 (ex L 405/2005) judged that the Greek State's proposal to grant a 4% of its stake to TAP OTE, according to article 74 of L.3371/2005 was not against common market regulations as defined in article 87 paragraph 3. The total contribution of the Greek State to TAP OTE according to the above decision could not exceed the amount of Euro 390.4. The exact amount would depend on the timing and the procedures that will be followed by the Greek State for the implementation of the decision.

On 27 February 2008, the management of OTE and OME-OTE (the employee's union) signed a Collective Labor Agreement, according to which, employees who would complete the number of years required for retirement by 29 December 2008, would be entitled to benefits in order to retire the latest by 30 December 2008. The deadline for the applications for participating in this Voluntary Scheme was due on 21 March 2008. Applications were irrevocable. The respective cost amounted to Euro 12.2 and is included in the line "Cost of early retirement program" in the 2008 income statement.

In addition, included in the 2008 Group's income statement is an amount of Euro 38.0 which is the cost of ROMTELECOM's early retirement program and is included in the line "Cost of early retirement program".

(Amounts in millions of Euro, unless otherwise indicated)

20. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY	GROUP
Provision for employee's contributions under early retirement programs	4.4	4.4	4.5	4.5
Asset retirement obligation	-	5.9	-	5.5
Provision for obligation of free units	37.0	37.0	36.9	36.9
Deferred revenue (long-term)	-	18.0	-	28.8
MICROSTAR (see Note 23)	-	-	-	153.3
Other	-	9.3	-	4.6
	41.4	**74.6**	**41.4**	**233.6**

21. SHORT-TERM BORROWINGS

The outstanding balance as of 31 December 2008 for the Group amounted to Euro 5.1. The weighted average interest rates on short-term borrowings for the years ended 31 December 2008 and 2007, was approximately 6.1% and 4.5% respectively. The outstanding balance of short-term loans is analyzed as follows:

- On 9 November 2007, OTE PLC signed a short term credit facility agreement for an amount of Euro 2,700.0 with a consortium of banks, under the full guarantee of OTE, for the financing of the acquisition of minority shares of COSMOTE by OTE. The loan had a tenor of 1 year with a 3-month extension option and bears interest defined as Euribor plus a margin adjustable on the basis of the long-term credit rating of OTE. According to the current credit rating of OTE the margin was set at 0.30%. As at 31 December 2007, OTE PLC had drawn-down Euro 1,500.0. The proceeds of the loan were lent to OTE through an intercompany loan of an equivalent amount, signed also on 9 November 2007, which includes similar terms and conditions.

  During 2008, a further Euro 600.0 was drawn down which was repaid together with the initial draw down of Euro 1,500.0 with the proceeds from the issue of two bonds under the Global Medium Term Note Programme (Note 18) of Euro 1,500.0 and Euro 600.0.

- OTE PLUS and its subsidiaries loans of Euro 4.1
- VOICENET loans of Euro 0.7
- E-VALUE loans of Euro 0.3

22. INCOME TAXES – DEFERRED TAXES

In accordance with the Greek tax regulations (Law 3296/2004), the income tax rate, was 25% for 2007 and onwards. In accordance with article 19 of Law 3697/2008 the income tax rate will gradually reduce as follows: 24% for 2010, 23% for 2011, 22% for 2012, 21% for 2013 and 20% for 2014 and onwards.

Greek tax regulations and related clauses are subject to interpretation by the tax authorities and administrative courts of law.

Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the tax payer and a final assessment is issued. Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated.

(Amounts in millions of Euro, unless otherwise indicated)

22. INCOME TAXES – DEFERRED TAXES (continued)

Under Greek tax regulations, an income tax advance calculation on each year's current income tax liability is paid to the tax authorities. Such advance is then netted off with the following year's income tax liability. Any excess advance amounts are refunded to the companies following a tax examination.

The Company and its subsidiaries have not been audited by the tax authorities for the following years and, therefore, the tax liabilities for these open years have not been finalized:

Company	OPEN TAX YEARS
Direct ownership	
• OTE	From 2006
• COSMOTE	From 2006
• OTE INTERNATIONAL INVESTMENTS LTD	From 2003
• HELLAS SAT	From 2008
• COSMO-ONE	From 2002
• VOICENET	From 2004
• HELLASCOM	From 2007
• OTE PLC	From 2005
• OTE SAT-MARITEL	From 2004
• OTE PLUS	From 2005
• OTE ESTATE	From 2003
• OTE GLOBE	From 2007
• OTE INSURANCE	From 2003
• OTE ACADEMY	From 2007
• HATWAVE	From 1996

Company	OPEN TAX YEARS
Indirect ownership	
• OTE INVESTMENTS 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 2008
• GERMANOS TELECOM ROMANIA S.A.	From 2003
• SUNLIGHT ROMANIA S.R.L. -FILIALA	From 2003
• GERMANOS TELECOM BULGARIA A.D.	From 2005
• MOBILBEEEP LTD	From 2005
• HELLAS SAT A.E	From 2008
• OTE MTS HOLDING B.V	From 2005
• CHA	From 2007
• COSMO-HOLDING CYPRUS	From 2006
• REAL ESTATE INVESTMENT COMPANY	From 2008 (incorporation)
• OTE PLUS BULGARIA	Tax exempt

The tax audit of the Company for the fiscal years 2002-2005 was completed in early 2008. The authorities imposed additional taxes and fines amounting to Euro 84.4 for fiscal years 2002-2004 and reduced the 2005 tax losses carried forward which resulted to an increase of the 2006 taxable profits and a corresponding increase in taxes by Euro 6.4, after the recognition of the expenses in 2006 that were disallowed by the tax authorities in 2005. The Company had recognized a provision of Euro 42.0 in previous years. The difference of Euro 42.4 was charged to the 2007 income statement.

(Amounts in millions of Euro, unless otherwise indicated)

22. INCOME TAXES – DEFERRED TAXES (continued)

The tax examination of GERMANOS for the fiscal years 2004 and 2007 is in progress, and is expected to be completed within 2009.

The tax audit of ROMTELECOM for the fiscal years 2001-2005 was completed in March 2008. Additional taxes of Euro 20.2 were imposed, which were netted-off against the respective provision which had been established in previous years, with no impact to the 2008 income statement.

During 2008, the tax audit of OTE GLOBE for the fiscal years 2002-2006 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 to the 2008 income statement.

During 2008, the tax audit of OTE ESTATE for the fiscal years 2001 and 2002 was completed and, although the additional taxes due, amounted to Euro 15.3, this was subsequently revised downwards by the tax authorities, to Euro 7.9. In addition, the tax authorities imposed additional taxes of Euro 16.8 relating to the share capital increase in 2001 against which the company has set up a provision of Euro 10.3 which was charged to the 2008 income statement. The company has decided to file lawsuits against the tax authorities' decision, before the Administrative Courts.

In December 2008, the tax audit of the Cypriot company OTE INTERNATIONAL INVESTMENTS LTD for the years 1998-2002 was completed without any additional taxes being imposed.

The tax audit of OTE SAT - MARITEL for the fiscal years 2004 and 2005 is in progress and is expected to be completed within 2009.

During 2008, the tax audit of HELLAS SAT for the fiscal years 2002- 2007 was completed and additional taxes of Euro 0.5 were imposed.

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

The tax audit of E-VALUE S.A. for the fiscal years 2003-2005 is in progress and is expected to be completed within 2009.

The major components of income tax expense for the years ended 31 December 2008 and 2007 are as follows:

	2008		2007	
	COMPANY	**GROUP**	**COMPANY (*)**	**GROUP**
Current income tax	112.5	311.7	166.3	341.5
Deferred income tax	(29.3)	(65.5)	46.1	40.3
Total income tax	**83.2**	**246.2**	**212.4**	**381.8**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

(Amounts in millions of Euro, unless otherwise indicated)

22. INCOME TAXES – DEFERRED TAXES (continued)

A reconciliation between tax expense and the accounting profit multiplied by tax rates in force (2008:25%, 2007:25%) is as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY	GROUP
Profit before tax	446.5	844.0	792.1	1,154.8
Statutory tax rate	25%	25%	25%	25%
Tax at statutory rate	111.6	211.0	198.0	288.7
Non-taxable and specially taxed income	(69.3)	-	(43.0)	-
Effect of different rates in different countries	-	11.8	-	16.5
Effect of changes to tax rates	11.7	(9.8)	-	2.6
Expenses non-deductible for tax purposes	15.3	21.9	13.1	16.0
Losses from consolidated subsidiaries not decuctible	-	11.9	-	19.2
Differences arising from tax audits	-	7.9	48.8	48.8
Untaxed reserve (Law 3299/2004)	-	(7.5)	(7.5)	(7.5)
Other	13.9	(1.0)	3.0	(2.5)
Income tax	**83.2**	**246.2**	**212.4**	**381.8**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

Deferred taxes are recognized on the temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts recognized for taxation purposes and are analyzed as follows

COMPANY	**BALANCE SHEET**		**INCOME STATEMENT**	
	2008	**2007**	**2008**	**2007**
Voluntary retirement scheme	95.6	106.8	(11.2)	(59.3)
Staff retirement indemnities	38.7	47.7	(9.0)	2.5
Youth Account	49.8	50.7	(0.9)	(0.9)
Employee benefits	44.5	44.4	0.1	5.7
Provisions	51.0	20.5	30.5	(10.5)
Deferred income	4.4	5.1	(0.7)	5.1
Other	-	3.3	(3.3)	(0.2)
Deferred tax assets	**284.0**	**278.5**		
Offset of Deferred tax liabilities	(96.0)	(119.8)		
Deferred tax assets, net	**188.0**	**158.7**		
Property, plant and equipment	(64.5)	(85.8)	21.3	7.6
Capitalized interest	(25.9)	(32.2)	6.3	5.1
Unbilled revenue	(3.3)	-	(3.3)	-
Loan fees	(2.3)	(1.8)	(0.5)	(1.2)
Deferred tax liabilities	**(96.0)**	**(119.8)**		
To be offset against deferred tax asset	96.0	119.8		
Deferred tax income/(expense)			**29.3**	**(46.1)**
Deferred tax assets, net	**188.0**	**158.7**		

(Amounts in millions of Euro, unless otherwise indicated)

22. INCOME TAXES – DEFERRED TAXES (continued)

GROUP

	BALANCE SHEET		INCOME STATEMENT	
	2008	2007	2008	2007
Deferred tax assets				
Voluntary retirement scheme	95.6	106.8	(11.2)	(61.1)
Staff retirement indemnities	42.8	51.0	(8.2)	5.7
Youth Account	49.8	50.7	(0.9)	(0.9)
Employee benefits	44.9	44.4	0.5	5.3
Property, plant and equipment	83.9	63.5	10.3	6.7
Provisions	75.7	33.3	42.4	(16.4)
Carry forward tax losses	5.4	5.9	(0.5)	4.7
Deferred income	7.9	8.6	(0.7)	(1.1)
Fair value adjustment on acquisition	53.9	56.3	(2.4)	(2.4)
Other	14.1	24.0	(9.8)	(2.3)
	474.0	**444.5**		
Offset of deferred tax liabilities	(187.2)	(183.7)		
Deferred tax asset	**286.8**	**260.8**		
Deferred tax liabilities				
Property, plant and equipment	(166.3)	(196.2)	29.9	3.9
Capitalized interest	(27.1)	(33.7)	6.6	5.3
Unbilled revenue	(5.6)	(0.2)	(5.4)	0.4
Loan fees	(3.5)	(3.5)	-	(0.8)
Fair value adjustment on acquisition	(89.0)	(110.2)	21.2	3.7
Other	(12.4)	(6.1)	(6.3)	9.0
	(303.9)	**(349.9)**		
To be offset against deferred tax asset	187.2	183.7		
Deferred tax liabilities,	**(116.7)**	**(166.2)**		
Deferred tax income/(expense)			**65.5**	**(40.3)**
Deferred tax assets, net	**170.1**	**94.6**		

The movement in deferred tax of the Company and the Group is as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY(*)	GROUP
Deferred tax (net) – beginning of year	158.7	94.6	204.8	127.4
Tax charged to the income statement	29.3	65.5	(46.1)	(40.3)
Foreign exchange differences	-	10.0	-	7.5
Deferred tax (net)- end of year	**188.0**	**170.1**	**158.7**	**94.6**

COSMOTE ROMANIA has carried forward tax losses as of 31 December 2008 of Euro 181.6. A deferred tax asset has not been recognised in respect of these losses due to the uncertainty of the timing of available profits against which the losses could be offset.

