HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

ANNUAL FINANCIAL STATEMENTS
(SEPARATE AND CONSOLIDATED)
FOR THE YEAR ENDED 31 DECEMBER 2007
IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

(TRANSLATED FROM THE ORIGINAL IN GREEK)

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.
AP.M.A.E. 347/06/B/86/10
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HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.
BALANCE SHEETS (SEPARATE AND CONSOLIDATED)
AS AT 31 DECEMBER 2007

(Amounts in millions of Euro)

		31 DECEMBER 2007		31 DECEMBER 2006	
	Notes	**COMPANY**	**GROUP**	**COMPANY**	**GROUP**
ASSETS					
Non - current assets					
Property, plant and equipment	4	2,361.9	6,371.4	2,704.4	6,583.5
Goodwill	5	-	541.5	-	540.8
Telecommunication licenses	6	3.4	396.2	3.8	384.2
Investments	7	4,104.9	158.4	1,826.4	158.7
Advances to pension funds	16	229.8	229.8	188.1	188.1
Deferred taxes	19	158.3	94.6	204.2	127.4
Other non-current assets	8	98.0	678.6	86.6	709.7
Total non - current assets		**6,956.3**	**8,470.5**	**5,013.5**	**8.692,4**
Current assets					
Inventories		34.7	201.7	36.1	205.4
Trade receivables	9	758.6	1,172.0	710.1	1,160.5
Other current assets	10	180.8	372.5	227.0	447.8
Cash and cash equivalents	11	453.1	1,316.3	814.7	2,042.5
Total current assets		**1,427.2**	**3,062.5**	**1,787.9**	**3,856.2**
TOTAL ASSETS		**8,383.5**	**11,533.0**	**6,801.4**	**12,548.6**
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	12	1,171.5	1,171.5	1,171.5	1,171.5
Share premium	12	485.9	485.9	485.9	485.9
Statutory reserve	13	312.1	312.1	283.3	283.3
Consolidation reserve	7	-	(2,533.8)	-	(580.3)
Retained earnings	13	1,596.9	2,595.8	1,309.0	2,304.4
		3,566.4	2,031.5	3,249.7	3,664.8
Minority interests		-	1,023.1	-	1,223.9
Total equity		**3,566.4**	**3,054.6**	**3,249.7**	**4,888.7**
Non – current liabilities					
Long-term loans	15	1,285.2	3,947.1	1,301.9	4,037.3
Provision for staff leaving indemnities	16	211.5	230.3	182.8	198.5
Provision for voluntary leave scheme	16	217.5	217.5	361.4	361.4
Cost of Youth account	16	273.5	273.5	277.3	277.3
Other non – current liabilities	17	41.4	233.6	79.5	126.9
Total non – current liabilities		**2,029.1**	**4,902.0**	**2,202.9**	**5,001.4**
Current liabilities					
Suppliers		608.9	931.5	562.2	938.0
Short-term loans	18	1,494.2	1,497.4	-	25.2
Short-term portion of long-term loans	15	17.5	83.3	16.1	528.0
Income tax	19	24.6	83.0	70.5	142.0
Deferred revenue		135.3	189.2	109.0	196.2
Cost of voluntary leave scheme	16	200.2	200.2	316.7	316.7
Dividends payable	14	4.0	4.0	3.7	3.7
Other current liabilities	20	303.3	587.8	270.6	508.7
Total current liabilities		**2,788.0**	**3,576.4**	**1,348.8**	**2,658.5**
TOTAL EQUITY AND LIABILITIES		**8,383.5**	**11,533.0**	**6,801.4**	**12,548.6**

The accompanying notes on pages 8 – 65 form an integral part of these Financial Statements.

The Financial Statements presented on pages 3 - 65, were approved by the Board of Directors on 19 March 2008 and are signed on its behalf by:

Chairman & Managing Director	Vice-Chairman	Chief Financial Officer	Chief Accounting Officer
Panagis Vourloumis	Iakovos Georganas	Christini Spanoudaki	Konstantinos Vasilopoulos

