



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

**INTERIM FINANCIAL STATEMENTS  
(STAND-ALONE AND CONSOLIDATED)  
AS OF 31 MARCH 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

## **INDEX TO THE FINANCIAL STATEMENTS**

	<u>PAGE</u>
INTERIM BALANCE SHEETS (STAND-ALONE AND CONSOLIDATED)	3
INTERIM INCOME STATEMENTS (STAND-ALONE AND CONSOLIDATED)	4
INTERIM STATEMENTS OF CHANGES IN EQUITY (STAND-ALONE AND CONSOLIDATED)	5
INTERIM CASH FLOW STATEMENTS (STAND-ALONE AND CONSOLIDATED)	7
NOTES TO THE INTERIM FINANCIAL STATEMENTS	
• 1. COMPANY'S FORMATION AND OPERATIONS	8
• 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS	9
• 3. SIGNIFICANT ACCOUNTING POLICIES	10
• 4. INVESTMENTS	10
• 5. LONG-TERM DEBT	12
• 6. INCOME TAXES	12
• 7. REVENUES	14
• 8. VOLUNTARY RETIREMENT PROGRAM COST	15
• 9. OTHER OPERATING EXPENSES	15
• 10. SEGMENT REPORTING	15
• 11. EARNINGS PER SHARE	16
• 12. RELATED PARTY TRANSACTIONS	16
• 13. LITIGATION AND CLAIMS	18
• 14. SUBSEQUENT EVENTS	18

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**INTERIM BALANCE SHEETS (STAND ALONE AND CONSOLIDATED)**  
**AS OF 31 MARCH 2007**

(Amounts in millions of Euro)

	Notes	31/3/2007		31/12/2006	
		COMPANY	GROUP	COMPANY	GROUP
<b>ASSETS</b>					
<b>Non - current assets:</b>					
Telecommunication property, plant and equipment		2,607.0	6,542.3	2,704.4	6,583.5
Goodwill		-	539.5	-	540.8
Telecommunication licenses		3.7	397.2	3.8	384.2
Investments	4	1,886.5	158.7	1,826.4	158.7
Advances to pension funds		214.1	214.1	188.1	188.1
Deferred taxes		194.3	120.9	204.2	127.4
Other non-current assets		86.7	691.7	86.6	709.7
<b>Total non - current assets</b>		<b>4,992.3</b>	<b>8,664.4</b>	<b>5,013.5</b>	<b>8,692.4</b>
<b>Current assets:</b>					
Materials and supplies		29.3	207.9	36.1	205.4
Accounts receivable		805.7	1,178.5	710.1	1,160.5
Other current assets		253.2	489.0	227.0	447.8
Cash and cash equivalents		716.8	1,724.1	814.7	2,042.5
<b>Total current assets</b>		<b>1,805.0</b>	<b>3,599.5</b>	<b>1,787.9</b>	<b>3,856.2</b>
<b>TOTAL ASSETS</b>		<b>6,797.3</b>	<b>12,263.9</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		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		1,363.2	1,872.2	1,309.0	1,724.1
		3,303.9	3,812.9	3,249.7	3,664.8
<b>Minority interest</b>		-	1,253.1	-	1,223.9
<b>Total equity</b>		<b>3,303.9</b>	<b>5,066.0</b>	<b>3,249.7</b>	<b>4,888.7</b>
<b>Non – current liabilities:</b>					
Long-term debt	5	1,300.8	4,031.3	1,301.9	4,037.3
Reserve for staff retirement indemnities		186.5	202.8	182.8	198.5
Reserve for voluntary retirement program		367.0	367.0	361.4	361.4
Reserve for Youth Account		277.8	277.8	277.3	277.3
Other non – current liabilities		66.2	265.7	79.5	126.9
<b>Total non – current liabilities</b>		<b>2,198.3</b>	<b>5,144.6</b>	<b>2,202.9</b>	<b>5,001.4</b>
<b>Current liabilities:</b>					
Accounts payable		521.1	896.6	562.2	938.0
Short-term borrowings		-	7.7	-	25.2
Current maturities of long-term debt	5	17.5	31.6	16.1	528.0
Income taxes payable	6	81.6	200.6	70.5	142.0
Deferred revenue		84.9	149.4	109.0	196.2
Reserve for voluntary retirement program		256.5	257.9	316.7	316.7
Dividends payable		3.7	3.7	3.7	3.7
Other current liabilities		329.8	505.8	270.6	508.7
<b>Total current liabilities</b>		<b>1,295.1</b>	<b>2,053.3</b>	<b>1,348.8</b>	<b>2,658.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,797.3</b>	<b>12,263.9</b>	<b>6,801.4</b>	<b>12,548.6</b>

