



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

**INTERIM CONDENSED FINANCIAL STATEMENTS  
(STAND-ALONE AND CONSOLIDATED)  
AS OF 30 JUNE 2007  
IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**(TRANSLATED FROM THE GREEK ORIGINAL)**

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.  
AP.M.A.E. 347/06/B/86/10  
99 KIFFISIAS AVE-151 24 MAROUSSI ATHENS, GREECE

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**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**INTERIM BALANCE SHEETS (STAND ALONE AND CONSOLIDATED)**  
**AS OF 30 JUNE 2007**

(Amounts in millions of Euro)

	Notes	30/6/2007		31/12/2006	
		COMPANY	GROUP	COMPANY	GROUP
<b>ASSETS</b>					
<b>Non - current assets:</b>					
Telecommunication property, plant and equipment		2,419.8	6,692.3	2,704.4	6,583.5
Goodwill		-	541.8	-	540.8
Telecommunication licenses		3.6	403.7	3.8	384.2
Investments	4	2,020.2	158.3	1,826.4	158.7
Advances to pension funds		229.3	229.3	188.1	188.1
Deferred taxes		176.3	97.0	204.2	127.4
Other non-current assets		100.0	737.6	86.6	709.7
<b>Total non - current assets</b>		<b>4,949.2</b>	<b>8,860.0</b>	<b>5,013.5</b>	<b>8,692.4</b>
<b>Current assets:</b>					
Materials and supplies		25.2	222.4	36.1	205.4
Accounts receivable		766.4	1,199.7	710.1	1,160.5
Other current assets		253.0	442.7	227.0	447.8
Cash and cash equivalents		952.2	1,743.3	814.7	2,042.5
<b>Total current assets</b>		<b>1,996.8</b>	<b>3,608.1</b>	<b>1,787.9</b>	<b>3,856.2</b>
<b>TOTAL ASSETS</b>		<b>6,946.0</b>	<b>12,468.1</b>	<b>6,801.4</b>	<b>12,548.6</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent:</b>					
Share capital	5	1,171.5	1,171.5	1,171.5	1,171.5
Paid-in surplus		485.9	485.9	485.9	485.9
Legal reserve		283.3	283.3	283.3	283.3
Retained earnings		1,354.9	1,822.6	1,309.0	1,724.1
		3,295.6	3,763.3	3,249.7	3,664.8
<b>Minority interest</b>		-	1,288.8	-	1,223.9
<b>Total equity</b>		<b>3,295.6</b>	<b>5,052.1</b>	<b>3,249.7</b>	<b>4,888.7</b>
<b>Non – current liabilities:</b>					
Long-term debt	7	1,300.9	4,026.4	1,301.9	4,037.3
Reserve for staff retirement indemnities		186.4	207.5	182.8	198.5
Reserve for voluntary retirement program		372.7	372.7	361.4	361.4
Reserve for Youth Account		277.3	277.3	277.3	277.3
Other non – current liabilities		54.6	262.7	79.5	126.9
<b>Total non – current liabilities</b>		<b>2,191.9</b>	<b>5,146.6</b>	<b>2,202.9</b>	<b>5,001.4</b>
<b>Current liabilities:</b>					
Accounts payable		482.8	830.7	562.2	938.0
Short-term borrowings		-	6.5	-	25.2
Current maturities of long-term debt	7	17.5	31.6	16.1	528.0
Income taxes payable	8	69.0	176.8	70.5	142.0
Deferred revenue		100.9	196.0	109.0	196.2
Reserve for voluntary retirement program		183.0	183.0	316.7	316.7
Dividends payable	6	272.4	272.4	3.7	3.7
Other current liabilities		332.9	572.4	270.6	508.7
<b>Total current liabilities</b>		<b>1,458.5</b>	<b>2,269.4</b>	<b>1,348.8</b>	<b>2,658.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,946.0</b>	<b>12,468.1</b>	<b>6,801.4</b>	<b>12,548.6</b>

The accompanying Notes on pages 9 – 26 form an integral part of these Interim Condensed Financial Statements.

The Interim Condensed Financial Statements presented on pages 3 – 26, were approved by the Board of Directors on 29 August 2007 and are signed by :

Chairman  
& Managing Director

Chief Financial Officer

Chief Accounting Officer

Panagis Vourloumis

Christini Spanoudaki

Konstantinos Vasilopoulos

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**INTERIM INCOME STATEMENTS (STAND-ALONE)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2007**

	Notes	2007		2006	
		2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
<i>(Amounts in millions of Euro, except share and per share data)</i>					
<b>Revenues:</b>					
Domestic telephony	9	380.4	764.4	406.2	810.0
International telephony	9	51.5	92.2	49.2	91.7
Other revenues	9	225.6	461.8	237.2	475.6
<b>Total revenues</b>		<b>657.5</b>	<b>1,318.4</b>	<b>692.6</b>	<b>1,377.3</b>
<b>Operating expenses:</b>					
Payroll and employee benefits		(182.9)	(360.8)	(209.1)	(424.3)
Charges for voluntary retirement program	10	-	(22.1)	-	-
Charges from international operators		(37.7)	(72.7)	(33.6)	(63.6)
Charges from domestic operators		(83.1)	(161.3)	(95.4)	(188.5)
Depreciation and amortization		(126.4)	(256.5)	(131.2)	(265.9)
Cost of telecommunications equipment		(25.1)	(45.2)	(30.3)	(79.0)
Other operating expenses	11	(131.3)	(252.7)	(124.3)	(238.4)
<b>Total operating expenses</b>		<b>(586.5)</b>	<b>(1,171.3)</b>	<b>(623.9)</b>	<b>(1,259.7)</b>
<b>Operating income</b>		<b>71.0</b>	<b>147.1</b>	<b>68.7</b>	<b>117.6</b>
<b>Other income/ (expense):</b>					
Interest expense		(19.5)	(41.1)	(34.3)	(61.1)
Interest income		12.2	23.4	14.7	22.1
Foreign exchange gains/ (losses), net		(1.0)	(1.3)	1.3	1.0
Dividends	4	232.6	232.6	196.3	196.3
Gains from investments		-	5.8	-	-
		<b>224.3</b>	<b>219.4</b>	<b>178.0</b>	<b>158.3</b>
<b>Profit before tax</b>		<b>295.3</b>	<b>366.5</b>	<b>246.7</b>	<b>275.9</b>
Income taxes		(36.6)	(57.5)	(35.9)	(44.6)
<b>Profit for the period</b>		<b>258.7</b>	<b>309.0</b>	<b>210.8</b>	<b>231.3</b>
<b>Basic earnings per share</b>	13	<b>0.5278</b>	<b>0.6304</b>	<b>0.4301</b>	<b>0.4719</b>
<b>Weighted average number of shares outstanding</b>		<b>490,150,389</b>	<b>490,150,389</b>	<b>490,150,389</b>	<b>490,150,389</b>

The accompanying Notes on pages 9 – 26 form an integral part of these Interim Condensed Financial Statements.