(Amounts in millions of Euro, unless otherwise indicated)

23. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	2008		2007	
	COMPANY	GROUP	COMPANY(*)	GROUP
MICROSTAR (See Note 20)	-	160.3	-	-
Employer contributions	44.9	63.6	55.1	74.3
Payroll	23.3	34.0	18.1	27.5
Other taxes - duties	39.7	102.4	29.4	79.5
Interest payable	125.8	164.0	30.6	66.2
Provision for employees contributions under early retirement programs	3.4	3.4	5.0	5.0
Provisions for litigation and other liabilities	109.4	110.5	121.3	126.8
Customer advances	49.7	55.6	38.8	40.4
Other	8.9	144.4	11.7	168.1
	405.1	**838.2**	**310.0**	**587.8**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

On 15 January 2007, Mr. Panos Germanos acquired a participation of 10% in the share capital of COSMOTE's subsidiary COSMOHOLDING CYPRUS LTD, by subscribing to 100 registered shares (Class B) for a total amount of Euro 144.5, through the 100% controlled by him Cypriot holding company, MICROSTAR Ltd. Therefore, as of 31 December 2007 and 2008, COSMOTE's participation in COSMOHOLDING CYPRUS LTD, amounted to 90.0%, and COSMOTE indirect participation in GERMANOS via COSMOHOLDING CYPRUS LTD, amounted to 90.0%.

The Group consolidates COSMOHOLDING CYPRUS LTD, on a 100% basis since in accordance with the terms of the class B shares, the terms of whom are guaranteed by COSMOTE, do not have a right to a dividend, return of capital, profits or other form of distribution. These shares are redeemable by COSMOHOLDING CYPRUS LTD or any other party indicated by COSMOTE on 31 December 2009 or on 31 December 2011, if the controlling shareholder MICROSTAR Ltd so chooses, at a price which depends on the achievement of certain corporate targets until the purchase date. In addition, the Class B shares could be prematurely purchased after the request (a) of the holder in the case of change of control of COSMOTE or OTE, or (b) if either COSMOHOLDING CYPRUS LTD or the holder in the case COSMOTE, decides to sell its stake in COSMOHOLDING CYPRUS to third parties not under its direct or indirect control.

As of 31 December 2008, COSMOHOLDING CYPRUS LTD held a 100% share in GERMANOS. The amount of Euro 144.5 plus Euro 15.8 which relates to accrued interest (total Euro 160.3) is presented in the consolidated balance sheet under other current liabilities as it is estimated that these shares will be purchased by 31 December 2009, at a price depending on the achievement of specified targets.

The movement in the provision for litigation and other liabilities is as follows:

	COMPANY	GROUP
Balance 1/1/2008	121.3	126.8
Addition during the year	0.8	2.1
Utilized	(5.2)	(10.9)
Unused amounts reversed	(7.5)	(7.5)
Balance 31/12/2008	**109.4**	**110.5**

(Amounts in millions of Euro, unless otherwise indicated)

24. REVENUE

Revenue is analyzed as follows:

	2008		2007	
	COMPANY	**GROUP**	**COMPANY(*)**	**GROUP**
(i) Domestic Telephony				
• Monthly network service fees	621.0	910.7	674.8	988.1
• Local and long-distance calls				
- Fixed to fixed	434.3	481.9	485.1	565.5
- Fixed to mobile	229.4	325.3	262.8	378.3
	663.7	807.2	747.9	943.8
• Other	70.8	96.3	72.5	90.3
	1,355.5	**1,814.2**	**1,495.2**	**2,022.2**
(ii) International Telephony				
• International traffic	63.0	93.8	71.0	108.1
• Dues from international operators	86.8	136.6	79.8	146.8
• Dues from mobile operators	52.6	56.5	46.9	49.6
	202.4	**286.9**	**197.7**	**304.5**
(iii) Mobile Telephony	**-**	**2,470.8**	**-**	**2,210.0**
(iv) Other revenue				
• Prepaid cards	45.1	52.2	63.4	76.2
• Directories	3.9	3.9	1.3	55.1
• Leased lines and Data ATM communications	211.9	336.6	198.5	272.1
• Integrated Services Digital Network	135.4	147.5	154.4	166.1
• Sales of telecommunication equipment	54.2	617.2	68.6	679.8
• Internet/ ADSL	173.8	226.9	172.7	225.7
• Co-location / Local Loop	86.2	91.7	26.3	30.8
• Metro Ethernet & IP CORE	17.8	23.6	9.6	11.0
• Provision for services	165.7	120.4	146.8	68.3
• Interconnection charges	112.3	119.4	115.5	108.2
• Miscellaneous	25.5	96.0	32.7	89.8
Total other revenue	**1,031.8**	**1,835.4**	**989.8**	**1,783.1**
Total revenue	**2,589.7**	**6,407.3**	**2,682.7**	**6,319.8**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

(Amounts in millions of Euro, unless otherwise indicated)

25. OTHER OPERATING EXPENSES

Other operating expenses are analyzed as follows:

	2008		2007	
	COMPANY	**GROUP**	**COMPANY(*)**	**GROUP**
Third party fees	131.0	208.4	139.3	183.5
Cost of telecommunication materials, repairs and maintenance	63.8	191.5	68.3	201.8
Advertising and promotion costs	46.6	212.9	49.4	208.3
Utilities	60.0	114.9	55.6	93.6
Provision for doubtful accounts	75.5	119.8	55.9	88.0
Other provisions	0.8	2.1	15.7	18.1
Travel costs	7.9	18.1	8.1	18.9
Commissions to independent commercial distributors	-	253.4	-	244.1
Payments to Audiotex providers	5.8	8.7	10.3	14.3
Rents	73.7	90.9	72.0	88.0
Taxes, other than income tax	9.9	51.7	14.8	56.3
Transportation costs	6.4	11.8	5.9	13.0
Other	12.1	44.5	14.1	65.3
	493.5	**1,328.7**	**509.4**	**1,293.2**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

26. 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:

	GROUP	
	2008	**2007**
Profit attributable to shareholders of the parent	601.8	662.6
Weighted average number of shares for basic earnings per share	490,150,389	490,150,389
Share options	6,008,060	-
Weighted average number of shares adjusted for the effect of dilutions	496,158,449	490,150,389
Basic earnings per share	1.2278	1.3518
Diluted earnings per share	1.2129	1.3518

(Earnings per share are in absolute amounts)

27. SEGMENT INFORMATION

The following information is provided for the reportable segments, which are separately disclosed in the financial statements and which is regularly reviewed by the Company'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 the sub groups included in the consolidation.

(Amounts in millions of Euro, unless otherwise indicated)

27. SEGMENT INFORMATION (continued)

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

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements. Management evaluates segment performance based on operating income before depreciation, operating income and net income.

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

2008	OTE	COSMOTE	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	2,362.1	3,064.5	850.5	130.2	6,407.3	-	6,407.3
Intersegment revenue	227.6	197.2	19.3	252.5	696.6	(696.6)	-
Interest income	36.3	29.9	16.2	308.4	390.8	(318.5)	72.3
Interest expense	(194.8)	(145.8)	(7.6)	(301.3)	(649.5)	305.8	(343.7)
Depreciation and amortization	(465.0)	(416.6)	(253.6)	(77.9)	(1,213.1)	0.1	(1,213.0)
Investment income	12.2	-	-	-	12.2	-	12.2
Income tax expense	(83.2)	(148.5)	9.6	(24.1)	(246.2)	-	(246.2)
Operating income	312.2	725.6	-	21.6	1,059.4	(1.7)	1,057.7
Net income	363.3	470.6	(10.8)	20.9	844.0	(242.2)	601.8
Investments	156.4	0.1	-	0.1	156.6	-	156.6
Segment assets	8,873.0	4,806.2	1,873.2	7,742.3	23,294.7	(11,869.5)	11,425.2
Segment liabilities	5,349.0	3,844.9	302.7	6,509.8	16,006.4	(6,770.8)	9,235.6
Expenditures for segment assets	300.7	499.6	125.7	38.0	964.0	-	964.0

2007	OTE (*)	COSMOTE	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	2,452.9	2,878.6	843.3	145.0	6,319.8	-	6,319.8
Intersegment revenue	229.8	181.7	28.6	226.1	666.2	(666.2)	-
Interest income	47.5	21.6	10.1	191.3	270.5	(192.7)	77.8
Interest expense	(98.6)	(145.3)	(5.4)	(185.0)	(434.3)	195.6	(238.7)
Depreciation and amortization	(507.0)	(367.9)	(255.8)	(42.5)	(1,173.2)	1.4	(1,171.8)
Investment income	16.8	-	-	-	16.8	-	16.8
Income tax expense	(212.4)	(145.6)	(2.4)	(21.4)	(381.8)	-	(381.8)
Operating income	314.3	618.0	44.8	71.7	1,048.8	(1.9)	1,046.9
Net income	579.7	361.3	15.5	55.2	1,011.7	(238.7)	773.0
Investments	157.8	-	-	0.6	158.4	-	158.4
Segment assets	8,360.7	4,428.2	2,140.2	7,089.2	22,018.3	(10,485.3)	11,533.0
Segment liabilities	4,811.7	3,680.3	376.2	5,749.6	14,617.8	(6,139.4)	8,478.4
Expenditures for segment assets	297.0	564.5	207.2	32.6	1,101.3	-	1,101.3

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

28. RELATED PARTY DISCLOSURES

OTE's related parties have been identified based on the requirements of IAS 24 and comprise of its subsidiaries, its associates, the entities which have a significant influence on OTE, the members of the Board of Directors and the key management personnel.