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

INCOME STATEMENTS (SEPARATE AND CONSOLIDATED)
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 COMPANY	2007 GROUP	2006 COMPANY	2006 GROUP
(Amounts in millions of Euro, except the number of shares and per share data)					
Revenues					
Domestic telephony	21	1,495.4	2,022.2	1,596.9	2,260.6
International telephony	21	197.7	304.5	181.1	346.9
Mobile telephony	21	-	2,210.0	-	1,975.8
Other income	21	963.8	1,783.1	936.5	1,308.0
Total revenues		**2,656.9**	**6,319.8**	**2,714.5**	**5,891.3**
Operating expenses					
Employee costs		(723.8)	(1,241.3)	(764.9)	(1,241.6)
Cost of voluntary leave scheme	16	(22.1)	(22.1)	49.8	49.8
Charges from international operators		(146.8)	(216.4)	(143.9)	(208.8)
Charges from domestic operators		(323.9)	(655.3)	(366.8)	(720.9)
Depreciation and amortization		(502.2)	(1,171.8)	(528.0)	(1,128.5)
Cost of telecommunications equipment		(101.1)	(672.8)	(128.3)	(363.5)
Other operating expenses	22	(526.3)	(1,293.2)	(520.3)	(1,189.5)
Total operating expenses		**(2,346.2)**	**(5,272.9)**	**(2,402.4)**	**(4,803.0)**
Operating income before financial results		**310.7**	**1,046.9**	**312.1**	**1,088.3**
Financial Results					
Interest expense		(98.4)	(238.7)	(199.2)	(278.8)
Interest income		47.1	77.8	45.7	70.8
Foreign currency differences		(0.5)	(4.8)	2.6	4.2
Dividend income	7	242.3	16.8	196.7	23.0
Gains from investments	7	287.1	256.8	297.9	176.3
Total financial results		**477.6**	**107.9**	**343.7**	**(4.5)**
Profit before tax		**788.3**	**1,154.8**	**655.8**	**1,083.8**
Income tax	19	(211.8)	(381.8)	(124.6)	(353.0)
Profit for the year		**576.5**	**773.0**	**531.2**	**730.8**
Attributable to:					
Shareholders of the parent		576.5	662.6	531.2	574.6
Minority interests		-	110.4	-	156.2
		576.5	**773.0**	**531.2**	**730.8**
Basic earnings per share	23	**1,1762**	**1,3518**	**1.0837**	**1.1723**
Diluted earnings per share	23	**1,1762**	**1,3518**	**1.0837**	**1.1723**
Weighted average number of shares		**490,150,389**	**490,150,389**	**490,150,389**	**490,150,389**

The accompanying notes on pages 8 – 65 form an integral part of these Financial Statements.

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

STATEMENTS OF CHANGES IN EQUITY (SEPARATE)
FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts in millions of Euro)

	Share Capital	Share Premium	Treasury Shares	Statutory Reserve	Retained Earnings	Total equity
Balance at 31 December 2005	1,172.5	486.6	(5.9)	256.7	798.0	2,707.9
Appropriation to statutory reserve	-	-	-	26.6	(26.6)	-
Unrealized gains on available-for-sale securities	-	-	-	-	10.6	10.6
Treasury shares cancelled	(1.0)	(0.7)	5.9		(4.2)	-
Net income recognized directly in equity	(1.0)	(0.7)	5.9	26.6	(20.2)	10.6
Profit for the year	-	-	-	-	531.2	531.2
Balance at 31 December 2006	**1,171.5**	**485.9**	**-**	**283.3**	**1,309.0**	**3,249.7**
Balance at 31 December 2006	1,171.5	485.9	-	283.3	1,309.0	3,249.7
Appropriation to statutory reserve	-	-	-	28.8	(28.8)	-
Dividends paid	-	-	-	-	(269.6)	(269.6)
Unrealized gains on available-for-sale securities	-	-	-	-	9.8	9.8
Net income recognized directly in equity	-	-	-	28.8	(288.6)	(259.8)
Profit for the year	-	-	-	-	576.5	576.5
Balance at 31 December 2007	**1,171.5**	**485.9**	**-**	**312.1**	**1,596.9**	**3,566.4**

The accompanying notes on pages 8 – 65 form an integral part of these Financial Statements.