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**INTERIM INCOME STATEMENTS (CONSOLIDATED)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2007**

	Notes	2007		2006	
		2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
<i>(Amounts in millions of Euro, except share and per share data)</i>					
<b>Revenues:</b>					
Domestic telephony	9	516.5	1,043.3	568.9	1,141.5
International telephony	9	77.4	148.1	92.5	175.9
Mobile telephony	9	551.0	1,045.3	493.2	942.5
Other revenues	9	406.4	823.2	277.3	558.7
<b>Total revenues</b>		<b>1,551.3</b>	<b>3,059.9</b>	<b>1,431.9</b>	<b>2,818.6</b>
<b>Operating expenses:</b>					
Payroll and employee benefits		(317.6)	(619.3)	(334.5)	(653.1)
Charges for voluntary retirement program	10	-	(22.1)	-	-
Charges from international operators		(56.7)	(104.5)	(50.6)	(97.8)
Charges from domestic operators		(165.5)	(319.0)	(187.8)	(362.7)
Depreciation and amortization		(291.5)	(570.8)	(280.0)	(564.3)
Cost of telecommunications equipment		(145.2)	(298.1)	(44.7)	(109.8)
Other operating expenses	11	(322.0)	(613.0)	(296.7)	(565.1)
<b>Total operating expenses</b>		<b>(1,298.5)</b>	<b>(2,546.8)</b>	<b>(1,194.3)</b>	<b>(2,352.8)</b>
<b>Operating income</b>		<b>252.8</b>	<b>513.1</b>	<b>237.6</b>	<b>465.8</b>
<b>Other income/ (expense):</b>					
Interest expense		(49.4)	(106.8)	(46.8)	(89.1)
Interest income		20.6	40.4	18.4	28.7
Foreign exchange gains/ (losses), net		16.9	22.7	(1.2)	0.2
Dividends	4	16.4	16.4	22.5	22.5
Gains from investments		0.1	12.8	-	5.8
		<b>4.6</b>	<b>(14.5)</b>	<b>(7.1)</b>	<b>(31.9)</b>
<b>Profit before tax</b>		<b>257.4</b>	<b>498.6</b>	<b>230.5</b>	<b>433.9</b>
Income taxes		(84.9)	(148.4)	(84.7)	(146.2)
<b>Profit for the period</b>		<b>172.5</b>	<b>350.2</b>	<b>145.8</b>	<b>287.7</b>
Attributable to:					
Equity holders of the parent		136.6	277.5	112.2	221.9
Minority interest		35.9	72.7	33.6	65.8
		<b>172.5</b>	<b>350.2</b>	<b>145.8</b>	<b>287.7</b>
<b>Basic earnings per share</b>	13	<b>0.2786</b>	<b>0.5661</b>	<b>0.2289</b>	<b>0.4527</b>
<b>Weighted average number of shares outstanding</b>		<b>490,150,389</b>	<b>490,150,389</b>	<b>490,150,389</b>	<b>490,150,389</b>

The accompanying Notes on pages 9 – 26 form an integral part of these Interim Condensed Financial Statements.

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)

INTERIM STATEMENT OF CHANGES IN EQUITY (STAND-ALONE)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(Amounts in millions of Euro)

	<u>Share Capital</u>	<u>Paid-in Surplus</u>	<u>Treasury Stock</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Total equity</u>
<b>Balance at 31 December 2005</b>	<b>1,172.5</b>	<b>486.6</b>	<b>(5.9)</b>	<b>256.7</b>	<b>798.0</b>	<b>2,707.9</b>
Unrealized gains on available-for-sale securities	-	-	-	-	10.0	10.0
Net income recognized directly in Equity	-	-	-	-	10.0	<b>10.0</b>
Profit for the period	-	-	-	-	231.3	231.3
<b>Balance at 30 June 2006</b>	<b>1,172.5</b>	<b>486.6</b>	<b>(5.9)</b>	<b>256.7</b>	<b>1,039.3</b>	<b>2,949.2</b>
<b>Balance at 31 December 2006</b>	<b>1,171.5</b>	<b>485.9</b>	<b>-</b>	<b>283.3</b>	<b>1,309.0</b>	<b>3,249.7</b>
Dividend declared	-	-	-	-	(269.6)	(269.6)
Unrealized gains on available-for-sale securities	-	-	-	-	6.5	6.5
Net income recognized directly in Equity	-	-	-	-	6.5	<b>6.5</b>
Profit for the period	-	-	-	-	309.0	309.0
<b>Balance at 30 June 2007</b>	<b>1,171.5</b>	<b>485.9</b>	<b>-</b>	<b>283.3</b>	<b>1,354.9</b>	<b>3,295.6</b>

The accompanying Notes on pages 9 – 26 form an integral part of these Interim Condensed Financial Statements.

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)

INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(Amounts in millions of Euro)

Attributable to equity holders of the parent

	Share Capital	Paid-in Surplus	Treasury Stock	Legal Reserve	Retained Earnings	Total	Minority Interest	Total equity
<b>Balance at 31 December 2005</b>	<b>1,172.5</b>	<b>486.6</b>	<b>(5.9)</b>	<b>256.7</b>	<b>1,401.6</b>	<b>3,311.5</b>	<b>1,201.9</b>	<b>4,513.4</b>
Dividends declared	-	-	-	-	-	-	(72.3)	(72.3)
Unrealized gains on available-for-sale securities	-	-	-	-	6.5	6.5	-	6.5
Foreign currency translation	-	-	-	-	32.8	32.8	27.8	60.6
Net change of investment in subsidiaries	-	-	-	-	(169.8)	(169.8)	(15.2)	(185.0)
Net income recognized directly in equity	-	-	-	-	(130.5)	(130.5)	12.6	(117.9)
Profit for the period	-	-	-	-	221.9	221.9	65.8	287.7
<b>Balance at 30 June 2006</b>	<b>1,172.5</b>	<b>486.6</b>	<b>(5.9)</b>	<b>256.7</b>	<b>1,493.0</b>	<b>3,402.9</b>	<b>1,208.0</b>	<b>4,610.9</b>
<b>Balance at 31 December 2006</b>	<b>1,171.5</b>	<b>485.9</b>	<b>-</b>	<b>283.3</b>	<b>1,724.1</b>	<b>3,664.8</b>	<b>1,223.9</b>	<b>4,888.7</b>
Dividends declared	-	-	-	-	(269.6)	(269.6)	(81.2)	(350.8)
Unrealized gains on available-for-sale securities	-	-	-	-	6.5	6.5	-	6.5
Foreign currency translation	-	-	-	-	84.1	84.1	67.4	151.5
Net change of investment in subsidiaries	-	-	-	-	-	-	6.0	6.0
Net income recognized directly in equity	-	-	-	-	90.6	90.6	73.4	164.0
Profit for the period	-	-	-	-	277.5	277.5	72.7	350.2
<b>Balance at 30 June 2007</b>	<b>1,171.5</b>	<b>485.9</b>	<b>-</b>	<b>283.3</b>	<b>1,822.6</b>	<b>3,763.3</b>	<b>1,288.8</b>	<b>5,052.1</b>

The accompanying Notes on pages 9 – 26 form an integral part of these Interim Condensed Financial Statements.