(Amounts in millions of Euro, unless otherwise indicated)

28. RELATED PARTY DISCLOSURES (continued)

The Company purchases goods and services from these related parties, and provides services to them. Furthermore, OTE grants and receives loans to / from its subsidiaries and receives dividends.
OTE's purchases and sales with related parties are analyzed as follows:

	2008		2007 (*)	
	Sales OTE	**Purchases OTE**	**Sales OTE**	**Purchases OTE**
COSMOTE	184.1	123.4	192.9	125.6
OTE INTERNATIONAL INVESTMENTS LTD	0.5	4.9	0.4	5.5
HELLAS-SAT	0.6	1.7	0.6	1.7
COSMO-ONE	0.1	0.9	-	1.0
VOICENET	5.4	2.9	4.7	0.4
HELLASCOM	0.2	8.5	0.1	6.6
OTE SAT – MARITEL	1.0	2.1	0.9	2.1
OTE PLUS	0.4	36.7	0.3	30.4
OTE ESTATE	1.3	62.2	2.3	59.7
INFOTE	-	-	4.7	3.7
OTE-GLOBE	33.9	74.3	22.4	64.3
OTE ACADEMY	0.1	4.2	0.3	5.1
DEUTSCHE TELEKOM AG (**)	5.9	4.2	-	-
	233.5	**326.0**	**229.6**	**306.1**

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)
(**) : Includes OTE's sales and purchases to and from DEUTSCHE TELEKOM AG for the second half of 2008, when the latter is considered to be a related party of the former.

OTE's financial activities with its related parties comprise interest on loans granted and received and can be analyzed as follows:

	2008		2007	
	Finance income OTE	**Finance expense OTE**	**Finance income OTE**	**Finance expense OTE**
COSMOFON	3.3	-	3.6	-
OTE PLC	1.3	176.7	2.1	73.7
	4.6	**176.7**	**5.7**	**73.7**

OTE's dividend income from its related parties is analyzed as follows:

	2008	**2007**
COSMOTE	245.2	163.2
OTE INTERNATIONAL INVESTMENTS LTD	-	57.3
INFOTE	-	5.0
OTE ESTATE	30.3	-
OTE SAT – MARITEL	0.5	-
	276.0	**225.5**

(Amounts in millions of Euro, unless otherwise indicated)

28. RELATED PARTY DISCLOSURES (continued)

Amounts owed to and by related parties as a result of current transactions between them are analyzed as follows:

	2008		2007(*)	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	37.9	50.4	39.4	34.4
OTE INTERNATIONAL INVESTMENTS LTD	0.3	1.0	0.2	1.4
HELLAS-SAT	0.5	0.3	4.6	0.6
COSMO-ONE	-	0.7	-	0.2
VOICENET	1.7	0.9	0.1	0.1
HELLASCOM	-	2.9	-	1.4
OTE SAT – MARITEL	0.3	0.6	0.3	0.5
OTE PLUS	0.2	15.9	0.8	12.8
OTE AKINHTA	0.7	0.4	3.1	31.7
OTE-GLOBE	68.0	91.8	49.4	73.2
OTE ACADEMY	-	0.1	0.5	0.8
DEUTSCHE TELEKOM AG	6.3	7.2	-	-
	115.9	**172.2**	**98.4**	**157.1**

Amounts owed by and to OTE relating to loans advanced, are analyzed as follows:

	2008		2007	
	Receivable OTE	Payable by OTE	Receivable OTE	Payable by OTE
COSMOFON	46.8	-	51.8	-
OTE PLC	-	3,423.1	35.4	2,787.0
	46.8	**3,423.1**	**87.2**	**2,787.0**

The Group's transactions with related parties for 2008 that are not eliminated in consolidation are as follows:

	2008		2008	
	Amounts owed to the Group	Amounts owed by the Group	Sales of the Group	Purchases of the Group
DEUTSCHE TELEKOM AG	6.5	7.5	7.6	4.3

There are no Group's transactions with related parties for 2007 that are not eliminated in consolidation.

28. RELATED PARTY DISCLOSURES (continued)

The main transactions between Group companies are described below:

a. OTE-GLOBE
i. OTE-GLOBE provides international telephony services on behalf of OTE to international provides and invoices OTE with its fees.
ii. OTE-GLOBE invoices OTE, and OTE invoices OTE-GLOBE for the telecommunication traffic which passes through international networks of OTE-GLOBE or international telephone networks of OTE as the case may be. In addition, the two entities have commercial transactions in relation to leased lines.

b. VOICENET
i. OTE invoices VOICENET for the lease of its lines
ii. OTE and VOICENET have income and expenses for interconnection depending on which of the two entities network the calls terminate including international telephony traffic which passes through the two networks.

c. OTE ESTATE
i. OTE ESTATE earns rental income from OTE and its subsidiaries.
ii. OTE invoices OTE ESTATE for additions or improvements made to the land and buildings that belong to OTE ESTATE. The related costs of these additions, representing labor and materials costs, are included in OTE's income statement.

d. OTE INTERNATIONAL INVESTMENTS LTD
OTE INTERNATIONAL INVESTMENTS LTD invoices OTE and its subsidiaries for the administration services provided to foreign subsidiaries.

e. COSMO-ONE
COSMO-ONE invoices OTE and its subsidiaries for e-commerce services.

f. OTE SAT – MARITEL
i. OTE invoices OTE SAT- MARITEL for the usage of OTE's facilities for INMARSAT services.
ii. OTE SAT - MARITEL invoices OTE for fixed to mobile connection, which is invoiced by INMARSAT to OTE SAT - MARITEL.

g. OTE PLUS
OTE PLUS provides consulting services to OTE.

h. COSMOTE
i. OTE invoices COSMOTE with commissions for mobile connections made through OTE.
ii. OTE invoices COSMOTE for leased lines.
iii. OTE and COSMOTE have income and expenses for interconnection depending to which of the two entities network the codes terminate, including international telephony traffic which passes through the two networks.
iv. COSMOTE provides OTE with mobile equipment.

i. OTE ACADEMY
i. OTE ACADEMY subleases to OTE its training center facilities in Athens and Thessaloniki. OTE ACADEMY leases the premises from OTE ESTATE.
ii. OTE ACADEMY provides training services to the employees of OTE and its subsidiaries.

28. RELATED PARTY DISCLOSURES (continued)

j. HELLASCOM

Hellascom provides consulting services of technical nature to OTE and construction studies to its subsidiaries.

k. HELLAS SAT

i. HELLAS SAT invoices OTE for transmitter's rental and the provision of satellite capacities.

ii. OTE invoices HELLAS SAT with a commission on the rental of satellite capacities.

l. OTE PLC

OTE PLC has granted interest bearing long-term loans to OTE and subsidiaries.

m. COSMOFON

OTE has granted an interest bearing long-term loans to COSMOFON.

n. DEUTSCHE TELEKOM AG

OTE has income and expenses which arise from transactions with incoming, outgoing and transit traffic to and from DEUTSCHE TELEKOM AG's network.

Key Management Personnel and those closely related to them are defined in accordance with IAS 24 "Related Party Disclosures". Compensation includes all employee benefits (as defined in IAS 19 "Employee Benefits") including employee benefits to which IFRS 2 "Share-based Payment" applies.

Fees paid to the members of the Board of Directors and key management personnel for 2008 and 2007 amounted to Euro 4.7 and Euro 3.5 respectively.

808,620 options under OTE's share based payment plan (Note 29) have been granted to the Company's key management personnel.

29. SHARE OPTION PLAN

During financial year 2008, a share option plan was offered to executives of OTE and its subsidiaries. In July 2008, the General Assembly introduced a plan to unify the OTE plan and the active Cosmote Group plans.

<u>INITIAL OTE SHARE OPTION PLAN</u>

Based on OTE's repeating General Assembly of 3 April 2007, the Board of Directors' of 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.

The Option Plan permits the Board of Directors to grant Option Rights to eligible employees on an annual basis. Upon their initial participation in the Option Plan, eligible employees become entitled to a number of initial options ("Basic Option Rights"), while, in subsequent years, the Board may also grant to eligible employees further option ("Additional Option Rights") on an annual basis.

29. SHARE OPTION PLAN (continued)

Basic Option Rights vest in stages over a three-year period (40%, 30% and 30% upon the first, second and third anniversaries, respectively, on the commencement of the Plan), while Additional Option Rights vest 100%, upon the third anniversary of the commencement of the Plan. The options vest if the employee achieves its personal targets 50% of the department targets are achieved and EBITDA is above budget for the previous two years.

Each Option Right represents the right to one share. Beneficiaries may exercise vested Option Rights within the first four years from the vesting date of such rights for the first vested Option Rights under the Option Plan. The options may be exercised in January of each year following the vesting date except for the last exercise period which is December 2011.

The exercise price of the options that vest during the first year (2008) will be equal to the average closing price of OTE's shares in the second half of the year immediately preceding the date on which the Board of Directors recommended the Option Plan to the General Assembly for approval, being Euro 19.49 (absolute amount) being the average share price for the second half of 2006. The exercise price after the first year is the average price in the month prior to vesting.

INITIAL COSMOTE SHARE OPTION PLAN

COSMOTE has established a Management Share Option Plan for the purchase of COSMOTE's shares at discounted price. The Plan was approved by the resolution of the General Assemblies held on 31 July 2000 and 6 September 2000 and amended by the resolutions of the General Assemblies held on 12 June 2001, 21 February 2002, 27 January 2006 and 28 February 2007.

The Plan, provides that the Board of Directors would grant options to participants every year, which gradually (40% upon the completion of a year of the grant, 30% upon the completion of the second year and 30% upon the completion of the third year) would be converted to final grant for the acquisition of ordinary shares with an aggregate value of, at maximum, 1-5 times annual gross salaries, depending on the position and the company, provided that the participants continue to work efficiently for the Company (Basic Option Rights). Further options may be granted by the Board of Directors to participants at the end of each year, for the acquisition of ordinary shares with an aggregate value of, at maximum, one annual gross salary, depending on the position, for the executives of the Company in Greece and, at maximum, 0.75 annual gross salary for the subsidiaries' executives abroad (Additional Option Rights). The Basic Option Rights granted to the Chairman of the Company vest in full after one year. Additional Option Rights vest after 3 years.

Basic Option Rights, once vested, can be exercised in whole or in part until the fourth year from their grant, while the Additional Option Rights, once vested, can be exercised in whole or in part during their maturity year or the following year. Share options expire if the beneficiary leaves the company or is fired before the options vest, irrespective of their exercise date, or the individual performance of the beneficiary is assessed in the year that the stock option was granted (for 2007 and after) to be lower than a specified lead.

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

(Amounts in millions of Euro, unless otherwise indicated)

29. SHARE OPTION PLAN (continued)

OTE's MODIFIED SHARE OPTION PLAN

On 9 July 2008, OTE held the Repeating 56th Ordinary General Assembly. During the meeting the shareholders approved the adoption of a Share Option Plan for executives of the Company and affiliated companies, according to article 42e of the Codified Law 2190/1920. In particular, this plan replaces the pre-existing Share Option Plan of OTE and also includes COSMOTE's management personnel and directors, due to the delisting of its shares from the Athens Exchange. Basic and additional share options already granted by COSMOTE in 2005, 2006 and 2007 based on COSMOTE's existing plan are replaced by options to by OTE's shares under the modified plan.