The accompanying notes on pages 8 – 19 form an integral part of these Interim Financial Statements

The Financial Statements presented on pages 3 - 19, were approved by the Board of Directors on 29 May 2007 and are signed on its behalf by:

Chairman  
& Managing Director

Chief Financial Officer

Accounting Manager

Panagis Vourloumis

Iordanis Aivazis

Antonis Mavromaras

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)

INTERIM INCOME STATEMENTS (STAND-ALONE AND CONSOLIDATED)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

	Notes	1/1/2007 - 31/3/2007		1/1/2006 - 31/3/2006	
		COMPANY	GROUP	COMPANY	GROUP
<i>(Amounts in millions of Euro, except share and per share data)</i>					
<b>Revenues:</b>					
Domestic telephony	7	384.0	526.8	403.8	572.6
International telephony	7	40.7	70.7	42.5	83.4
Mobile telephony	7	-	494.3	-	449.3
Other revenues	7	236.2	416.8	238.4	281.4
<b>Total revenues</b>		<b>660.9</b>	<b>1,508.6</b>	<b>684.7</b>	<b>1,386.7</b>
<b>Operating expenses:</b>					
Payroll and employee benefits		(177.9)	(301.7)	(215.2)	(318.6)
Charges for voluntary retirement program	8	(22.1)	(22.1)	-	-
Charges from international operators		(35.0)	(47.8)	(30.0)	(47.2)
Charges from domestic operators		(78.2)	(153.5)	(93.1)	(174.9)
Depreciation and amortization		(130.1)	(279.3)	(134.7)	(284.3)
Cost of telecommunications equipment		(20.1)	(152.9)	(48.7)	(65.1)
Other operating expenses	9	(121.4)	(291.0)	(114.1)	(268.4)
<b>Total operating expenses</b>		<b>(584.8)</b>	<b>(1,248.3)</b>	<b>(635.8)</b>	<b>(1,158.5)</b>
<b>Operating income</b>		<b>76.1</b>	<b>260.3</b>	<b>48.9</b>	<b>228.2</b>
<b>Other income/ (expense):</b>					
Interest expense		(21.6)	(57.4)	(26.8)	(42.3)
Interest income		11.2	19.8	7.4	10.3
Foreign exchange gains/ (losses), net		(0.3)	5.8	(0.3)	1.4
Gains/(losses) from investments		5.8	12.7	-	5.8
		<b>(4.9)</b>	<b>(19.1)</b>	<b>(19.7)</b>	<b>(24.8)</b>
<b>Profit before tax</b>		<b>71.2</b>	<b>241.2</b>	<b>29.2</b>	<b>203.4</b>
Income taxes		(20.9)	(63.5)	(8.7)	(61.5)
<b>Profit for the period</b>		<b>50.3</b>	<b>177.7</b>	<b>20.5</b>	<b>141.9</b>
Attributable to:					
Equity holders of the parent		50.3	140.9	20.5	109.7
Minority interest		-	36.8	-	32.2
		<b>50.3</b>	<b>177.7</b>	<b>20.5</b>	<b>141.9</b>
<b>Basic earnings per share</b>	11	<b>0.1026</b>	<b>0.2875</b>	<b>0.0418</b>	<b>0.2238</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 8 – 19 form an integral part of these Interim Financial Statements.