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

**INTERIM STATEMENTS OF CASH FLOWS (STAND-ALONE AND CONSOLIDATED)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007**

	<u>1/1/2007 - 30/6/2007</u>		<u>1/1/2006 - 30/6/2006</u>	
	<u>COMPANY</u>	<u>GROUP</u>	<u>COMPANY</u>	<u>GROUP</u>
<i>(Amounts in millions of Euro)</i>				
<b>Cash flows from operating activities</b>				
Profit before taxes	366.5	498.6	275.9	433.9
Adjustments for:				
Depreciation and amortization	256.5	570.8	265.9	564.3
Provision for voluntary retirement	22.1	22.1	-	-
Other provisions	82.9	104.4	90.2	104.2
Foreign currency translation differences	1.3	(22.7)	(1.0)	(0.2)
Investment and financial income	(261.8)	(69.6)	(218.4)	(57.0)
Amortization of advances to pension funds	17.6	17.6	17.6	17.6
Interest expense	41.1	106.8	61.1	89.1
Adjustments for working capital movements related to operating activities:				
Decrease / (increase) in materials and supplies	10.9	(17.0)	8.2	(6.9)
Decrease / (increase) in accounts receivable	(93.7)	(119.9)	19.9	(11.3)
Decrease in liabilities	(254.2)	(257.0)	(239.4)	(213.9)
Minus:				
Interest paid	-	(78.2)	(15.3)	(48.4)
Income taxes paid	(30.0)	(83.2)	-	(82.6)
<b>Net cash provided by operating activities</b>	<b>159.2</b>	<b>672.7</b>	<b>264.7</b>	<b>788.8</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary or associate, net of cash acquired	(1.0)	(31.1)	(191.1)	(191.1)
Acquisition of financial assets	-	-	-	(222.8)
Loans granted	(147.9)	(87.9)	(11.2)	-
Proceeds from loans	-	-	5.9	-
Purchase of property, plant and equipment or intangible assets	(112.7)	(467.3)	(95.8)	(399.4)
Other long-term liabilities	-	144.5	-	-
Proceeds from sale of investment	5.8	34.8	-	-
Interest received	16.8	27.4	12.4	19.8
Dividends received	218.2	6.3	152.1	6.8
<b>Net cash used in investing activities</b>	<b>(20.8)</b>	<b>(373.3)</b>	<b>(127.7)</b>	<b>(786.7)</b>
<b>Cash flows from financing activities</b>				
Proceeds from minority shareholders for issuance of subsidiary's share capital	-	12.6	-	12.0
Repayment of long-term debt and short-term borrowings	-	(528.7)	(157.9)	(45.7)
Dividends paid	(0.9)	(82.5)	(1.4)	(72.9)
<b>Net cash used in financing activities</b>	<b>(0.9)</b>	<b>(598.6)</b>	<b>(159.3)</b>	<b>(106.6)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>137.5</b>	<b>(299.2)</b>	<b>(22.3)</b>	<b>(104.5)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>814.7</b>	<b>2,042.5</b>	<b>844.3</b>	<b>1,512.2</b>
<b>Cash and cash equivalents at end of period (in total)</b>	<b>952.2</b>	<b>1,743.3</b>	<b>822.0</b>	<b>1,407.7</b>
<b>Cash and cash equivalents included in non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37.5)</b>
<b>Cash and cash equivalents at end of period</b>	<b>952.2</b>	<b>1,743.3</b>	<b>822.0</b>	<b>1,370.2</b>

The accompanying Notes on pages 9 – 26 form an integral part of these Interim Condensed Financial Statements.



**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2007**  
(Amounts in millions of Euro, unless otherwise stated)

**1. COMPANY’S FORMATION AND OPERATIONS**

The Hellenic Telecommunications Organization S.A. (hereinafter referred to as the “Company” or “OTE”), was founded in 1949 in accordance with Law 1049/49, as a state-owned Société Anonyme and operates pursuant to Law 2246/94 (as amended), Law 2257/94 (OTE’s Charter), Law 2190/1920 (as amended) and Presidential Decree 437/95, in order to provide telecommunications and other related services.

The address of its registered office is: 99 Kifissias Avenue – 151 24 Maroussi Athens, Greece, while its website is [www.ote.gr](http://www.ote.gr).

OTE Group (hereinafter referred to as the “Group”) include the accounts of OTE and the following subsidiaries where OTE has control:

<u>Company Name</u>	<u>Line of Business</u>	<u>Ownership interest</u>	
		<u>30/6/2007</u>	<u>31/12/2006</u>
<b><u>Full Consolidation Method (Direct Ownership)</u></b>			
• COSMOTE MOBILE TELECOMMUNICATIONS S.A. (“COSMOTE”)	Mobile telecommunications services	66.78%	67.00%
• OTE INTERNATIONAL INVESTMENTS LTD	Investment holding company	100.00%	100.00%
• OTE AUSTRIA HOLDING GMBH	Investment holding company	-	100.00%
• HELLAS SAT CONSORTIUM LIMITED (“HELLAS-SAT”)	Satellite communications	99.05%	99.05%
• COSMO-ONE HELLAS MARKET SITE S.A. (“COSMO-ONE”)	E-commerce services	51.48%	51.55%
• OTENET S.A. (“OTENET”)	Internet services	95.32%	94.59%
• HELLASCOM S.A. (“HELLASCOM”)	Telecommunication services	100.00%	100.00%
• OTE PLC	Financing services	100.00%	100.00%
• OTE SAT-MARITEL S.A. (“OTE SAT – MARITEL”)	Satellite communications	94.08%	94.08%
• OTE PLUS S.A. (“OTE PLUS”)	Consulting Services	100.00%	99.00%
• OTE ESTATE S.A. (“OTE ESTATE”)	Real estate	100.00%	100.00%
• INFOTE S.A. (“INFOTE”)	Directory and other information services	100.00%	100.00%
• OTE INTERNATIONAL SOLUTIONS S.A. (“OTE-GLOBE”)	Wholesale telecommunications services	100.00%	100.00%
• HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD (“HATWAVE”)	Investment holding company	52.67%	52.67%
• OTE INSURANCE AGENCY S.A. (“OTE INSURANCE”)	Insurance brokerage services	100.00%	100.00%
• OTE ACADEMY S. A. (“OTE ACADEMY”)	Training services	100.00%	100.00%

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

<u>Company Name</u>	<u>Line of Business</u>	<u>Ownership interest</u>	
		<u>30/6/2007</u>	<u>31/12/2006</u>
<b><u>Full Consolidation Method (Indirect Ownership)</u></b>			
• ROMTELECOM S.A. ("ROMTELECOM")	Fixed line and mobile telephony services	54.01%	54.01%
• COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE ROMANIA")	Mobile telecommunication services	62.95%	63.10%
• OTE MTS HOLDING B.V.	Investment holding company	66.78%	67.00%
• COSMOFON MOBILE TELECOMMUNICATIONS SERVICES A.D. – SKOPJE ("COSMOFON")	Mobile telecommunication services	66.78%	67.00%
• COSMO BULGARIA MOBILE EAD ("GLOBUL")	Mobile telecommunication services	66.78%	67.00%
• COSMO-HOLDING ALBANIA S.A. ("CHA")	Investment holding company	64.78%	64.99%
• ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC")	Mobile telecommunication services	55.06%	55.24%
• COSMOHOLDING CYPRUS LTD ("COSMOHOLDING CYPRUS")	Investment holding company	60.10%	67.00%
• GERMANOS S.A. ("GERMANOS")	Retail services	60.10%	66.35%
• E-VALUE S. A.	Marketing services	60.10%	46.44%
• GERMANOS TELECOM SKOPJE S.A.	Retail services	60.10%	66.35%
• GERMANOS TELECOM ROMANIA S.A.	Retail services	60.10%	66.34%
• SUNLIGHT ROMANIA S.R.L.-FILIALA	Retail services	60.10%	66.34%
• GERMANOS TELECOM BULGARIA A.D.	Retail services	60.10%	66.35%
• MOBILBEEEP LTD	Retail services	60.10%	67.00%
• GRIGORIS MAVROMICHALIS & PARTNERS LTD	Retail services	59.50%	65.68%
• GEORGE PROKOPIS & PARTNERS LTD	Retail services	30.05%	33.18%
• IOANNIS TSAPARAS & PARTNERS LTD	Retail services	30.65%	33.84%
• ALBATROS & PARTNERS LTD	Retail services	59.50%	-
• VOICENET S.A. ("VOICENET")	Telecommunication services	80.14%	79.52%
• OTENET CYPRUS S.A.	Investment holding company	69.21%	70.02%
• OTENET TELECOMMUNICATIONS LTD	Telecommunication services	66.66%	67.14%
• HELLAS SAT S.A.	Satellite communications	99.05%	99.05%
• OTE INVESTMENT SERVICES S.A.	Investment holding company	100.00%	100.00%
• OTE PLUS BULGARIA	Consulting services	100.00%	99.00%
• OTE PLUS ROMANIA	Consulting services	100.00%	99.00%