In accordance with the approval by the General Assembly a discount is calculated on the exercise price, being Euro 19.49 (absolute amount). The discount depends on EBITDA of the Company and the Group. The Discount varies from 0% to 20% for middle management and from 0% to 25% for top management.

The holders of the options may exercise them in the months of April and October of each year following vesting date.

The fair value is reflected in the income statement during the vesting period. An amount of Euro 6.5 was charged to the Company's income statement in 2008 and Euro 12.0 for the Group. The amounts are recorded in the line "Payroll and employee benefits" with a corresponding entry in the Share Premium.

Further details of the plan are as follows:

	2008	
	Number of options	**Weighted average exercise price**
Outstanding at the beginning of period	3,440,290	15.20
Granted	3,141,620	16.10
Forfeited	(573,850)	15.26
Exercised	-	-
Expired at end of period	-	-
Outstanding at end of period	**6,008,060**	15.66
Exercisable at end of period	2,315,920	15.14

The fair value was determined by using a Monte Carlo simulation option pricing model taking into account the effects of early exercise. Key inputs and calculations results of the model are presented below:

	2008
Weighted average share price	21.38
Weighted average exercise price	22.05
Weighted average expected volatility	24%
Weighted average exercise period	2.5 years
Weighted average risk free rate	4.06%
Weighted average expected dividend	0.75
Weighted average option value	2.20

29. SHARE OPTION PLAN (continued)

The modification of the OTE plan increased the fair value of the options, the difference in the fair value of the original and replacement equity instruments is recognised as an expense from the modification date up to the vesting date. The incremental fair values of the modifications to the existing COSMOTE plans were not positive so the Group continues to account for these plans as if the modification has not happened.

30. LITIGATION AND CLAIMS - COMMITMENTS

(a) The most significant outstanding legal cases as at 31 December 2008, were as follows:

(i) **Lease agreements (OTE Leasing):** On 11 December 2001, OTE disposed of its wholly owned subsidiary, OTE Leasing, to Piraeus Financial Leasing S.A., a subsidiary of Piraeus Bank S.A. for a consideration of Euro 21.0. From the sale proceeds, Euro 5.9 was collected in cash and the balance of Euro 15.1 in the form of shares in Piraeus Bank S.A., based on their fair value at that date. As prescribed in the agreements signed for the sale of OTE Leasing, OTE is committed to indemnify Piraeus Financial Leasing S.A. up to an amount of approximately Euro 28.0, for possible losses to be incurred from the non-performance of lessees for contracts signed through to the date of sale of OTE Leasing. The conditions under which a lessee’s contract will be characterized as non-performing are described in detail in the sale agreements. OTE’s obligation is in force for a period between 3-5.5 years, depending on the nature of the lease contracts. On 28 September 2007, Piraeus Financial Leasing S.A filed a law suit against OTE, claiming Euro 3.4 from OTE. The hearing which had been scheduled for 26 February 2009, in the Athens Multi-Member Court was postponed.

(ii) **Alpha Digital Synthesis S.A.:** On 7 May 2003, Alpha Digital Synthesis S.A. submitted a request for arbitration according to the Greek Civil Procedure Code, claiming an amount of approximately Euro 254.2 plus interest for alleged damages incurred as a result of an alleged breach by OTE of the terms of a memorandum of understanding to provide subscribers television services. The Athens Arbitration Court in 2006 ruled in favor of Alpha Digital Synthesis S.A., and ordered OTE to pay an amount of approximately Euro 13.0. OTE’s appeal against this decision before the Athens Court of Appeals, was rejected and OTE paid the above amount plus interest. OTE appealed for conclusion of the decision before the Supreme Court which was also rejected.

(iii) ***Hellenic Radio and Television S.A. (“ERT”):*** During May 2002, ERT filed a law suit against OTE before the Athens Multi-Member Court, claiming an amount of Euro 42.9 plus interest for damages incurred by it as a result of an alleged infringement by OTE of the terms of a memorandum of understanding signed by the two parties. The Court judged in 2005 that the case should be referred to arbitration. To date ERT has not yet submitted a request for arbitration proceedings. In November 2003 ERT filed a law suit against OTE claiming Euro 1.5 for alleged damages incurred by it due to a circuit cut which will be heard by the Athens Multi-Member Court on 3 June 2010.

30. LITIGATION AND CLAIMS – COMMITMENTS (continued)

(iv) **Forthnet S.A.:** In 2002, Forthnet S.A. filed a civil claim, claiming an amount of Euro 26.7 plus interest for damages incurred by it due to loss of customers as a result of OTE's allegedly discriminatory policy in favor of OTENET. The hearing which was scheduled for 19 April 2007, was suspended and rescheduled for 5 June 2008 and was again suspended and rescheduled for 28 January 2010. Furthermore, Forthnet S.A. filed a lawsuit against OTE before the Athens Multi-Member of First Instance Court, claiming Euro 4.1 in damages, due to suspension of its subscriber's number portability. The hearing scheduled for 3 May 2006 was suspended.

(v) **Greek Telecom S.A.:** In 2004, Greek Telecom S.A. filed a lawsuit against OTE before the Athens Multi Member of First Instance Court, claiming Euro 45.4 plus interest in damages, due to alleged breach of contractual obligations arising out of disconnection of telecommunication services. The hearing was held on 22 March 2006 and Court by its decision rejected Greek Telecom S.A.'s claim. Greek Telecom S.A. appealed against this decision before the Athens Court of Appeals. The case was heard on 4 October 2007 and the claim was rejected.

(vi) **Teledome S.A.:** Teledome S.A. filed five lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 8.1 plus interest for alleged damages incurred by it as a result of OTE's delay in delivering to it leased lines and the application of non cost oriented interconnection charges by OTE. The hearings of the above lawsuits were scheduled for various dates in 2007. The first lawsuit (Euro 1.6) was heard before the Court on 6 June 2007 and the hearing was postponed, the second lawsuit (Euro 1.0) was rescheduled for 17 September 2008 and then rescheduled again for 21 January 2009, regarding the third lawsuit (Euro 0.3) the Court postponed the hearing, the fourth lawsuit (Euro 1.6) was heard on 7 February 2007 and the Court rejected it and for the fifth lawsuit (Euro 3.6) the Court ordered factual investigation. Furthermore, Teledome S.A. filed six lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming approximately Euro 11.1 plus interest in damages, due to suspension of its subscriber's number portability and due to alleged breach of contractual obligations arising out of disconnection of telecommunication services. For two lawsuits totaling Euro 4.7, the Court rejected Teledome's claims. Teledome appealed the decision before the Court of Appeals, which rejected them. A lawsuit of Euro 0.9 was rejected by the Courts on 25 January 2007. The lawsuit of Euro 4.4 was heard on 6 March 2008 and was rejected by the court. Regarding the lawsuit of Euro 0.5 the Courts ordered factual investigation and the lawsuit of Euro 0.6 was heard on 26 September 2007 and which concluded that the claim up to an mount of Euro 0.3 was valid. However, both OTE and Teledome S.A have appealed against the decision, which appeal, was heard on 4 December 2008 and the court decision is pending. Finally, Teledome filed a law suit against OTE to be heard by the Athens Multi Member Court claiming Euro 54.1 plus interest for damages for so called unlawful termination of its leased lines by OTE which resulted in Teledome S.A's bankruptcy. This claim will be heard by the Athens Multi Member Court on 18 March 2009.

30. LITIGATION AND CLAIMS – COMMITMENTS (continued)

(vii) **Newsphone Hellas S.A.:** Newsphone Hellas S.A. filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an amount of Euro 7.2 plus interest for alleged damages incurred by it as a result of OTE's refusal to include in its recorded message that directories information services, except from OTE, are also provided by Newsphone Hellas S.A. The hearing was held on 17 May 2006 and the Court rejected Newsphone Hellas S.A's claims.

(viii) **TELLAS S.A.:** TELLAS S.A. filed four lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 20.8 plus interest in damages due to suspension of its subscriber's number portability. TELLAS S.A. resigned from the lawsuit of Euro 4.2 prior to the hearing while the hearings of the remaining lawsuits were heard on 2 May 2007 and rejected. **TELLAS** filed two new claims against OTE totaling Euro 6.3 for the triggering of penalty clauses for the loss suffered for the delayed delivery of leased lines and for claims relating to non compliance of OTE with costing obligations. The cases will be heard by the Athens Multi Member Court on 16 September 2010.

(ix) **LAN-NET S.A.:** LAN-NET S.A. filed two lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of approximately Euro 2.2 plus interest in damages due to suspension of its subscriber's number portability. The Court rejected the first lawsuit for the amount of Euro 1.5 and LAN-NET appealed. The appeal was heard on 1 November 2007 by the Court of Appeals and its decision is pending. The second lawsuit of Euro 0.7 was heard on 21 March 2007 and was rejected by the Court.

(x) **ALGO-NET S.A.:** ALGO-NET S.A. filed two lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of approximately Euro 0.9 plus interest in damages due to suspension of its subscriber's number portability. The hearing of the first lawsuit for the amount of Euro 0.4 was held and the Court rejected the claim, while the hearing of the second lawsuit initially scheduled for 8 February 2006, has been suspended.

(xi) **FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A.:** FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A. filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 9.1 plus interest for breach of contract. The effort to settle the dispute outside the Court scheduled on 24 May 2007 failed and the hearing was scheduled for 8 November 2007. Subsequently, the company filed with the First Instance Multi Member Courts a new lawsuit against OTE for Euro 8.7 plus interest withdrawing from the previous lawsuit. The new effort of out-of-court settlement, which was scheduled on 27 September 2007, failed again and the hearing by the Court, initially scheduled for 8 November 2007 was rescheduled to 23 October 2008, and the decision is pending.

30. LITIGATION AND CLAIMS – COMMITMENTS (continued)

(xii) **Franchisees lawsuits:** Helias Koutsokostas & Company Limited Partnership filed a lawsuit against OTE claiming alleged damages for an amount of Euro 7.9. OTE filed a lawsuit against this company before the Multi-Member First Instance Court for an amount for Euro 0.7. The hearing, initially scheduled for 13 October 2005 was suspended and a new hearing was scheduled for 21 February 2008, but was adjourned. K. Prinianakis filed a lawsuit against OTE claiming Euro 10.9 in damages. The hearing of 15 November 2007 heard the Company's claim which the Court partially accepted by the amount of Euro 0.1. DEP INFO Limited filed a lawsuit against OTE claiming Euro 6.8 for damages. OTE has filed its own lawsuit against this company claiming Euro 1.7 in damages. Both hearings were held on 9 March 2006 and the court rejected DEP INFO Limited lawsuit, while it accepted OTE's lawsuit. DEP INFO Limited filed an appeal against this decision which was heard on 24 January 2008 and the court rejected the company's appeal and ordered a factual investigation for the accurate determination of OTE's claim. Infoshop S.A. filed a lawsuit against OTE claiming alleged damages for the amount of Euro 7.0. A hearing scheduled for 15 November 2007 was suspended and a new hearing was scheduled for 13 November 2008 and the court decision is pending.