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)  
INTERIM STATEMENT OF CHANGES IN EQUITY (STAND-ALONE)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 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>	1,172.5	486.6	(5.9)	256.7	798.0	2,707.9
Unrealized gains on available-for-sale securities	-	-	-	-	12.9	12.9
Net income recognized directly in Equity	-	-	-	-	12.9	12.9
Profit for the period	-	-	-	-	20.5	20.5
<b>Balance at 31 March 2006</b>	<b>1,172.5</b>	<b>486.6</b>	<b>(5.9)</b>	<b>256.7</b>	<b>831.4</b>	<b>2,741.3</b>
<b>Balance at 31 December 2006</b>	1,171.5	485.9	-	283.3	1,309.0	3,249.7
Unrealized gains on available-for-sale securities	-	-	-	-	3.9	3.9
Net income recognized directly in Equity	-	-	-	-	3.9	3.9
Profit for the period	-	-	-	-	50.3	50.3
<b>Balance at 31 March 2007</b>	<b>1,171.5</b>	<b>485.9</b>	<b>-</b>	<b>283.3</b>	<b>1,363.2</b>	<b>3,303.9</b>

The accompanying notes on pages 8 - 19 form an integral part of these Interim Financial Statements.

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007**

(Amounts in millions of Euro)

	<u>Attributable to equity holders of the parent</u>							
	<u>Share Capital</u>	<u>Paid-in Surplus</u>	<u>Treasury Stock</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>	<u>Minority Interest</u>	<u>Total equity</u>
<b>Balance at 31 December 2005</b>	1,172.5	486.6	(5.9)	256.7	1,401.6	3,311.5	1,201.9	4,513.4
Unrealized gains on available-for-sale securities	-	-	-	-	12.9	12.9	-	12.9
Foreign currency translation	-	-	-	-	42.8	42.8	43.9	86.7
Net change of investment in subsidiaries	-	-	-	-	-	-	6.1	6.1
Net income recognized directly in equity	-	-	-	-	55.7	55.7	50.0	105.7
Profit for the period	-	-	-	-	109.7	109.7	32.2	141.9
<b>Balance at 31 March 2006</b>	<b>1,172.5</b>	<b>486.6</b>	<b>(5.9)</b>	<b>256.7</b>	<b>1,567.0</b>	<b>3,476.9</b>	<b>1,284.1</b>	<b>4,761.0</b>
<b>Balance at 31 December 2006</b>	1,171.5	485.9	-	283.3	1,724.1	3,664.8	1,223.9	4,888.7
Unrealized gains on available-for-sale securities	-	-	-	-	3.9	3.9	-	3.9
Foreign currency translation	-	-	-	-	3.3	3.3	(13.3)	(10.0)
Net change of investment in subsidiaries	-	-	-	-	-	-	5.7	5.7
Net income recognized directly in equity	-	-	-	-	7.2	7.2	(7.6)	(0.4)
Profit for the period	-	-	-	-	140.9	140.9	36.8	177.7
<b>Balance at 31 March 2007</b>	<b>1,171.5</b>	<b>485.9</b>	<b>-</b>	<b>283.3</b>	<b>1,872.2</b>	<b>3,812.9</b>	<b>1,253.1</b>	<b>5,066.0</b>

The accompanying notes on pages 8 - 19 form an integral part of these Interim Financial Statements.

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

**INTERIM STATEMENTS OF CASH FLOWS (STAND-ALONE AND CONSOLIDATED)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007**