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The accompanying Interim Condensed Stand-Alone and Consolidated Financial Statements (hereinafter «Financial Statements») have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These Financial Statements do not include all the information required for the preparation of a complete set of annual financial statements and therefore they should be examined in conjunction with the published most recent annual financial statements as of 31 December 2006, which are available on the Company's website ([www.ote.gr](http://www.ote.gr)).

The above Financial Statements have been prepared on a historical cost basis, except for the available for sale securities, which are at fair value with the changes recognized directly in equity.

The Financial Statements were approved for issue by the Board of Directors on 29 August 2007.

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

The significant accounting policies and accounting estimates adopted by OTE for the preparation of the Financial Statements as of 30 June 2007, are the same with those referred to, in the notes to the financial statements as of 31 December 2006.

The adoption by the European Union, up to 31 December 2007 of new standards, interpretations or modifications, that might be issued by the International Accounting Standards Board (IASB) within this year and their adoption will cover periods beginning after 1 January 2007, might have a retrospective effect on the periods covered by these financial statements.

#### ***New Standards, Interpretations and Amendments to existing Standards:***

The International Accounting Standard Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC), issued new IFRS, amendments and interpretations to existing standards that are mandatory for the Group's accounting periods beginning on or after 1 January, 2007 or later periods. The management's estimate for the effects of the adoption of the new standards and interpretations is as follows:

- **IFRS 7 Financial Instruments: Disclosures** (effective for financial years beginning on or after 1 January 2007)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments. More specific, requires minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). IFRS 7 replace IAS 30 (Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, (Financial Instruments: Disclosure and Presentation). It is applicable to all entities that report under IFRS. The adoption of IFRS 7 is not expected to have a significant effect on the Group's financial statements. The Group and the Company will disclose the required additional information, in the notes to the Annual financial statements as of 31 December 2007.

- **IAS 1 Capital Disclosures** (effective for financial years beginning on or after 1 January 2007)

The Amendment of IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The adoption of this amendment is not expected to have a significant effect on the Group's financial statements.

- **IFRS 8 Operating Segments** (effective for financial years beginning on or after 1 January 2009)

IFRS 8 replaces IAS 14 and specifies how an entity must present information regarding the operating segments in the Financial Statements and following the revision of IAS 34 Interim Financial Presentation, requires an entity to present selected information relating to its operations segments in the Interim Financial Statements. Furthermore it sets the requirements of relevant disclosures for the products and services, the geographical area and the significant clients. The new standard is not expected to have a significant effect on the Group's financial statements.

- **IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies:** (effective for financial years beginning on or after 1 March 2006)

IFRIC 7 requires entities to apply IAS 29 in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency as the economy had always been hyperinflationary. IFRIC 7 is not relevant to the Group's financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES( continued)**

• **IFRIC 8 Scope of IFRS 2:** (effective for financial years beginning on or after 1 May 2006)  
IFRIC 8 refers to the accounting for payment transactions in shares where some or all of the goods and services which were acquired cannot be specified. IFRIC 8 is not relevant to the Group's financial statements.

• **IFRIC 9 Re-measurement of Embedded Derivatives:** (effective for financial years beginning on or after 1 June 2006)

IFRIC 9 requires the redefinition of whether an embedded derivative has to be separated from the basic contract, when there are modifications to the contract. IFRIC 9 is not relevant to the Group's financial statements.

• **IFRIC 10 Interim Financial Reporting and Impairment:** (effective for financial years beginning on or after 1 November 2006)  
IFRIC 10 prohibits the reversal of impairments which were recognized in a previous intermediary period regarding goodwill or investments .

• **IFRIC 11 – IFRS 2 Group and Treasury Share Transactions:** (effective for financial years beginning on or after 1 March 2007)  
IFRIC 11 refers to the accounting treatment of specific, relevant transactions and whether these should be presented as transactions through a cash or share settlement, as is specified by IFRS 2.

• **IFRIC 12 –Service Concession Arrangements:** (effective for financial years beginning on or after 1 January 2008)  
IFRIC 12 refers to the concession of services between public and private entities and concerns financial year 2008. IFRIC 9 is not relevant to the Group's financial statements.

**4. INVESTMENTS**

Investments are analyzed as follows:

	30/6/2007		31/12/2006	
	COMPANY	GROUP	COMPANY	GROUP
(a) Investments in subsidiaries	1,862.5	-	1,668.8	-
(b) Other investments	157.7	158.3	157.6	158.7
	<b>2,020.2</b>	<b>158.3</b>	<b>1,826.4</b>	<b>158.7</b>

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**4. INVESTMENTS (continued)**

(a) Investments in subsidiaries are analyzed as follows:

<b>Company</b>	<b>Country</b>	<b>30/6/2007</b>	<b>31/12/2006</b>
• COSMOTE	Greece	556.7	556.7
• OTE INTERNATIONAL INVESTMENTS LTD	Cyprus	497.9	497.9
• OTE AUSTRIA HOLDING GMBH	Austria	-	0.1
• HELLAS SAT CONSORTIUM	Cyprus	194.7	194.7
• COSMO ONE	Greece	3.2	3.2
• OTENET	Greece	25.7	24.7
• HELLASCOM	Greece	20.4	20.4
• OTE SAT-MARITEL	Greece	11.2	11.2
• OTE PLUS	Greece	3.8	3.8
• OTE ESTATE	Greece	336.3	336.3
• INFOTE	Greece	12.4	12.4
• OTEGIOBE	Greece	133.7	0.9
• OTE INSURANCE	Greece	0.6	0.6
• OTE ACADEMY	Greece	5.9	5.9
• OTE PLC	United Kingdom	60.0	-
• HATWAVE	Cyprus	-	-
		<b>1,862.5</b>	<b>1,668.8</b>

Included in investments in subsidiaries are the amounts of loans granted by OTE to its subsidiaries and are outstanding at the balance sheet date.

On 24 February 2007 OTE 's Board of Directors approved the purchase of the total minority interests of its subsidiary OTENET. In accordance to the above decision, in April 2007, OTE acquired a 0.73% stake in the share capital of OTENET, owned by Athens University of Business and Economics against the amount of Euro 1.0 increasing its total interest in its subsidiary to 95.32%.