(xiii) **Employees' Claims:** OTE's current employees and pensioners have filed a number of lawsuits against OTE with a wide variety of claims.

(xiv) **PERIVALLON S.A.:** Perivallon S.A. filed a lawsuit before the Multi-Member First Instances Court requesting Euro 1.2 plus interest. The hearing was scheduled for 28 March 2007 and was suspended.

(xv) **EFG EUROOBANK ERGASIAS S.A**.: EFG Eurobank Ergasias S.A. filed a lawsuit before the Multi-Member First Instance Court against OTE for Euro 5.9 plus interest for receivables pledged by Perivallon S.A. relating to a supply agreement with OTE. The effort for an out-of-court settlement which was scheduled on 11 October 2007 failed and the hearing before the Court was scheduled for 11 December 2008 but was suspended as EFG Eurobank Ergasias S.A resigned from the case.

(xvi) **Payphones Duties:** From 1999 to 2007, the Municipality of Thessaloniki charged OTE with duties and penalties of a total amount of Euro 15.0 for the installation and operation of payphones within the area of its responsibility. OTE strongly disputed the above assessments and filed appeals before the Thessaloniki Administrative Court of First Instance and prepaid 40% of the above duties and penalties, amount that will be refunded to OTE if the outcome of that case will be favorable to the Company. With its first two decisions, the Thessaloniki Administrative Court of First Instance has accepted OTE's appeals and the Municipality of Thessaloniki has filed appeals to the Supreme Court

(xvii) **Hellenic Telecommunications and Post Commission:** On 26 July 2007, the Hellenic Telecommunications & Post Commission (HTPC) imposed a series of fines on OTE, for a total amount of Euro 27.4. OTE has filed lawsuits before the Athens Administrative Court of Appeals against these decisions demanding their annulment and the hearing of the lawsuits was scheduled for various dates in 2008 and the related court decisions are pending. The payment of fines amounting to Euro 25.9 have been suspended by a ruling of the Administrative Court of Appeal, pending the Court's decision on OTE's appeal. The Athens Administrative Court of Appeals has partially accepted two of the OTE's appeals reducing the related fines from Euro 1.5 to Euro 1.0. Against these decisions, OTE is going to appeal before the Supreme Court.

(Amounts in millions of Euro, unless otherwise indicated)

30. LITIGATION AND CLAIMS – COMMITMENTS (continued)

On 29 November 2006, HTPC imposed a fine on OTE of total amount of Euro 3.0. OTE has filed an appeal before the Athens Court of Appeals against this decision which partially accepted it reducing the fine to Euro 1.0. OTE has appealed against this decision before the Supreme Court.

On 5 October 2007, HTPC imposed a fine for a total amount of Euro 3.0. Against this decision OTE has filed an appeal demanding its annulment which was scheduled to be heard before the Athens Administrative Court of Appeals on 20 January 2009. The payment to the fine has been suspended by a ruling of the Athens Administrative Court of Appeals pending the court's decision on OTE's appeal.

On 4 July 2008, HTPC with its relevant decisions imposed a series of fines on OTE, aggregating to Euro 3.0, for alleged denial of providing information related to ADSL market control and supervision and for not providing data concerning the combined service 'All in 1". OTE appealed against these decisions before the Athens Administrative Court of Appeals requesting their annulment which appeal was however denied.

On 25 July 2008, HTPC 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 appealed against this decision before the Athens Administrative Court of Appeals requesting its annulment which appeal was however, rejected.

On 3 October 2008, HTPC imposed a series of fines to OTE amounting to approximately Euro 11.0, alleging that OTE has only partially conformed with regard to its obligations relating to the Local Loop Unbundling (L.L.U). OTE intends to file lawsuits before the Athens Administrative Court of Appeal demanding their suspension.

OTE has made appropriate provisions in relation to litigations and claims, when it is probable an outflow of recourses will be required to settle the obligations and it can be reasonably estimated.

(b) Commitments

(i) Capital commitments
The capital commitments at the balance sheet date which have not been recorded in the financial statements are as follows:

	2008		2007	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Property, plant and equipment	98.1	149.7	97.4	169.0

(ii) Operating commitments
Operating commitments at the balance date for rentals, rights of use, repair and maintenance services and other services which have not been recorded in the financial statements are as follows:

	2008		2007	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Up to 1 year	9.5	113.5	7.3	109.4
1 to 5 years	38.0	239.6	29.2	300.5
Over 5 years	47.5	290.9	36.5	334.1

(Amounts in millions of Euro, unless otherwise indicated)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

IFRS 7 "Financial Instruments: Disclosures" introduces additional disclosures in order to improve the quality of information provided in order to asses the importance of the financial instruments on the financial position of the Company and the Group. The Group and Company are exposed to the following risks from the use of its financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk

The following tables compare the carrying amount of the Company's and Group's financial instruments to their fair value.

COMPANY	**Carrying Amount**		**Fair value**	
	2008	**2007(*)**	**2008**	**2007**
Financial Assets				
Available-for-sale	13.0	47.8	13.0	47.8
Held to maturity	106.6	-	107.8	-
Trade receivables	697.5	742.4	697.5	742.4
Loan to Auxiliary Fund	134.1	124.6	120.7	124.6
Other loans	117.5	137.5	117.5	137.5
Cash and cash equivalents	344.5	459.2	344.5	459.2
Financial liabilities				
Long term borrowings	3,288.2	1,285.2	3,143.9	1,258.1
Short term borrowings	18.9	1,511.7	18.9	1,511.7
Trade accounts payable	526.1	596.1	526.1	596.1

(*) : Amounts adjusted due to the merger, by absorption, of OTENET by OTE (see Note 32)

GROUP	**Carrying Amount**		**Fair value**	
	2008	**2007**	**2008**	**2007**
Financial Assets				
Available-for-sale	26.2	56.0	26.2	56.0
Held to maturity	109.7	25.2	110.9	25.2
Trade receivables	1,194.2	1,172.0	1,194.2	1,172.0
Loan to Auxiliary Fund	134.1	124.6	120.7	124.6
Other loans	71.3	51.6	71.3	51.6
Cash and cash equivalents	1,427.8	1,316.3	1,427.8	1,316.3
Derivative financial instruments	6.2	3.7	6.2	3.7
Financial liabilities				
Long term borrowings	5,409.6	3,947.1	5,094.3	3,834.4
Short term borrowings	638.1	1,580.7	628.3	1,580.7
Trade accounts payable	943.9	931.5	943.9	931.5
Derivative financial instruments	3.9	-	3.9	-

The fair value of cash and cash equivalents, trade receivables and trade accounts payable approximate their carrying amounts. The fair value of quoted shares and bonds is based on price quotations at the balance sheet date. The fair value of unlisted financial instruments, is determined by discounting future cash flows.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations.

Maximum exposure to credit risk at the reporting date to which the Group and the Company are exposed is the carrying value of financial assets.

Trade receivables could potentially adversely affect the liquidity of the Group. However due to the large number of customers and their diversification of the customer base however there is no concentration of credit risk with respect to these receivables. Concentration of risk is considered to exist for amounts receivable from the telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Company and the Group.

The Company and the Group have established specific credit policies under which customers are analyzed for creditworthiness and there is an effective management of receivables in place both before and after they become overdue and doubtful. In monitoring credit risk, customers are grouped according to their credit risk characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each balance sheet date for the estimated loss that is expected and an appropriate impairment allowance is established.

Cash and cash equivalents are considered to be exposed to a low level of credit risk. The Company has adopted a “deposits policy” whereby funds are only deposited with banks which have a specified minimum rating by International Rating Agencies as to their creditworthiness; in addition limits are set on the amounts deposited depending on the rating. To avoid concentrations of risks, the Company does not deposit more than 30% of available funds in any one bank.

Financial instruments classified as available-for-sale include listed shares, while financial instruments held to maturity include government bonds and other securities. These two categories are not considered to expose the Company and the Group to a significant credit risk.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities (Notes 10, 12 and 19), loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme (Note 19) and at Company level loan to COSMOFON (Note 10). The above mentioned loans are not considered to expose the Company and the Group to a significant credit risk.

Trade receivables, which include receivables from telecommunication operators, is the category with the higher credit risk. For this category the Company and the Group assesses the credit risk following the established policies and procedures described above and has set made the appropriate provision for impairment (Note 11).

(Amounts in millions of Euro, unless otherwise indicated)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company 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. The Group's and the Company's available cash as at 31 December 2008 amounts to Euro 1,427.8 and Euro 344.5 respectively, their loans amounts to Euro 6,047.7 and Euro 3,307.1 respectively while the Group has a long-term credit (committed) line of Euro 350.0.

For the monitoring of liquidity risk, the Group prepares annual cash flows when drafting 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.

Below is an analysis of the undiscounted contractual payments of the Company and Group:

COMPANY

31 December 2008	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Intercompany loans (OTE PLC)	177.7	177.7	3,064.6	672.2	4,092.2
European Investment Bank	20.5	-	-	-	20.5
Suppliers	526.1	-	-	-	526.1
Total	**724.3**	**177.7**	**3,064.6**	**672.2**	**4,638.8**
31 December 2007					
Intercompany loans (OTE PLC)	1,578.4	64.4	337.1	1,176.4	3,156.3
European Investment Bank	20.5	20.5	-	-	41.0
Suppliers	596.1	-	-	-	596.1
Total	**2,195.0**	**84.9**	**337.1**	**1,176.4**	**3,793.4**

(Amounts in millions of Euro, unless otherwise indicated)

GROUP
31 December 2008

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term bonds OTE PLC	872.3	245.1	3,925.4	1,696.9	6,739.7
Syndicated loan OTE PLC	21.4	46.8	508.3	-	576.5
Borrowings - Rom Telecom	16.8	8.2	21.5	15.1	61.6
European Investment Bank	20.5	-	-	-	20.5
Other Borrowings	5.3	2.0	-	-	7.3
Trade accounts payable	943.9	-	-	-	943.9
	1,880.2	302.1	4,455.2	1,712.0	8,349.5

31 December 2007

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term bonds OTE PLC	158.9	755.3	1,011.1	2,379.0	4,304.3
Short term borrowings OTE PLC	1,514.0	-	-	-	1,514.0
Syndicated loan OTE PLC	25.3	21.3	554.8	-	601.4
Borrowings- Globul	50.9	-	-	-	50.9
Borrowings - Rom Telecom	16.8	17.9	29.2	25.1	89.0
European Investment Bank	20.5	20.5	-	-	41.0
Other Borrowings	5.4	-	-	-	5.4
Trade accounts payable	931.5	-	-	-	931.5
Total	2,723.3	815.0	1,595.1	2,404.1	7,537.5

The Group has excluded derivative financial instruments from the above analysis.
OTE has guaranteed its subsidiary's, OTE PLC, borrowing as follows:

- As at 31 December 2008: Euro 6.0 billion.
- As at 31 December 2007: Euro 5.4 billion.

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 and the Company's results or the value of theirs financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk are described in further detail and the Group's policies for managing them are as follows:

i. 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 variable interest rates.

The hedging of interest rate risk is managed through having a combination of fixed and floating rate borrowings as well as with the use of interest rate swap agreements.