	<u>1/1/2007 - 31/3/2007</u>		<u>1/1/2006 - 31/3/2006</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	71.2	241.2	29.2	203.4
Adjustments for:				
Depreciation and amortization	130.1	279.3	134.7	284.3
Provisions for the voluntary retirement program	22.1	22.1	-	-
Provisions	36.9	47.3	46.3	51.7
Foreign currency translation differences	0.3	(5.8)	0.3	(1.4)
Investment and financial (income) / loss	(17.0)	(32.5)	(7.4)	(16.1)
Amortization of advances to pension funds	8.8	8.8	8.8	8.8
Interest expense	21.6	57.4	26.8	42.3
Adjustments for working capital movements related to operating activities:				
Decrease / (increase) in materials and supplies	6.8	(2.5)	3.6	(6.7)
Decrease / (increase) in accounts receivable	(127.9)	(51.9)	(26.4)	(13.5)
Decrease in liabilities	(108.3)	(183.7)	(82.9)	(123.0)
Minus:				
Interest paid	-	(46.3)	(12.6)	(42.1)
Income taxes paid	-	(12.8)	-	(14.9)
<b>Net cash provided by operating activities</b>	<b>44.6</b>	<b>320.6</b>	<b>120.4</b>	<b>372.8</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary or associate, net of cash acquired	-	(19.3)	-	-
Loans granted	(113.6)	(53.6)	-	-
Proceeds from loans	-	-	5.9	-
Purchase of property, plant and equipment or intangible assets	(41.6)	(223.2)	(61.1)	(168.5)
Proceeds from sale of investments	5.8	6.3	-	-
Other long-term liabilities	-	144.5	-	-
Interest received	6.9	13.7	3.7	9.0
<b>Net cash used in investing activities</b>	<b>(142.5)</b>	<b>(131.6)</b>	<b>(51.5)</b>	<b>(159.5)</b>
<b>Cash flows from financing activities</b>				
Proceeds from minority shareholders for issuance of subsidiary's share capital	-	12.6	-	12.0
Repayments from long-term debt and short-term Borrowings	-	(519.6)	-	(26.9)
Dividends paid	-	(0.4)	(0.1)	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(507.4)</b>	<b>(0.1)</b>	<b>(14.9)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(97.9)</b>	<b>(318.4)</b>	<b>68.8</b>	<b>198.4</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</b>	<b>716.8</b>	<b>1,724.1</b>	<b>913.1</b>	<b>1,710.6</b>

The accompanying notes on pages 8 - 19 form an integral part of these Interim Financial Statements.

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 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. OTE operates pursuant to Law 2246/94 (as amended), Law 2257/94 (OTE's Charter) and Presidential Decree 437/95. OTE's activities are 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.

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>31/3/2007</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%	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	94.59%	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%



**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007**  
(Amounts in millions of Euro, unless otherwise stated)

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

<u>Company Name</u>	<u>Line of Business</u>	<u>Ownership interest</u>	
		<u>31/3/2007</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.	Retail services	59.81%	66.35%
• E-VALUE S. A.	Marketing services	59.81%	46.44%
• GERMANOS TELECOM SKOPJE S.A.	Retail services	59.81%	66.35%
• GERMANOS TELECOM ROMANIA S.A.	Retail services	59.81%	66.34%
• SUNLIGHT ROMANIA S.R.L.-FILIALA	Retail services	59.81%	66.34%
• GERMANOS TELECOM BULGARIA A.D.	Retail services	59.81%	66.35%
• MOBILBEEEP LTD	Retail services	60.10%	67.00%
• GRIGORIS MAVROMICHALIS & PARTNERS LTD	Retail services	59.22%	65.68%
• GEORGE PROKOPIIS & PARTNERS LTD	Retail services	29.91%	33.18%
• IOANNIS TSAPARAS & PARTNERS LTD	Retail services	30.50%	33.84%
• ALBATROS & PARTNERS LTD	Retail services	59.22%	-
• VOICENET S.A. ("VOICENET")	Telecommunication services	79.52%	79.52%
• OTENET CYPRUS S.A.	Investment holding company	68.78%	70.02%
• OTENET TELECOMMUNICATIONS LTD	Telecommunication services	66.32%	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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and accounting estimates adopted by OTE for the preparation of the Financial Statements as of 31 March 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 31/12/2007 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.