In May 2007 OTE announced its intention to merge its subsidiary OTENET, through its consolidation by the parent company and the integration of its business activities to OTE. Upon the completion of the preparative phase by the two involved companies, the necessary approvals by their General Assemblies will be required.

In May 2007 OTE announced its intention to consider the possibility to sale its wholly owned subsidiary INFOTE which provides directory and information services.

On 19 April 2007 OTE's Board of Directors decided the spin-off of branch of the international installations and cable facilities of OTE S.A., as well as of the rights for the use of the billing system INTEC-ITU and the contribution as a whole to its subsidiary OTE GLOBE.

The above spin-off was approved by the two companies' General Assemblies (OTE's General Assembly of 21 June 2007 and OTE GLOBE's General Assembly of 29 June 2007) and completed according the provisions of Law 2166/1993 and article 36 of Law 2937/2001. The net equity of the branch according to the relevant Financial Statement as of 31 March 2007, amounts to Euro 132.8 and increases OTE GLOBE's share capital by the issuance of 45,330,534 registered shares with nominal value of Euro 2.93 (in absolute figure) each and OTE's investment in the subsidiary.

**4. INVESTMENTS (continued)**

On 10 April 2007, the procedure of COSMOHOLDING CYPRUS's squeeze-out of the remaining shares of GERMANOS, has been completed.

Following the completion of the purchase, the participation interest of COSMOHOLDING CYPRUS in GERMANOS is 99.998% and the Group's participation interest in this company is 60.10%.

Following the issuance of the decision no. 427/09.05.2007 of the Board of Directors of the Capital Market Commission, it has been approved the delisting, as of 11 May 2007, of the shares of GERMANOS from the Athens Stock Exchange.

On 15 January 2007 Mr. Panos Germanos acquired a participation of 10% in the share capital of COSMOTES's subsidiary COSMOHOLDING CYPRUS, by subscribing 100 common shares (Class B) for a total amount of Euro 144.5, through its 100% controlled by him Cypriot holding Company, MICROSTAR LTD.

The amount of Euro 144.5 is presented in the consolidated Balance Sheet in Other Long-term Liabilities, because the specific shares are repurchasable by COSMOHOLDING CYPRUS on 31 December 2009, or according to the willing of MICROSTAR LTD., on 31 December 2011, in price depending also on the achievement of certain business targets, up to the date of repurchase.

On 30 June 2007 the Group's indirect participation interest in COSMOHOLDING CYPRUS is 60.10%.

(b) Other investments

OTE's other investments are analyzed as follows:

	30/6/2007	31/12/2006
TELECOM SRBIJA	155.1	155.1
Other	2.6	2.5
	<b>157.7</b>	<b>157.6</b>

Dividends from investments, as presented to the Financial Statements, are analyzed as follows:

**COMPANY**

	2007		2006	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
COSMOTE	163.2	163.2	145.3	145.3
OTE INTERNATIONAL INVESTMENTS LTD	48.0	48.0	-	-
OTE ESTATE	-	-	15.0	15.0
INFOTE	5.0	5.0	3.5	3.5
OTEGLOBE	-	-	2.5	2.5
OTESAT-MARITEL	-	-	0.7	0.7
ARMENTEL	-	-	6.8	6.8
TELEKOM SRBIJA	15.7	15.7	21.6	21.6
Other	0.7	0.7	0.9	0.9
	<b>232.6</b>	<b>232.6</b>	<b>196.3</b>	<b>196.3</b>

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

##### **GROUP**

	<b>2007</b>		<b>2006</b>	
	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>
TELEKOM SRBIJA	15.7	15.7	21.6	21.6
Other	0.7	0.7	0.9	0.9
	<b>16.4</b>	<b>16.4</b>	<b>22.5</b>	<b>22.5</b>

#### **5. SHARE CAPITAL**

OTE's share capital as at 30 June 2007 amounts to Euro 1,171.5, divided into 490,150,389 registered shares, with a nominal value Euro 2.39 (absolute figure), (two point thirty nine Euro) each.

On 29 July 2007, Hellenic Republic OTE's major shareholder sold 52,446,092 common registered shares embedding voting rights through an accelerated book build, representing the 10.7% of the OTE's outstanding Share Capital.

After the completion of the above transaction the direct participation of the Hellenic Republic changed from 35.66% to 24.96%, while it's indirect participation through DEKA S.A. is approximately 3.07% resulting in a total participation direct and indirect from 189.849.577 shares to 137.403.485 shares, with the corresponding voting rights, or from 38.73% to 28.03% respectively.

#### **6. DIVIDENDS**

Under Greek corporate law, each year companies are generally required to declare from their statutory profits, dividends of at least 35% of after-tax profits, after allowing for legal reserve, or a minimum of 6% of the paid-in share capital, whichever is the greater.

The General Assembly on 21 June 2007 approved the distribution of dividend from the 2006 profits of a total amount of Euro 269.6 or Euro 0.55 (in absolute figure) per share.

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**7. LONG -TERM DEBT**

Long-term debt is analyzed as follows:

	<u>30/6/2007</u>	<u>31/12/2006</u>
<b><u>COMPANY</u></b>		
(a) Loan from European Investment Bank	52.5	52.5
(b) Inter-company loans from OTE PLC	1,265.9	1,265.5
<i><b>Total long-term debt</b></i>	<u>1,318.4</u>	<u>1,318.0</u>
Current maturities	(17.5)	(16.1)
<i><b>Long-term portion</b></i>	<u><b>1,300.9</b></u>	<u><b>1,301.9</b></u>
<b><u>GROUP</u></b>		
(a) Loan from European Investment Bank	52.5	52.5
(b) Consortium loans	500.0	500.0
(c) Eurobond	-	491.2
(d) Global Medium Term Note Program	3,356.8	3,353.1
(e) Other bank loans	148.7	168.5
<i><b>Total long-term debt</b></i>	<u>4,058.0</u>	<u>4,565.3</u>
Current maturities	(31.6)	(528.0)
<i><b>Long-term portion</b></i>	<u><b>4,026.4</b></u>	<u><b>4,037.3</b></u>

On 6 February 2007 the Group through the subsidiary OTE PLC fully repaid the remaining balance from Euro 1.1 billion Guaranteed Notes, due on 7 February 2007, bearing interest at 6.125%, which after the completion of the Exchange Programme in order to refinance part of these Guaranteed Notes in November 2005 , amounted to Euro 491.6.

On 21 June 2007, OTE's Board of Directors approved to raise the aggregate principal amount of notes under the Global Medium Term Note Program from 5,000 to Euro 6,500, through its wholly owned subsidiary OTE PLC, and equally raised the amount of guarantee to the subsidiary. The required approvals granted in July 2007.

**8. INCOME TAXES**

In accordance with Law 3296/2004, the income tax rate was reduced from 29% in 2006 to 25% in 2007 and onwards.