(Amounts in millions of Euro, unless otherwise indicated)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2008, the ratio of fixed loans to floating loans for the Group was 81%/19%, (2007:52%/48%). The analysis of borrowings depending on the type of the interest rate is as follows:

	2008		2007	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Variable interest rate	-	1,099.3	1,494.2	2,647.2
Fixed rate interest rate	3,307.1	4,948.4	1,302.7	2,880.6
TOTAL	3,307.1	6,047.7	2,796.9	5,527.8

The following tables demonstrate the sensitivity to a reasonable possible change in interest rates on the income statement and equity through the impact of loans, deposits and derivatives.

Sensitivity to an interest rates increase of 100 basis points:

GROUP			
Profit before tax		**Equity**	
2008	**2007**	**2008**	**2007**
3.3	4.2	3.0	-

COMPANY	
Profit before tax	
2008	**2007**
3.5	2.4

If interest rates would decrease by 100 basis points, the impact would be similar and opposite to the analysis above.

ii. Foreign 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 between the functional currencies and other currencies.

The main currencies within the Group is the Euro, Ron (Romania) and the Lek (Albania). The table below presents the Group's foreign currency risk, being the exposure to foreign (non functional) currencies which impact profit and loss.

GROUP
31 December 2008

	Euro	Ron	LEK	WON	TOTAL
Customers	1,135.0	41.2	18.0	-	1,194.2
Borrowings	(5,986.6)	(30.2)	-	(30.9)	(6,047.7)
Trade accounts payable	(845.3)	(89.1)	(9.5)	-	(943.9)
Cash and cash equivalents	1,372.5	21.2	34.1	-	1,427.8
Total	(4,324.4)	(56.9)	42.6	(30.9)	(4,369.6)

(Amounts in millions of Euro, unless otherwise indicated)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

31 December 2007

	Euro	Ron	LEK	WON	TOTAL
Customers	1,083.6	39.2	49.2	-	1,172.0
Borrowings	(5,449.4)	(36.0)	-	(42.4)	(5,527.8)
Trade accounts payable	(883.0)	(37.6)	(10.9)	-	(931.5)
Cash and cash equivalents	1,200.7	29.1	86.5	-	1,316.3
Total	**(4,048.1)**	**(5.3)**	**124.8**	**(42.4)**	**(3,971.0)**

The currency risk for the Group is not significant.

Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity) which is monitored at a Group level. Net Debt includes interest bearing loans, less cash and cash equivalents, financial assets available-for-sale and held to maturity.

The table below shows an increase in the gearing ratio in 2008 compared to 2007 due to an increase in borrowings used for the acquisition of COSMOTE's minority interests as well as the reduction in equity as the difference arising from the acquisition of minority interests was debited to equity (see Note 8).

GROUP		
Net debt	31/12/2008	31/12/2007
Borrowings	6,047.7	5,527.8
Cash and cash equivalents	(1,427.8)	(1,316.3)
Financial assets available-for-sale and held to maturity	(135.9)	(81.2)
Net debt	4,484.0	4,130.3
Equity	2,173.2	3,054.6
Gearing ratio	2.06x	1.35x

32. RECLASSIFICATIONS

In the Company's balance sheet as of 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 31 December 2008.

32. RECLASSIFICATIONS (continued)

In the consolidated balance sheet as of 31 December 2007, an amount of Euro 94.6, which resulted from the netting off of deferred tax assets and liabilities has been presented for comparability purposes with the consolidated balance sheet as at 31 December 2008 as follows: asset of Euro 260.8 and liability of Euro 166.2.

In the consolidated balance sheet as of 31 December 2007, an amount of Euro 582.7 included in “Other non-current assets”, was related to intangible assets and has been reclassified to the line item “Other intangible assets” for comparability purposes with the consolidated balance sheet as at 31 December 2008.

In the separate and consolidated balance sheets at 31 December 2007, amounts of Euro 47.8 and Euro 81.2 respectively which were included in “Other Current Assets” have been reclassified to “Other Financial Assets” for comparability purposes with the separate and consolidated balance sheets at 31 December 2008.

In the separate and consolidated balance sheets at 31 December 2007, amounts of Euro 36.2 and Euro 258.3 respectively which were included in “Retained Earnings” have been reclassified to “Foreign Exchange and Other Reserves” for comparability purposes with the separate and consolidated balance sheets at 31 December 2008. Accordingly, “Foreign Exchange and Other Reserves” are separately reflected in the separate and consolidated statements of changes in equity for the year ended 31 December 2007.

In the separate and consolidated income statements for the year ended 31 December 2007, amounts of Euro 88.0 and Euro 92.3, respectively which were included in “Payroll and Employee benefits” have been reclassified to “Provisions for Staff Retirement Indemnities and Youth Account ” for comparability purposes with the separate and consolidated income statements for the year ended 31 December 2008.

In the separate and consolidated cash flow statements for the year ended 31 December 2007, the amount reflected in “Provisions” has been analyzed and reflected in “Provisions for Staff Retirement Indemnities and Youth Account” and “Other Provisions”. In addition, in the separate and consolidated cash flows for the year ended 31 December 2007, the amount reflected in “Results from Investing Activities” has been analyzed and reflected in “Interest Income” and “Dividend Income, Gains and Impairment of Investments”.

In addition, due to OTENET’s merger by absorption by OTE, which was concluded on 27 June 2008, (Note 8), the comparative company’s financial statements have been adjusted in order to be comparable with the company’s financial statements as of 31 December 2008.

These adjustments did not have a significant effect on the company’s financial statements, while there was no equivalent change to the comparable Consolidated Financial Statements, as OTENET was already consolidated as subsidiary.

(Amounts in millions of Euro, unless otherwise indicated)

32. 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

	REPORTED DATA	ADJUSTED DATA
Non - current assets	6,956.3	6,904.9
Current assets	1,427.2	1,455.8
TOTAL ASSETS	8,383.5	8,360.7
Equity	3,566.4	3,549.0
Non – current liabilities	2,029.1	2,030.0
Current liabilities	2,788.0	2,781.7
TOTAL EQUITY AND LIABILITIES	8,383.5	8,360.7

Company's Income Statement

	REPORTED DATA 01.01-31.12.2007	ADJUSTED DATA 01.01-31.12.2007
Revenue	2,656.9	2,682.7
Operating expenses	(2,346.2)	(2,368.4)
Operating income before financial results	310.7	314.3
Financial activities	477.6	477.8
Profit before tax	788.3	792.1
Profit for the period	576.5	579.7

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Company's Cash Flow Statements

	REPORTED DATA 01.01-31.12.2007	ADJUSTED DATA 01.01-31.12.2007
Net cash from operating activities	425.0	423.2
Cash flows from investing activities	(2,001.2)	(2,003.2)
Net increase in cash and cash equivalents	(361.6)	(365.4)
Cash and cash equivalents at beginning of period	814.7	824.6
Cash and cash equivalents at end of period	453.1	459.2

33. POST BALANCE SHEET EVENTS

The most significant post balance sheet events as of 31 December 2008 are as follows

1. On 6 February 2009, the Extraordinary General Assembly took place, having been postponed from 8 January 2009. The following items were discussed and approved the amendments to the following in the Articles of Incorporation: article 8 (Board of Directors), article 9 (election, composition and term of the Board of Directors), article 10 (gathering and operation of the Board of Directors) and article 12 (Chairman).

2. On 14 January 2009, the tax authorities concluded their audit of OTE's subsidiary, OTE PLUS without impact. The tax audit covered the open tax years 2005 to 2007.

33. POST BALANCE SHEET EVENTS (continued)

3. On 12 February 2009, OTE announced that its 100% subsidiary COSMOTE, had acquired, after participating in an international competition, a further 12.6% of AMC. The holding was purchased from the Albanian State for Euro 48.2, Following the transaction COSMOTE holding in AMC, direct and indirect, via its 97% subsidiary COSMOHOLDING ALBANIA, 95% AMC. The transaction is subject to the approval of the relevant Albanian governmental and regulatory authorities.

4. On 28 January 2009, OTE's management and OME-OTE (the employee's union) signed a Collective Labor Agreement according to which employees who will have completed the number of years of service required for retirement by 30 December 2009 will be entitled to benefits providing they leave by this date. Applications by eligible employees should have submitted their irrevocable applications by 16 February 2009. The estimated total cost amounts to approximately Euro 11.0 and will be included in the 2009 income statement in the line item "Cost of early retirement program"

5. On 4 March 2009, an agreement was signed between the Greek Government and IKA (which has absorbed TAP OTE), regarding the transfer of 4% of OTE's shares currently held by the Greek Government, to IKA in accordance with Law 3371/2005 for Euro 10.30 (absolute amount) per share.

6. The tax audit of the Company for the open tax years 2006 and 2007 commenced on 19 February 2009.

7. On 13 March 2009, OTE's Board of Directors decided to call on Extraordinary Meeting of Shareholders for 7 April 2009 to decide on the following items:

   i) Amendment of certain paragraphs of the current Articles of Incorporation
   ii) Determine members of the Audit Committee in accordance with article 37 of Corporate Law 3693/2008.
   iii) Approval for the purchase of own shares by OTE in accordance with article 16 of Corporate Law 2190/1920 and,
   iv) Announcement of members of the Board of Directors who replaced members who have resigned.

8. On 3 February 2009, HTPC imposed a fine of Euro 2.0 to OTE, for the alleged non provision of information relating of control over the application of competition rules and particularly the control over the price margins for voice telephony. OTE intends to appeal against this decision, before the Athens Administrative Court of Appeals requesting for its annulment.

9. On 20 February 2009 OTE' s Board of Directors, decided on and approved the introduction of new beneficiaries to the existing Share Option Plan (Note 29), with the simultaneous granting of 1,107,780 Basic Options to them, of which 590,000 are to be granted to executives of OTE and 517,780 to executives of OTE' s subsidiaries. Furthermore, the Board of Directors, decided on and approved the granting of 2,117,890 Additional Options to existing beneficiaries, of which 927,110 are to be granted to executives of OTE and 1,190,780 to executives of OTE' s subsidiaries.

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
CONDENSED FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008
(Published in accordance with law 2190/1920, art.135 for Companies preparing annual stand-alone and consolidated financial statements, in accordance with I.F.R.S.)

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 of companies. We recommend users that, before proceeding to any kind of investing activity or transaction with the Company, to access the company's website where the financial statements under the provisions of International Financial Reporting Standards and the certified auditor report are published.