### 4. INVESTMENTS

Investments are analyzed as follows:

	31/3/2007		31/12/2006	
	COMPANY	GROUP	COMPANY	GROUP
(a) Investments in subsidiaries	1,728.7	-	1,668.6	-
(b) Other investments	157.8	158.7	157.8	158.7
	<b>1,886.5</b>	<b>158.7</b>	<b>1,826.4</b>	<b>158.7</b>

(a) Investments in subsidiaries are analyzed as follows:

	<u>Country</u>	<u>31/3/2007</u>	<u>31/12/2006</u>
• Cosmote	Greece	556.7	556.7
• OTE International Investments Ltd	Cyprus	497.9	497.9
• OTE Austria Holding GMBH	Austria	0.1	0.1
• HellasSat	Cyprus	194.6	194.5
• Cosmo One	Greece	3.2	3.2
• OTEnet	Greece	24.7	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
• OTEGlobe	Greece	0.9	0.9
• OTE Insurance	Greece	0.6	0.6
• OTE Academy	Greece	5.9	5.9
• OTE PLC	United Kingdom	60.0	-
		<b>1,728.7</b>	<b>1,668.6</b>

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007  
(Amounts in millions of Euro, unless otherwise stated)

**4. INVESTMENTS (continued)**

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 5 February 2007 OTE granted a loan of Euro 60.0 to its subsidiary OTE PLC. The loan bears interest at the Euribor plus 0.15% maturing in 2008, repayable by two installments of Euro 25.0 and 35.0 in October 2007 and 2008 respectively.

On 15 January 2007 Mr. Panos Germanos acquired a participation of 10% in the share capital of COSMOTE's subsidiary, COSMOHOLDING CYPRUS, by subscribing 100 common shares (Class B) for the total amount of Euro 144,5, through its 100% controlled by him Cypriot holding company, MICROSTAR Ltd.

The amount of Euro 144,5 is included in other long-term liabilities in the consolidated balance sheet, 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 enterprising objectives up to the date of repurchase.

As of 31 March, 2007 the indirect participation interest of the Group in COSMOHOLDING CYPRUS is 60.10%.

On 9 February 2007, GERMANOS S.A.'s Extraordinary General Assembly decided, due to requirement of COSMOHOLDING CYPRUS, the submission of application to the Hellenic Capital Market Committee for the delisting of GERMANOS from Athens Stock Exchange.

On 8 March, 2007 the Hellenic Capital Market Commission approved the request of COSMOHOLDING CYPRUS, for the squeeze-out of the remaining shares of GERMANOS S.A.

As of 31 March, 2007 the participation interest of COSMOHOLDING CYPRUS in GERMANOS S.A. is 99.52% and the indirect participation interest of the Group in GERMANOS S.A. is 59.81%.

On 8 February 2007 following the decision of the Board of Directors of 21 September 2006, OTE acquired the remaining 1.0% minority interests in OTE PLUS for a cash consideration of Euro 0.04. After the completion of the transaction OTE owns 100% interest in OTE PLUS.

(b) Other investments

OTE's other investments are analyzed as follows:

	<b>31/3/2007</b>	<b>31/12/2006</b>
Telekom Srbija	155.1	155.1
Other	2.7	2.7
	<b>157.8</b>	<b>157.8</b>

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007**  
(Amounts in millions of Euro, unless otherwise stated)

**5. LONG -TERM DEBT**

Long-term debt is analyzed as follows:

	<u>31/3/2007</u>	<u>31/12/2006</u>
<b><u>COMPANY</u></b>		
(a) Loan from European Investment Bank	52.5	52.5
(b) Inter-company loan from OTE PLC	1,265.8	1,265.5
<b><i>Total long-term debt</i></b>	<u>1,318.3</u>	<u>1,318.0</u>
Current maturities	(17.5)	(16.1)
<b><i>Long-term portion</i></b>	<u><b>1,300.8</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 Programme	3,355.1	3,353.1
(e) Other bank loans	155.3	168.5
<b><i>Total long-term debt</i></b>	<u>4,062.9</u>	<u>4,565.3</u>
Current maturities	(31.6)	(528.0)
<b><i>Long-term portion</i></b>	<u><b>4,031.3</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 the same date the Interest Rate Swap (IRS) agreement in which OTE PLC had entered for the amount of € 289 million, in order to partly hedge the exposure in the change of the fair value of the Guaranteed Notes was expired.