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



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**8. INCOME TAXES (continued)**

<u>Company Name</u>	<u>Unaudited Tax Years</u>
<b><u>Full consolidation method (direct ownership)</u></b>	
• OTE	From 2002
• COSMOTE	From 2006
• OTE INTERNATIONAL INVESTMENTS LTD	From 1998
• HELLAS SAT	From 2003
• COSMO-ONE	From 2002
• OTENET	From 2004
• HELLASCOM	From 2006
• OTE PLC	From 2005
• OTE SAT-MARITEL	From 2004
• OTE PLUS	From 2005
• OTE ESTATE	From 2001
• INFOTE	From 2006
• OTE GLOBE	From 2002
• OTE INSURANCE	From 2003
• OTE ACADEMY	From 2000
• HATWAVE	From 1996
<u>Company Name</u>	<u>Unaudited Tax Years</u>
<b><u>Full consolidation method (indirect ownership)</u></b>	
• OTE INVESTMENT SERVICES S.A.	From 2005
• ROMTELECOM	From 2001
• AMC	From 2006
• COSMOFON	From 2001
• GLOBUL	From 2005
• COSMOTE ROMANIA	From 2004
• GERMANOS S.A.	From 2004
• E-VALUE A.E.	From 2003
• GERMANOS TELECOM SKOPJE S.A.	From 2003
• GERMANOS TELECOM ROMANIA S.A.	From 2003
• SUNLIGHT ROMANIA S.R.L.-FILIALA	From 2001
• GERMANOS TELECOM BULGARIA A.D.	From 2005
• MOBILBEEEP LTD	From 2005
• GRIGORIS MAVROMICHALIS & PARTNERS LTD	From 2006
• GEORGE PROKOPIS & PARTNERS LTD	From 2003
• IOANNIS TSAPARAS & PARTNERS LTD	From 2004
• ALBATROS & PARTNERS LTD	From 2006
• HELLAS SAT S.A.	From 2002
• VOICENET	From 2004
• OTENET CYPRUS S.A.	From 2000
• OTENET TELECOMMUNICATIONS LTD	From 2001
• OTE MTS HOLDING B.V.	From 2001
• COSMO-HOLDING ALBANIA	From 2000
• COSMO-HOLDING CYPRUS	From 2006
• OTE PLUS ROMANIA	From 2006
• OTE PLUS BULGARIA	Tax exemption

In May 2006, the tax authorities commenced the tax audit of OTE's books for the fiscal years 2002 - 2005, which is expected to be completed within 2007.

In COSMOTE the tax audit for the years 2004-2005 was completed and the amount of additional taxes is included in the consolidated financial statements.

In GERMANOS the tax audit for the years 2004-2005 is in progress, and is expected to be completed within 2007.

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**8. INCOME TAXES (continued)**

In ROMTELECOM, the tax audit of the company's books for the fiscal years 2001-2005 is in progress, and is expected to be completed within 2007.

In OTE ESTATE, the tax audit of the company's books for the fiscal years 2001-2002 is in progress and is expected to be completed within 2007.

In OTESAT - MARITEL, the tax audit of the company's books for the fiscal years 2004-2005 is in progress and is expected to be completed within 2007.

**9. REVENUES**

Revenues in the accompanying income statements consist of income from:

<u>COMPANY</u>	2007		2006	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
(i) Domestic Telephony				
• Monthly network service fees	169.1	340.1	175.0	344.3
• Local and long-distance calls				
- Fixed to fixed	125.2	255.7	131.0	268.0
- Fixed to mobile	67.8	133.3	82.2	162.0
	193.0	389.0	213.2	430.0
• Other	18.3	35.3	18.0	35.7
	<b>380.4</b>	<b>764.4</b>	<b>406.2</b>	<b>810.0</b>
(ii) International Telephony				
• International traffic	18.2	36.5	21.7	40.0
• Payments from international operators	22.0	35.1	18.2	36.1
• Payments from mobile operators	11.3	20.6	9.3	15.6
	<b>51.5</b>	<b>92.2</b>	<b>49.2</b>	<b>91.7</b>
(iii) Other revenues				
• Prepaid cards	16.3	31.9	22.5	34.0
• Telephone Directory Services	0.3	0.8		
• Leased lines and Data communications / ATM	53.5	110.8	57.8	114.0
• VoIP through MSP	-	10.4	11.4	21.2
• ISDN	36.2	72.6	36.1	70.7
• Sales of telecommunication equipment	13.1	25.3	19.5	59.3
• Internet / ADSL	31.4	59.9	14.7	26.2
• Services rendered	40.2	76.8	40.3	80.6
• Interconnection charges	26.5	54.8	27.6	56.0
• Miscellaneous	8.1	18.5	7.3	13.6
Total other revenues	<b>225.6</b>	<b>461.8</b>	<b>237.2</b>	<b>475.6</b>
<b>Total revenues</b>	<b>657.5</b>	<b>1,318.4</b>	<b>692.6</b>	<b>1,377.3</b>

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**9. REVENUES (continued)**

**GROUP**

	<b>2007</b>		<b>2006</b>	
	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>
(i) Domestic Telephony				
• Monthly network service fees	248.9	503.0	244.3	485.3
• Local and long-distance calls				
- Fixed to fixed	146.1	303.4	176.6	370.4
- Fixed to mobile	98.4	191.8	125.3	241.3
	<u>244.5</u>	<u>495.2</u>	<u>301.9</u>	<u>611.7</u>
• Other	23.1	45.1	22.7	44.5
	<u><b>516.5</b></u>	<u><b>1,043.3</b></u>	<u><b>568.9</b></u>	<u><b>1,141.5</b></u>
(ii) International Telephony				
• International traffic	27.6	55.0	37.3	69.3
• Payments from international operators	37.7	70.9	44.4	88.0
• Payments from mobile operators	12.1	22.2	10.8	18.6
	<u><b>77.4</b></u>	<u><b>148.1</b></u>	<u><b>92.5</b></u>	<u><b>175.9</b></u>
(iii) Mobile Telephony	<u><b>551.0</b></u>	<u><b>1,045.3</b></u>	<u><b>493.2</b></u>	<u><b>942.5</b></u>
(iv) Other revenues				
• Prepaid cards	19.9	39.7	26.7	47.3
• Telephone Directory Services	14.1	28.3	14.0	28.6
• Leased lines and Data communications / ATM	58.6	113.3	55.6	110.5
• VoIP through MSP	10.8	19.2	8.6	16.4
• ISDN	41.7	83.8	40.0	79.4
• Sales of telecommunication equipment	139.4	292.1	31.0	85.3
• Internet / ADSL	56.0	104.2	32.0	57.0
• Services rendered	20.3	43.0	17.1	31.5
• Interconnection charges	21.4	46.9	29.7	61.0
• Miscellaneous	24.2	52.7	22.6	41.7
• Total other revenues	<u><b>406.4</b></u>	<u><b>823.2</b></u>	<u><b>277.3</b></u>	<u><b>558.7</b></u>
<b>Total revenues</b>	<u><u><b>1,551.3</b></u></u>	<u><u><b>3,059.9</b></u></u>	<u><u><b>1,431.9</b></u></u>	<u><u><b>2,818.6</b></u></u>

**10. VOLUNTARY RETIREMENT PROGRAM COST**

On 28 February 2007, OTE signed a collective labor agreement with OME-OTE, according to which, eligible employees will be entitled to benefits in order to retire up to 30 December 2007. The deadline for the applications' submission on behalf of the employees expired on 31 March 2007 and can not be recalled. The relative total cost was determined to Euro 22.1 and is included in the income statement of the first half 2007.