Supervising Authority : Ministry of Development, Societe Anonyme and Credit Division
Date of Approval of Financial Statements from the Board of Directors: 26 March 2009
Certified Auditors : Chris Pelendridis - Themis Lianopoulos
Auditing Company : ERNST & YOUNG (HELLAS) Certified Auditors S.A.
Type of Auditor's Opinion : Unqualified
Company's Web Site : www.ote.gr

Composition of the Board of Directors:
Panagis Vourloumis, Chairman and Managing Director - Executive Member
Haralambos Dimitriou, Vice-Chairman, Non - Executive Member
Hamid Akhavan, Non - Executive Member
Kevin Copp, Non - Executive Member
Karl-Gerhard Eick, Non - Executive Member
Walter Martin, Non - Executive Member
Leonidas Evangelidis, Independent, Non - Executive Member
Konstantinos Michalos, Independent, Non - Executive Member
Xeni Skorini, Independent, Non - Executive Member
Yannos Benopoulos, Independent, Non - Executive Member
Panagiotis Tabourlos, Independent, Non - Executive Member

BALANCE SHEET DATA (Amounts in millions of Euro)

	GROUP		COMPANY	
ASSETS	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Property, plant and equipment	5,872.8	6,371.4	2,191.5	2,372.2
Intangible assets	1,416.4	1,520.4	3.0	3.4
Other non current assets	758.6	744.9	5,384.9	4,529.3
Inventories	201.3	201.7	32.2	37.1
Trade receivables	1,194.2	1,172.0	697.5	742.4
Other current assets	397.5	372.5	219.4	217.1
Assets classified as held for sale	156.6	-	-	-
Cash and cash equivalents	1,427.8	1,316.3	344.5	459.2
TOTAL ASSETS	11,425.2	11,699.2	8,873.0	8,360.7
EQUITY AND LIABILITIES				
Share Capital	1,171.5	1,171.5	1,171.5	1,171.5
Other Equity items	140.4	860.0	2,352.5	2,377.5
Equity attributable to shareholders of the parent (a)	1,311.9	2,031.5	3,524.0	3,549.0
Minority interest (b)	861.3	1,023.1	-	-
Total equity (c) = (a) + (b)	2,173.2	3,054.6	3,524.0	3,549.0
Long-term borrowings	5,409.6	3,947.1	3,288.2	1,285.2
Provisions / Other non current liabilities	839.7	1,121.1	668.7	744.8
Short-term borrowings	638.1	1,580.7	18.9	1,511.7
Other current liabilities	2,348.1	1,995.7	1,373.2	1,270.0
Liabilities directly associated with the assets classified as held for sale	16.5	-	-	-
Total liabilities (d)	9,252.0	8,644.6	5,349.0	4,811.7
TOTAL EQUITY AND LIABILITIES (c) + (d)	11,425.2	11,699.2	8,873.0	8,360.7

INCOME STATEMENT DATA (Amounts in millions of Euro)

	GROUP		COMPANY	
	01.01-31.12.2008	01.01-31.12.2007	01.01-31.12.2008	01.01-31.12.2007
Total revenues	6,407.3	6,319.8	2,589.7	2,682.7
Profit before taxes, investment and financial activities	1,057.7	1,046.9	312.2	314.3
Profit before tax	844.0	1,154.8	446.5	792.1
Net profit	597.8	773.0	363.3	579.7
Attributable to:				
Shareholders of the parent	601.8	662.6	363.3	579.7
Minority interest	(4.0)	110.4	-	-
	597.8	773.0	363.3	579.7
Basic earnings per share (in €)	1.2278	1.3518	0.7412	1.1827
Proposed dividend per share (in €)	0.75	0.75	0.75	0.75
Profit before tax, financial and investment activities, depreciation and amortization	2,270.7	2,218.7	777.2	821.3

STATEMENT OF CHANGES IN EQUITY DATA (Amounts in millions of Euro)

	GROUP		COMPANY	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Total equity at beginning of the year (01.01.2008 and 01.01.2007)	3,054.6	4,888.7	3,549.0	3,229.1
Profit for the year, after tax	597.8	773.0	363.3	579.7
	3,652.4	5,661.7	3,912.3	3,808.8
Dividends declared	(367.6)	(392.8)	(367.6)	(269.6)
Net income / (loss) recognized directly in equity	(34.8)	9.8	(34.8)	9.8
Share-based payments	12.0	-	12.0	-
Net loss on cash-flow hedge	(6.3)	-	-	-
Foreign currency translation differences	(235.3)	(167.3)	-	-
Net change of participation in subsidiaries	(847.2)	(2,098.8)	-	-
Other equity items	-	-	2.1	-
Total equity at end of the year (31.12.2008 and 31.12.2007)	2,173.2	3,054.6	3,524.0	3,549.0

CASH FLOW STATEMENT DATA (Amounts in millions of Euro)

	GROUP		COMPANY	
	01.01-31.12.2008	01.01-31.12.2007	01.01-31.12.2008	01.01-31.12.2007
Cash flows from operating activities				
Profit before tax	844.0	1,154.8	446.5	792.1
Adjustments for:				
Depreciation and amortization	1,213.0	1,171.8	465.0	507.0
Share-based payment	12.0	-	6.5	-
Provision for early retirement program	50.2	22.1	12.2	22.1
Provisions for staff retirement indemnities and youth account	112.6	92.3	108.3	88.0
Other provisions	121.9	106.2	76.3	71.5
Foreign exchange differences, net	(11.8)	4.8	6.0	0.5
Interest income	(72.3)	(77.8)	(36.3)	(47.5)
Dividend income, gains and impairment of investments	(45.9)	(271.6)	(298.8)	(529.4)
Release of EDEKT fund prepayment	35.2	35.2	35.2	35.2
Interest expense	343.7	238.7	194.8	98.6
Working capital adjustments:				
Decrease / (increase) in inventories	(9.2)	(2.0)	4.8	1.4
Increase in accounts receivable	(123.4)	(127.9)	(42.8)	(107.3)
Decrease in liabilities (except bank liabilities)	(259.3)	(292.6)	(159.0)	(271.6)
Minus:				
Interest and related expenses paid	(212.9)	(216.4)	(103.1)	(78.9)
Income taxes paid	(240.2)	(384.9)	(82.8)	(158.5)
Total cash flows from operating activities (a)	1,757.6	1,450.7	632.8	423.2
Cash flows from investing activities				
Acquisition of minority interest and participation in subsidiaries share capital increase	(849.4)	(2,119.0)	(852.4)	(2,137.3)
Purchase of financial assets	(138.0)	-	(132.3)	-
Sale or maturity of financial assets	46.8	-	25.7	-
Loans advanced	(1.3)	(121.6)	(1.3)	(181.6)
Loans proceeds	-	-	-	30.0
Other long term liabilities	-	144.5	-	-
Purchase of property, plant and equipment and intangible assets	(964.0)	(1,101.3)	(300.7)	(297.0)
Proceeds from sale of investments	24.0	352.8	20.9	313.8
Interest received	66.7	52.1	27.6	39.4
Dividends received	9.2	12.3	285.3	229.5
Total cash flows used in investing activities (b)	(1,806.8)	(2,780.2)	(927.2)	(2,003.2)
Cash flows from financing activities				
Proceeds from minority shareholders for their participation in subsidiary's share capital increase	16.9	12.6	-	-
Proceeds of loans granted and issued	2,705.5	1500.0	2,735.0	1,500.0
Repayment of loans	(2,183.4)	(558.4)	(2,187.5)	(16.1)
Dividends paid to Company's shareholders	(367.8)	(269.3)	(367.8)	(269.3)
Dividends paid to minority interests	(5.9)	(81.6)	-	-
Total cash flows from financing activities (c)	165.3	603.3	179.7	1,214.6
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	116.5	(726.2)	(114.7)	(365.4)
Cash and cash equivalents at beginning of the year	1,316.3	2,042.5	459.2	824.6
Net foreign exchange differences	(3.5)	-	-	-
Cash and cash equivalents classified as held for sale	(1.5)	-	-	-
Cash and cash equivalents, at end of the year	1,427.8	1,316.3	344.5	459.2

ADDITIONAL DATA AND INFORMATION

1) 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 analytically in Note 1 of the financial statements.
2) In the year ended 31 December 2008, INFOTE S.A. is not consolidated, as it was sold in December 2007.
3) The fiscal years that are unaudited by the tax authorities for the Company and the Group's subsidiaries are presented analytically in Note 22 of the financial statements.
4) The main Group restructuring events that occurred during 2008 are presented below:
(a) On 9 April 2008, OTE after the completion of exercise of the Squeeze-Out Rights and of the Sell-Out Rights, holds 100% of the share capital and voting rights of COSMOTE, following the Public Tender Offer which had been submitted on 9 November 2007.
(b) 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.
(c) 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.
(d) The Hellenic Capital Market Commission with its decision of 13 June 2008 provided OTE ESTATE with the license for the operation of a Real Estate Investment Company. The new company which was incorporated is a 100% subsidiary of OTE ESTATE was fully consolidated for the first time in 2008.
(e) 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 Societe Anonyme Records of the Prefecture of Athens.
(f) In the fourth quarter of 2008 the absorptions of TEL SIM S.R.L, ALBATROS LTD and GRIGORIS MAVROMICHALIS LTD by Germanos Group companies were completed. Furthermore on 16 December 2008 the sale of Group's holding in IOANNIS TSAPARAS was completed.
The above events are presented analytically in Note 8 of the financial statements.
5) The Group financial statements have been consolidated with the equity method by DEUTSCHE TELEKOM AG, the participation of which in OTE Group as of 31 December 2008 amounted to 25%. More information is presented analytically in Note 15 of the financial statements.
6) In the company's financial statements adjustments have been made due to OTENET's merger by absorption by OTE in order for the figures to be comparable. These adjustments did not have a significant effect on the company's financial statements. For better presentation certain reclassifications have been made which did not have a significant effect on the financial statements. More details are presented in Note 32 of the financial statements.
7) The outcome of pending litigation and claims is not expected to have a material impact on the financial statements. The amount of provisions that have been established as of 31 December 2008 for litigations and other risks, as well as for unaudited tax years are as follows: a) for the Company € 108.4 million and € 4.3 million respectively and b) for the Group € 110.5 million and € 16.0 million respectively.
8) Number of employees at the end of the year : Group 32,610 (31.12.2007: 34,350), Company 12,856 (31.12.2007: 11,754).
9) The net loss recognized directly in equity relates to the fair value difference between 31 December 2008 and 31 December 2007, of available for sale marketable securities (listed on the Athens Stock Exchange).
10) 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 year 2008, amounted to € 233.5 million and € 326.0 million, respectively. Interest income and interest expense for the year 2008 amounted to € 4.6 million and € 176.7 million respectively. Dividends income form related parties amounted to € 274.0 million. The outstanding balance of receivables and payables from/to related parties as of 31 December 2008 derived from operating transactions amounted to € 115.9 million and € 172.2 million, respectively. The outstanding balance of receivables and payables from/to related parties from the loans granted and received amount to € 46.8 million and € 3,423.1 million respectively.
Fees paid to the members of the Board of Directors of the Company and key management personnel compensation charged to the Income Statement of the year 2008, amount to € 4.7 million. Based on OTE's share option plan, 808,620 stock options have been granted to key management personnel.
In Group level sales and purchases of goods and services, between related parties which are not eliminated, for the year 2008 amounted to € 7.6 million and € 4.3 million, respectively. The outstanding balance of receivables and payables, between related parties which are not eliminated, as of 31 December 2008 derived from operating transactions amounted to € 6.5 million and € 7.5 million, respectively.
11) Basic earnings per share were calculated based on the weighted average number of shares outstanding.
12) The most significant events that have occurred after 31 December 2008 are presented in the Note 33 of the financial statements.