**6. 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:

<b><u>Company Name</u></b>	<b><u>Unaudited Tax Years</u></b>
<b><u>Full consolidation method (direct ownership)</u></b>	
• OTE	From 2002
• COSMOTE	From 2004
• 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
• OTE AUSTRIA HOLDING	From 2001

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007**  
(Amounts in millions of Euro, unless otherwise stated)

**6. INCOME TAXES (continued)**

<u>Company Name</u>	<u>Unaudited Tax Years</u>
<b>Full consolidation method (indirect ownership)</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 2006
• 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 has not yet been completed.

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

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

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.

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007**  
(Amounts in millions of Euro, unless otherwise stated)

**7. REVENUES**

Revenues in the accompanying income statements consist of income from:

	<b>COMPANY</b>		<b>GROUP</b>	
	<b>1<sup>st</sup> Quarter 2007</b>	<b>1<sup>st</sup> Quarter 2006</b>	<b>1<sup>st</sup> Quarter 2007</b>	<b>1<sup>st</sup> Quarter 2006</b>
(i) Domestic Telephony				
• Monthly network service fees	171.0	169.3	254.1	241.0
• Local and long-distance calls				
- Fixed to fixed	130.5	137.0	157.3	193.8
- Fixed to mobile	65.5	79.8	93.4	116.0
	196.0	216.8	250.7	309.8
• Other	17.0	17.7	22.0	21.8
	<b>384.0</b>	<b>403.8</b>	<b>526.8</b>	<b>572.6</b>
(ii) International Telephony				
• International traffic	18.3	18.3	27.4	32.0
• Payments from international operators	13.1	17.9	33.2	43.6
• Payments from mobile operators	9.3	6.3	10.1	7.8
	<b>40.7</b>	<b>42.5</b>	<b>70.7</b>	<b>83.4</b>
(iii) Mobile Telephony	-	-	<b>494.3</b>	<b>449.3</b>
(iv) Other revenues				
• Prepaid cards	15.6	11.5	19.8	20.6
• Directories	0.5	-	14.2	14.6
• Leased lines and Data communications	50.8	48.3	48.2	47.0
• VoIP through MSP	10.4	9.8	8.4	7.8
• ISDN	36.4	34.6	42.1	39.4
• Sales of telecommunication equipment	12.2	39.8	152.7	54.3
• Internet / ADSL	28.5	11.5	48.2	25.0
• ATM	6.5	7.9	6.5	7.9
• Services rendered	36.6	40.3	22.7	14.4
• Interconnection charges	28.3	28.4	25.5	31.3
• Miscellaneous	10.4	6.3	28.5	19.1
	<b>236.2</b>	<b>238.4</b>	<b>416.8</b>	<b>281.4</b>
<b>Total revenues</b>	<b>660.9</b>	<b>684.7</b>	<b>1,508.6</b>	<b>1,386.7</b>

## 8. 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 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 quarter 2007.

## 9. OTHER OPERATING EXPENSES

Other operating expenses are analyzed as follows:

	COMPANY		GROUP	
	1 <sup>st</sup> Quarter 2007	1 <sup>st</sup> Quarter 2006	1 <sup>st</sup> Quarter 2007	1 <sup>st</sup> Quarter 2006
Services and fees	35.6	26.2	40.9	34.2
Cost of telecommunication material, repairs and maintenance	16.9	17.6	46.7	51.3
Advertising costs	10.3	7.8	42.5	31.0
Utilities	16.4	12.4	23.9	27.5
Provision for doubtful accounts	14.0	15.7	23.1	21.2
Other provisions	1.0	7.5	1.8	7.2
Travel costs	1.8	1.3	4.1	3.1
Commissions to independent distributors	-	-	56.1	43.7
Payments to audiotex providers	1.5	2.5	3.0	4.8
Rent	16.9	16.3	20.8	18.3
Taxes, other than income taxes	2.8	2.7	11.0	11.5
Transportation	1.0	1.0	2.5	1.6
Other	3.2	3.1	14.6	13.0
	<b>121.4</b>	<b>114.1</b>	<b>291.0</b>	<b>268.4</b>

## 10. 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 the 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 and net income.