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

**11. OTHER OPERATING EXPENSES**

Other operating expenses are analyzed as follows:

<u>COMPANY</u>	<b>2007</b>		<b>2006</b>	
	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Half</u>	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Half</u>
Services and fees	22.7	58.3	36.4	62.6
Cost of telecommunication material, repairs and maintenance	20.9	37.8	16.4	34.0
Advertising costs	14.0	24.3	6.7	14.5
Utilities	20.9	37.3	13.0	25.4
Provision for doubtful accounts	14.0	28.0	18.3	34.0
Other provisions	10.0	11.0	7.5	15.0
Travel costs	2.2	4.0	1.8	3.1
Payments to audiotex providers	1.5	3.0	2.3	4.8
Rent	16.7	33.6	15.6	31.9
Taxes, other than income taxes	3.5	6.3	-	2.7
Transportation	1.5	2.5	1.3	2.3
Other	3.4	6.6	5.0	8.1
	<b><u>131.3</u></b>	<b><u>252.7</u></b>	<b><u>124.3</u></b>	<b><u>238.4</u></b>

**11. OTHER OPERATING EXPENSES (continued)**

**GROUP**

	<b>2007</b>		<b>2006</b>	
	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>
Services and fees	40.5	81.4	45.5	79.7
Cost of telecommunication material, repairs and maintenance	54.8	101.5	42.5	93.8
Advertising costs	58.9	101.4	45.6	76.6
Utilities	21.7	45.6	20.8	48.3
Provision for doubtful accounts	20.8	43.9	27.9	49.1
Other provisions	10.3	12.1	6.7	13.9
Travel costs	5.0	9.1	4.9	8.0
Commissions to independent distributors	48.1	104.2	53.6	97.3
Payments to audiotex providers	2.5	5.5	3.3	8.1
Rent	21.6	42.4	24.2	42.5
Taxes, other than income taxes	18.1	29.1	9.9	21.4
Transportation	3.3	5.8	2.0	3.6
Other	16.4	31.0	9.8	22.8
	<b><u>322.0</u></b>	<b><u>613.0</u></b>	<b><u>296.7</u></b>	<b><u>565.1</u></b>

**12. SEGMENT REPORTING**

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

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

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

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

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2007**  
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**12. SEGMENT REPORTING (continued)**

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

<u>Six months period ended</u> <u>30/6/2007</u>	<u>OTE</u>	<u>COSMOTE</u>	<u>ROMTELECOM</u>	<u>ALL</u> <u>OTHER</u>	<u>TOTALS</u>	<u>ADJUSTMENTS-</u> <u>ELIMINATIONS</u>	<u>GROUP</u>
Revenues from external customers	1,195.8	1,336.2	425.7	102.2	3,059.9	-	3,059.9
Intersegment revenues	122.6	89.8	13.7	118.5	344.6	(344.6)	-
Total revenues	1,318.4	1,426.0	439.4	220.7	3,404.5	(344.6)	3,059.9
Operating expenses	(1,171.3)	(1,134.7)	(395.4)	(184.0)	(2,885.4)	338.6	(2,546.8)
Operating income	147.1	291.3	44.0	36.7	519.1	(6.0)	513.1
Operating income before depreciation and amortization	403.6	463.6	164.6	54.7	1,086.5	(2.6)	1,083.9
Profit for the period	309.0	176.3	39.4	25.8	550.5	(273.0)	277.5
<u>Six months period ended</u> <u>30/6/2006</u>	<u>OTE</u>	<u>COSMOTE</u>	<u>ROMTELECOM</u>	<u>ALL</u> <u>OTHER</u>	<u>TOTALS</u>	<u>ADJUSTMENTS-</u> <u>ELIMINATIONS</u>	<u>GROUP</u>
Revenues from external customers	1,274.8	950.8	431.8	161.2	2,818.6	-	2,818.6
Intersegment revenues	102.5	86.3	8.2	84.8	281.8	(281.8)	-
Total revenues	1,377.3	1,037.1	440.0	246.0	3,100.4	(281.8)	2,818.6
Operating expenses	(1,259.7)	(791.7)	(389.3)	(196.0)	(2,636.7)	283.9	(2,352.8)
Operating income	117.6	245.4	50.7	50.0	463.7	2.1	465.8
Operating income before depreciation and amortization	383.5	394.4	166.7	85.1	1,029.7	0.4	1,030.1
Profit for the period	231.3	156.7	32.8	32.6	453.4	(231.5)	221.9

**13. 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.

Earnings per share after income taxes, are analyzed as follows:

**COMPANY**

	<u>2007</u>		<u>2006</u>	
	<u>2nd Quarter</u>	<u>1st Half</u>	<u>2nd Quarter</u>	<u>1st Half</u>
Earnings attributable to the shareholders of the parent	258.7	309.0	210.8	231.3
Weighted average number of shares outstanding	490,150,389	490,150,389	490,150,389	490,150,389
Basic earnings per share	0.5278	0.6304	0.4301	0.4719
Diluted earnings per share	0.5278	0.6304	0.4301	0.4719

(Earnings per share are in absolute figures)

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2007  
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**13. EARNINGS PER SHARE (continued)**

**GROUP**

	<b>2007</b>		<b>2006</b>	
	<b>2nd Quarter</b>	<b>1st Half</b>	<b>2nd Quarter</b>	<b>1st Half</b>
Earnings attributable to the shareholders of the parent	136.6	277.5	112.2	221.9
Weighted average number of shares outstanding	490,150,389	490,150,389	490,150,389	490,150,389
Basic earnings per share	0.2786	0.5661	0.2289	0.4527
Diluted earnings per share	0.2786	0.5661	0.2289	0.4527

(Earnings per share are in absolute figures)

**14. RELATED PARTY TRANSACTIONS**

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

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

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

	<b>1<sup>st</sup> Half 2007</b>		<b>1<sup>st</sup> Half 2006</b>	
	<b>OTE's sales</b>	<b>OTE's purchases</b>	<b>OTE's sales</b>	<b>OTE's purchases</b>
COSMOTE	89.1	65.1	75.1	73.4
OTE INTERNATIONAL INVESTMENTS LTD	0.2	3.0	0.9	4.4
ROMTELECOM	0.6	-	1.3	-
ARMENTEL	-	-	0.6	-
HELLAS-SAT	0.3	0.8	0.3	0.9
COSMO-ONE	-	0.4	-	0.5
OTENET	21.3	19.6	17.4	8.0
HELLASCOM	-	3.3	-	2.7
OTE SAT- MARITEL	0.5	1.0	0.6	1.1
OTE PLUS	0.1	14.1	0.2	10.8
OTE ESTATE	1.3	28.6	1.0	27.2
INFOTE	2.5	0.3	4.6	3.8
OTE GLOBE	5.6	31.3	0.4	18.3
OTE ACADEMY	0.1	3.0	0.1	1.3
	<b>121.6</b>	<b>170.5</b>	<b>102.5</b>	<b>152.4</b>

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

	<b>1<sup>st</sup> Half 2007</b>		<b>1<sup>st</sup> Half 2006</b>	
	<b>OTE's interest income</b>	<b>OTE's interest expense</b>	<b>OTE's interest income</b>	<b>OTE's interest expense</b>
ARMENTEL	-	-	0.1	-
COSMOFON	1.8	-	1.6	-
HELLAS-SAT	-	-	3.4	-
OTE PLC	1.0	32.2	-	49.3
	<b>2.8</b>	<b>32.2</b>	<b>5.1</b>	<b>49.3</b>