Maroussi, 26 March 2009

CHAIRMAN AND MANAGING DIRECTOR	VICE CHAIRMAN	CHIEF FINANCIAL OFFICER	CHIEF ACCOUNTING OFFICER
PANAGIS VOURLOUMIS	HARALAMBOS DIMITRIOU	CHRISTINI SPANOUDAKI	KONSTANTINOS VASILOPOULOS
I.D. Number: [illegible]	I.D. Number: [illegible]	I.D. Number: [illegible]	I.D. Number: [illegible]
			License Number: [illegible]

VI. INFORMATION PURSUANT TO ARTICLE 10 OF LAW 3401/2005

The table below incorporates by reference the information of Article 10 of Law 3401/2005 regarding the company, its shares and the securities market, which have been published and made available to the public during year 2008, as well as during the first months of 2009, in compliance with its obligations under Community and National Legislation.

General Shareholder Assemblies' Resolutions	
6/2/2009	Additional announcement regarding the EGM.
6/2/2009	Resolutions of Extraordinary General Assembly of 6th February 2009.
9/7/2008	Repeated 56th Ordinary General Assembly- resolutions.
27/6/2008	56th Annual General Assembly of Shareholders.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	
Invitations to General Shareholder Assemblies	
16/3/2009	Invitation of Extraordinary General Assembly of shareholders.
14/1/2009	Extraordinary General Assembly Invitation.
16/12/2008	Invitation to the Extraordinary General Assembly of Shareholders.
27/6/2008	Invitation for the repeated Ordinary General Assembly.
4/6/2008	Agenda of the Ordinary General Assembly of Shareholders.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	
Dividend	
27/6/2008	Announcement of Dividend for fiscal year 2007.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	
Corporate Actions	
12/2/2009	Cosmote acquires an additional 12.6% stake in AMC.
27/1/2009	Announcement- The Hellenic Telecommunications Organization announces that the Regulated information announcement on January 26, 2009 is not correct.
26/1/2009	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Mr Nikolaos Pyrgelis member of the management of OTE SA, purchased 500 shares of OTE SA on January 22, 2009.
11/11/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Mr George Bitros Vice-president of the Board of Directors of OTE SA, sold 1,000 shares of OTE SA on Nov 7, 2008.
10/11/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, on November 5, purchased 14,865,886 shares of OTE SA.
10/11/2008	Announcement of regulated information according to law 3556/2007-Deutsche Telekom- Deutsche Telekom's participation in OTE SA's share capital and total voting rights stands at 25.0000004%, following an acquisition of voting rights on November 5, 2008.

7/11/2008	Announcement of regulated information according to law 3556/2007- HELLENIC REPUBLIC's participation in OTE SA's share capital and total voting rights stands at 25.0000004%, following a disposal of voting rights on November 5, 2008.
29/10/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Mr George Bitros Vice-Chairman of the Board of Directors of OTE S.A, purchased 1,000 shares of OTE SA on October 24, 2008.
17/10/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Mr Nikolaos Pyrgelis, member of the management of OTE S.A. purchased 1,000 shares of OTE SA on October 16, 2008.
17/10/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Mr Konstantinos Kappos, member of the management of OTE S.A., purchased 3,000 shares of OTE SA on October 16, 2008.
14/10/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Mr Konstantinos Ploumpis, member of the management of OTE S.A. purchased 3,800 shares of OTE SA on October 13, 2008-.
1/8/2008	Announcement regarding OTE Group's participation in the share capital of Lofos Pallini SA-OTE announces that on July 31, 2008 OTE GROUP sold its total participation in the share capital of Lofos Pallini SA.
22/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007 -Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 530,139 shares of OTE SA on July 17, 2008.
18/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007 -Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 460,000 shares of OTE SA on July 16, 2008.
17/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007 -Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 700,000 shares of OTE SA on July 15, 2008.
16/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007 -Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 380,000 shares of OTE SA on July 14, 2008.

15/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007 -Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 680,000 shares of OTE SA on July 11, 2008.
14/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 149,750 shares of OTE SA on July 9, 2008.
14/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 282,000 shares of OTE SA on July 10, 2008.
11/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 520,000 shares of OTE SA on July 8, 2008.
10/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 237,000 shares of OTE SA on July 7, 2008.
9/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 456,500 shares of OTE SA on July 4, 2008.
7/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 1,005,500 shares of OTE SA on July 3, 2008.
7/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 1,130,000 shares of OTE SA on July 2, 2008.
7/7/2008	Announcement regarding OTENET - Approval of the merger of OTE SA with OTENET S.A. by the Deputy Minister of Development.
3/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 600,000 shares of OTE SA on July 1, 2008.

3/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 450,000 shares of OTE SA on June 30, 2008.
2/7/2008	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007- Deutsche Telekom where Dr Eick and Mr Akhavan members of the Board of Directors of OTE SA are members of the Board of Management, purchased 650,000 shares of OTE SA on June 27, 2008.
2/7/2008	Announcement of regulated information- Deutsche Telekom- The participation of DEUTSCHE TELEKOM AG's in OTE S.A.'s share capital stands at 20.155308% following an acquisition on June 25, 2008.
26/6/2008	Ratification of Shareholders agreement and share purchase agreement-On June 18, 2008 the Greek Parliament ratified the Shareholder's agreement and the share purchase agreement between the Hellenic Republic and Deutsche Telekom AG concerning OTE S.A.
29/5/2008	OTENET S.A's participation in Voicenet SA's Share Capital-OTENET SA now holds the 100% of Voicenet SA's share capital.
21/5/2008	Announcement regarding Royal Bank of Scotland group plc's participation in OTE SA's share capital- The Royal Bank of Scotland group's participation in OTE SA's share capital has fallen below 5% , following a disposal of voting rights on May 15, 2008.
21/5/2008	Announcement regarding Deutsche Telekom AG's participation in OTE SA's Share Capital- Deutsche Telekom AG's participation in OTE SA's Share Capital stands at 19.999234% following an acquisition of voting rights on May 15, 2008.
20/5/2008	Announcement- Marfin Investment Group's participation in OTE SA's share capital has fallen below 5%, following a disposal of voting rights on May 15, 2008.
7/2/2008	OTE issues eur.2.1 billion in fixed coupon bonds-OTE announces that its 100% subsidiary OTE plc successfully completed the book building process for the issues of a 3-year Fixed Rate Note and a 7-year Fixed Rate Note.
31/1/2008	Announcement of results of the voluntary tender offer of OTE for the acquisition of shares of Cosmote.
28/1/2008	Announcement-The Royal Bank of Scotland holds 6.49% of the total of OTE voting rights as of January 22, 2008.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	

Press Releases	
23/3/2009	OTE announces new time for its full year 2008 results conference call on March 27, 2009.
18/3/2009	Q408 Results announcement Details.
12/3/2009	Financial Calendar 2009.
25/2/2009	2008 Fourth Quarter Results under IFRS m to be released on March 27, 2009.
6/2/2009	Composition of the Board of Directors.
9/1/2009	Cancellation of EGM 8/1/2009.
17/11/2008	Q308 Results announcement details.
5/11/2008	2008 Third Quarter Results under IFRS released on November 26, 2008.
7/10/2008	Announcement of fines imposed by EETT-Hellenic Capital Markets Commission-.
6/10/2008	EU approval of the proposed acquisition of OTE by DT.
15/9/2008	Announcement regarding Cosmofon.
26/8/2008	Announcement regarding Altec Telecoms.
20/8/2008	Q208 Results announcement details- on August 28, 2008, Conference call details.
29/7/2008	Q208 announcement date-OTE will release its 2008 second quarter results under IFRS on August 28, 2008.
17/7/2008	Announcement on OTE CEO’s meeting with representatives of the Serbian Government in Belgrade.
2/7/2008	Announcement on Lannet SA regarding the temporary halt of certain interconnection circuits.
23/5/2008	First quarter 2008 results Date announcement – Conference call on May 29, 2008.
20/5/2008	Announcement- Lower of OTE’s Long term ratings from Baa1 to Baa2 by Moody’s Investor Service.
8/5/2008	2008 First Quarter Results under IFRS to be released on May 29, 2008.
16/4/2008	Announcement in response to HCMC’s question- OTE responds to HCMC’s question relating to press articles citing OTE’s entry in the real Estate market.
9/4/2008	Information memorandum full year 2007.
9/4/2008	Announcement-OTE SA now holds 100% of Cosmote.
1/4/2008	Announcement-OTE is obliged to acquire the remaining shares of Cosmote SA by March 31, 2008.

20/3/2008	Squeeze & out procedure and cessation of trading- Announcement regarding the squeeze-out procedure and cessation of trading of Cosmote shares.
13/3/2008	2007 fourth quarter results-Conference call details to be released on March 20, 2008.
11/3/2008	Financial Calendar 2008.
6/3/2008	2007, Fourth Quarter Results under IFRS to be released on March 20, 2008.
28/2/2008	Announcement concerning OTENET CYPRUS.
28/2/2008	New Employee Exit.
28/1/2008	Romtelecom press release-Romtelecom Board of Directors has approved the Business Plan for 2008.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	
Insiders' Transactions according to L3340/2005 and 3/347/12.7.2005 Decision of the Hellenic Capital Market Commission	
Location on the company's website : www.ote.gr/Investor Relations/Corporate Governance/Transparency and Information Disclosure/ Transactions Notification	
Financial Results	
26/11/2008	OTE announces Q308 Financial Results under IFRS- OTE Group reports 2008 Third Quarter results under IFRS.
28/8/2008	OTE announces Q208 Financial Results under IFRS- OTE Group reports 2008 Second Quarter results under IFRS.
29/5/2008	Q108 Financial Results- OTE Group reports 2008 First Quarter results under IFRS.
20/3/2008	OTE Q4 07 and Full Year Financial Results under IFRS- OTE Group reports 2007 Fourth Quarter and Full Year results under IFRS.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	
IFRS Reports- Figures and Information	
26/11/2008	Financial Data and Information in accordance with IFRS- Third Quarter 2008.
26/11/2008	Financial Statements in accordance with IFRS – Third Quarter 2008 -Interim Condensed Financial Statements –Separate and consolidated as of 30 September 2008, in accordance with IFRS.
28/8/2008	Financial Data and Information in accordance with IFRS-Second Quarter 2008.
28/8/2008	Financial Statements in accordance with IFRS –Second Quarter 2008 - Six months Financial Report for the period from 1 January 2008 to 30 June 2008, in accordance to article 5 of Law 3556/2007.
29/5/2008	Financial Data and Information in accordance with IFRS-First Quarter 2008.
29/5/2008	Financial Statements in accordance with IFRS –First Quarter 2008 - Interim Financial Statements –Separate and consolidated as of 31 March 2008, in accordance with IFRS.

20/3/2008	Financial Data and Information in accordance with IFRS- Fourth Quarter 2007.
20/3/2008	Financial Statements in accordance with IFRS – Full Year 2007 - Annual Financial Statements –Separate and consolidated for the Year ended December 31, 2007 in accordance with IFRS.
Location on the company's website: www.ote.gr/ Investor Relations/ Financial Results/ Financial Statements of OTE Group and OTE S.A.	