**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007**  
(Amounts in millions of Euro, unless otherwise stated)

**10. SEGMENT REPORTING (continued)**

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

<u>Three months period ended 31/3/2007</u>	<u>OTE</u>	<u>COSMOTE</u>	<u>ROMTELECOM</u>	<u>ALL OTHER</u>	<u>TOTALS</u>	<u>ADJUSTMENTS-ELIMINATIONS</u>	<u>GROUP</u>
Revenues from external customers	602.4	647.0	216.0	43.2	1,508.6	-	1,508.6
Intersegment Revenues	58.5	40.6	6.1	53.5	158.7	(158.7)	-
Total operating revenues	660.9	687.6	222.1	96.7	1,667.3	(158.7)	1,508.6
Operating expenses	(584.8)	(557.3)	(186.4)	(76.6)	(1,405.1)	156.8	(1,248.3)
Operating income	76.1	130.3	35.7	20.1	262.2	(1.9)	260.3
Net income	50.3	74.7	28.9	14.0	167.9	(27.0)	140.9

<u>Three months period ended 31/3/2006</u>	<u>OTE</u>	<u>COSMOTE</u>	<u>ROMTELECOM</u>	<u>ALL OTHER</u>	<u>TOTALS</u>	<u>ADJUSTMENTS-ELIMINATIONS</u>	<u>GROUP</u>
Revenues from external customers	633.6	456.9	218.8	77.4	1,386.7	-	1,386.7
Intersegment Revenues	51.1	39.5	4.0	39.9	134.5	(134.5)	-
Total operating revenues	684.7	496.4	222.8	117.3	1,521.2	(134.5)	1,386.7
Operating expenses	(635.8)	(379.1)	(187.3)	(92.0)	(1,294.2)	135.7	(1,158.5)
Operating income	48.9	117.3	35.5	25.3	227.0	1.2	228.2
Net income	20.5	75.2	27.9	11.5	135.1	(25.4)	109.7

**11. 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:

	<u>COMPANY</u>		<u>GROUP</u>	
	<u>1<sup>st</sup> Quarter 2007</u>	<u>1<sup>st</sup> Quarter 2006</u>	<u>1<sup>st</sup> Quarter 2007</u>	<u>1<sup>st</sup> Quarter 2006</u>
Earnings attributable to the shareholders of the parent	50.3	20.5	140.9	109.7
Weighted average number of shares outstanding	490,150,389	490,150,389	490,150,389	490,150,389
Basic earnings per share	0.1026	0.0418	0.2875	0.2238
Diluted earnings per share	0.1026	0.0418	0.2875	0.2238

**12. 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.



**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE)**  
 NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007  
 (Amounts in millions of Euro, unless otherwise stated)

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

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

	<u>1<sup>st</sup> Quarter 2007</u>		<u>1<sup>st</sup> Quarter 2006</u>	
	<u>OTE's sales</u>	<u>OTE's purchases</u>	<u>OTE's sales</u>	<u>OTE's purchases</u>
COSMOTE	44.0	30.2	35.4	33.6
OTE INTERNATIONAL INVESTMENTS LTD	0.1	1.4	0.5	2.0
ROMTELECOM	0.6	-	0.5	-
ARMENTEL	-	-	0.3	-
GLOBUL	-	-	0.8	-
HELLAS-SAT	0.1	0.4	1.8	0.4
COSMO-ONE	-	0.2	-	0.3
OTENET	11.1	8.7	8.8	3.0
HELLASCOM	-	1.6	-	1.3
OTE SAT- MARITEL	0.2	0.5	0.3	0.6
OTE PLUS	0.1	6.9	0.1	4.6
OTE ESTATE	0.5	14.9	0.1	13.8
INFOTE	1.4	0.2	2.3	1.9
OTE GLOBE	-	14.7	0.2	8.3
OTE ACADEMY	-	1.3	-	0.5
	<b>58.1</b>	<b>81.0</b>	<b>51.1</b>	<b>70.3</b>