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2007**  
(Amounts in millions of Euro, unless otherwise stated)

**14. RELATED PARTY TRANSACTIONS (continued)**

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

	<u>1<sup>st</sup> Half 2007</u>	<u>1<sup>st</sup> Half 2006</u>
COSMOTE	163.2	145.3
OTE INTERNATIONAL INVESTMENTS LTD	48.0	-
INFOTE	5.0	3.5
OTE GLOBE	-	2.5
OTE ESTATE	-	15.0
OTE SAT- MARITEL	-	0.7
ARMENTEL	-	6.8
	<u><b>216.2</b></u>	<u><b>173.8</b></u>

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

	<u>30/6/2007</u>		<u>31/12/2006</u>	
	<u>OTE's receivables</u>	<u>OTE's payables</u>	<u>OTE's receivables</u>	<u>OTE's payables</u>
COSMOTE	28.1	32.2	37.9	33.9
OTE INTERNATIONAL INVESTMENTS LTD	0.1	0.9	0.5	2.6
HELLAS-SAT	4.6	0.3	4.0	0.5
COSMO-ONE	-	0.5	-	0.3
OTENET	23.3	15.8	16.4	17.1
HELLASCOM	-	2.8	-	1.2
OTE SAT- MARITEL	0.4	0.5	1.1	0.5
OTE PLUS	1.0	9.7	3.7	11.6
OTE ESTATE	1.7	29.1	2.0	13.9
INFOTE	2.2	22.6	2.6	23.7
OTE GLOBE	0.3	0.4	10.4	27.3
OTE ACADEMY	0.3	0.4	0.1	0.8
	<u><b>62.0</b></u>	<u><b>115.2</b></u>	<u><b>78.7</b></u>	<u><b>133.4</b></u>

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

	<u>30/6/2007</u>		<u>31/12/2006</u>	
	<u>OTE's receivables</u>	<u>OTE's payables</u>	<u>OTE's receivables</u>	<u>OTE's payables</u>
COSMOFON	57.8	-	56.9	-
OTE PLC	60.6	1,325.2	-	1,268.0
	<u><b>118.4</b></u>	<u><b>1,325.2</b></u>	<u><b>56.9</b></u>	<u><b>1,268.0</b></u>

Fees paid to the members of the Board of Directors and key management personnel compensation charged in the Income Statements of the 1<sup>st</sup> half 2007 and 1<sup>st</sup> half 2006, amounted to Euro 2.7 and 2.0, respectively.



## 15. STOCK BASED COMPENSATION

OTE's repeating General Assembly of 3 April 2007 approved the Board of Directors' decision to adopt a management stock option plan (the "Option Plan") based on performance conditions for OTE's management personnel and Directors of subsidiaries.

More specifically, the beneficiaries are entitled to obtain a certain number of options of the Company for a predefined price (Exercise price), by the end of a certain period of time, based upon the satisfaction of certain criteria of performance, individual and of the Company, during the respective period.

The Option Plan's is expected to be implemented in 2007. The Option Plan, permits our 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.

Basic Option Rights vest in stages over a three-year period (40%, 30% and 30% upon the first, second and third anniversaries, respectively, of the commencement of the Plan), while Additional Option Rights vest 100%, upon the third anniversary of the commencement of the Plan.

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 exercise price will be equal to the average closing price of our 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. As for subsequent implementations, the exercise price will be equal to the average closing price of the shares during the month immediately preceding the date on which the Board of Directors granted such rights.

The number of granted Rights for the first implementation of the Option Plan, is adjusted according to the beneficiary's seniority level, as follows:

- a. With respect to the Managing Director, the General Directors and Deputy General Directors, the maximum aggregate value of Option Rights that may be granted under the Option Plan, according to the exercise price can be up to five times the beneficiary's annual gross salary with respect to Basic Option Rights and up to the annual gross salary with respect to Additional Option Rights.
- b. With respect to other beneficiaries, the following table sets out the maximum numbers of Basic and Additional Option Rights that, according to the beneficiary's seniority level, may be granted under the Option Plan, in its first three years:

<u>Beneficiaries</u>	<b>Maximum number of Basic Rights per beneficiary in the first three years ("Basic Option Rights")</b>	<b>Maximum number of Additional Rights per beneficiary By the end of the third year ("Additional Option Rights")</b>
Managing Directors of Subsidiaries	35,000	7,000
Directors	18,000	4,500
Deputy Directors	9,500	3,100

## **15. STOCK BASED COMPENSATION (continued)**

The maximum number of Option Rights to be granted to each beneficiary in subsequent plans may be adjusted by the Board of Directors. The General Assembly of the shareholders may suspend, cancel or amend the Option Plan at any time.

## **16. LITIGATION AND CLAIMS**

There are no significant developments in the litigation and claims, as compared with the cases that have been disclosed in the notes to the 31 December 2006 financial statements. Appropriate provisions have been established in relation to litigation and claims, the outcome of which can be reasonably estimated and is expected to be unfavorable for the Company.

## **17. SUBSEQUENT EVENTS**

The most significant events that have occurred after 30 June 2007, are the following :

1. On 26 July 2007 the Hellenic Telecommunications & Post Commission (HTPC) imposed a series of fines on OTE of total amount Euro. 27.35. OTE intends to take legal action against this decision.
2. On 30 July 2007 Athens Prefecture announced the registry in the Societe Anonyme Register of the decision with reference number EM-19888/07, according to which the spin-off of branch of the international installations and cable facilities of OTE S.A., as well as of the rights for the use of the billing system INTEC-ITU and the contribution as a whole to its subsidiary OTE GLOBE was approved, by equally raising OTE GLOBE's share capital and the relevant amendment of its Articles of Incorporation.
3. On 30 July 2007 HELLASCOM' s extraordinary General Assembly approved the reduction of its share capital for an amount of Euro 12.0 and the return of this amount to OTE.
4. In July 2007 following the decision of the Hellenic Capital Market Commission's decision with reference number 12/435/12.7.2007, OTE has been granted the permission to proceed with the sale of a total of 896,967 shares, which had not been dematerialized, for the account of the beneficial owner of the securities. The sale of shares commenced on 23 July 2007 and is conducted according to the provisions and regulations of the Hellenic Capital Market Commission and the Athens Stock Exchange.
5. On 16 August 2007 OTE announced that Marfin Investment Group's direct participation in OTE S.A.'s share capital, after sequential purchases through Athens Stock Exchange, reached to 5.30% or 25,974,047 shares and the corresponding voting rights.

(Translated from the original in Greek)

## **Report on Review of Interim Financial Information**

To the Shareholders of  
Hellenic Telecommunications Organization S.A.

### **Introduction**

We have reviewed the accompanying Stand Alone and Consolidated Balance Sheets of Hellenic Telecommunications Organization S.A. (the “Company”) as at 30 June 2007, the related Stand Alone and Consolidated Statements of Income, Changes in Equity and Cash Flows for the six-month period then ended and a summary of explanatory notes (the “Interim Financial Information”). Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with International Financial Reporting Standards adopted by the European Union applicable to Interim Financial Information (IAS 34). Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information as at 30 June 2007 is not prepared, in all material respects, in accordance with International Financial Reporting Standards adopted by the European Union applicable to Interim Financial Information (IAS 34).

Athens, 29 August 2007

KPMG Kyriacou Certified Auditors A.E.

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