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

	<u>1<sup>st</sup> Quarter 2007</u>		<u>1<sup>st</sup> Quarter 2006</u>	
	<u>OTE's interest income</u>	<u>OTE's interest expense</u>	<u>OTE's interest income</u>	<u>OTE's interest expense</u>
ARMENTEL	-	-	0.1	-
COSMOFON	0.9	-	0.7	-
HELLAS-SAT	-	-	1.7	-
OTE PLC	0.4	16.1	-	23.3
	<b>1.3</b>	<b>16.1</b>	<b>2.5</b>	<b>23.3</b>

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

	<u>31/3/2007</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	49.3	42.4	37.9	33.9
OTE INTERNATIONAL INVESTMENTS LTD	0.1	0.6	0.5	2.6
HELLAS-SAT	4.1	0.5	4.0	0.5
COSMO-ONE	-	0.3	-	0.3
OTENET	17.3	13.9	16.4	17.1
HELLASCOM	-	0.8	-	1.2
OTE SAT- MARITEL	1.4	1.1	1.1	0.5
OTE PLUS	1.0	7.4	3.7	11.6
OTE ESTATE	2.7	28.4	2.0	13.9
INFOTE	2.3	22.8	2.6	23.7
OTE GLOBE	18.1	31.2	10.4	27.3
OTE ACADEMY	0.3	0.4	0.1	0.8
	<b>96.6</b>	<b>149.8</b>	<b>78.7</b>	<b>133.4</b>

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

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

	<b>31/3/2007</b>		<b>31/12/2006</b>	
	<b>OTE's receivables</b>	<b>OTE's payables</b>	<b>OTE's receivables</b>	<b>OTE's payables</b>
COSMOFON	57.8	-	56.9	-
OTE PLC	60.4	1,309.1	-	1,268.0
	<b>118.2</b>	<b>1,309.1</b>	<b>56.9</b>	<b>1,268.0</b>

Fees paid to the members of the Board of Directors and key management personnel compensation charged in the Income Statements of the periods ended 31 March 2007 and 2006, amounted to Euro 0.8 and 0.6, respectively.

**13. 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.

**14. SUBSEQUENT EVENTS**

The most significant events that have occurred after 31 March 2007 are the following :

1. 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%.
2. In May 2007, European Commission according to its relevant decision bearing number C 2/2006 (ex N 405/2005) disclosed that Greek State's proposal to transfer to the Main Pension Fund (TAP-OTE), a 4% stake of OTE's share capital, according to the provisions of Article 74 of Law 3371/2005, was compatible with EC Treaty state aid rules (Article 87, paragraph 3 , element c). The Greek State's total contribution to TAP-OTE, according to the same decision, shall not exceed the amount of Euro 390.4.
3. On 3 April 2007 OTE' s Repeating Extraordinary General Assembly of Shareholders decided the revision of certain articles of Association. More specifically, the restriction in relation to the Greek State' s minimum ownership interest ceased to be in effect certain articles in relation to corporate governance were revised.
4. The Repeating Extraordinary General Assembly of Shareholders of 3 April 2007 approved the decision of the Board of Directors to establish a Stock-Option plan based on performance criteria for OTE's and its subsidiaries' executive personnel.

**14. SUBSEQUENT EVENTS (Continued)**

5. On 19 April 2007 OTE's Board of Directors decided the secession 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 S.A.  
The above secession which will be effected according to the provisions of Law 2166/1993, as well as of Law 2937/2001 Article 36, is subject to the approval of the two companies' General Assembly and will be based on the balance sheet, as of 31 March 2007.
6. On 10 April 2007, Cosmoholding Cyprus Ltd' s squeeze-out of the remaining shares of GERMANOS has been completed. Following the completion of the above purchase, COSMOHOLDING 's participation in GERMANOS is 99,998%.
7. According to the no.427/09.05.2007 decision of the Capital Markets Commission, the delisting of the shares of GERMANOS from the Athens Stock Exchange, has been approved as of 11.5.2007.
8. In May 2007 OTE announced its intention to consider the possibility to sale INFOTE S.A. a wholly owned subsidiary providing directory and information services.
9. In May 2007 OTE announced its intention to merge its subsidiary OTEnet S.A., through its consolidation by the parent company and the integration of OTEnet' s 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.