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

STATEMENTS OF CHANGES IN EQUITY (CONSOLIDATED)
FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts in millions of Euro)

	Attributable to equity holders of the parent								
	Share Capital	**Share Premium**	**Treasury Shares**	**Legal Reserve**	**Consolidation Reserve**	**Retained Earnings**	**Total**	**Minority Interest**	**Total equity**
Balance at 31 December 2005	1,172.5	486.6	(5.9)	256.7	(238.8)	1,640.4	3,311.5	1,201.9	4,513.4
Appropriation to statutory reserve	-	-	-	26.6	-	(26.6)	-	-	0.0
Dividends paid	-	-	-	-	-	-	-	(116.0)	(116.0)
Treasury shares cancelled	(1.0)	(0.7)	5.9	-	-	(4.2)	-	-	0.0
Unrealized gains on available-for-sale securities	-	-	-	-	-	10.6	10.6	-	10.6
Foreign currency translation	-	-	-	-	-	90.8	90.8	100.3	191.1
Net change in investment in subsidiaries	-	-	-	-	(341.5)	18.8	(322.7)	(118.5)	(441.2)
Net income recognized directly in equity	(1.0)	(0.7)	5.9	26.6	(341.5)	89.4	(221.3)	(134.2)	(355.5)
Profit for the year	-	-	-	-	-	574.6	574.6	156.2	730.8
Balance at 31 December 2006	**1,171.5**	**485.9**	**(0.0)**	**283.3**	**(580.3)**	**2,304.4**	**3,664.8**	**1,223.9**	**4,888.7**
Balance at 31 December 2006	1,171.5	485.9	0.0	283.3		2,304.4	3,664.8	1,223.9	4,888.7
Appropriation to statutory reserve	-	-	-	28.8	-	(28.8)	-	-	-
Dividends paid	-	-	-	-	-	(269.6)	(269.6)	(81.2)	(350.8)
Unrealized gains on available-for-sale securities	-	-	-	-	-	9.8	9.8	-	9.8
Foreign currency translation	-	-	-	-	-	(82.6)	(82.6)	(84.7)	(167.3)
Net change of investment in subsidiaries	-	-	-	-	(1953.5)	-	(1,953.5)	(145.3)	(2,098.8)
Net income recognized directly in equity						(371.2)	(2,295.9)	(311.2)	(2,607.1)
Profit for the year	-	-	-	-	(1953.5)	662.6	662.6	110.4	773.0
Balance at 31 December 2007	**1,171.5**	**485.9**	**0.0**	**312.1**	**(2,533.8)**	**2,595.8**	**2,031.5**	**1,023.1**	**3,054.6**

The accompanying notes on pages 8 – 65 form an integral part of these Financial Statements.

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

STATEMENTS OF CASH FLOWS (SEPARATE AND CONSOLIDATED)
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007		2006	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
(Amounts in millions of Euro)				
Cash flows from operating activities				
Profit before taxes	**788.3**	**1,154.8**	**655.8**	**1,083.8**
Adjustments for:				
Depreciation and amortization	502.2	1,171.8	528.0	1,128.5
Cost of voluntary leave scheme	22.1	22.1	(49.8)	(49.8)
Provisions	159.5	198.5	183.1	221.0
Foreign currency translation differences	0.5	4.8	(2.6)	(4.2)
Investment (income)/losses	(576.5)	(351.4)	(540.3)	(270.1)
Amortization of advances to EDEKT pension fund	35.2	35.2	35.2	35.2
Interest expense and related expenses	98.4	238.7	199.2	278.8
Adjustments for charges in working capital				
Decrease/ (increase) in inventories	1.4	(2.0)	(6.4)	(30.3)
Decrease/ (increase) in trade receivables	(102.4)	(127.9)	100.1	75.8
Decrease in liabilities (except bank liabilities)	(266.3)	(292.6)	(439.9)	(293.6)
Minus:				
Interest paid and related expenses paid	(78.9)	(216.4)	(105.9)	(178.5)
Income taxes paid	(158.5)	(384.9)	-	(210.4)
Net cash from operating activities	**425.0**	**1,450.7**	**556.5**	**1,786.2**
Cash flows from investing activities				
Acquisition of subsidiaries, associates, joint ventures and other investments	2,137.3	(2,119.0)	(192.3)	(1,672.2)
Loans granted	(181.6)	(121.6)	(77.6)	(66.4)
Proceeds from loans	30.0	-	5.9	20.3
Other long-term liabilities	-	144.5		
Purchase of property, plant and equipment and intangible assets	(295.0)	(1,101.3)	(225.7)	(962.4)
Proceeds from sale of property, plant and equipment and Investments	313.8	352.8	353.1	316.2
Interest received	39.4	52.1	28.2	42.8
Dividends received	229.5	12.3	186.5	13.6
Net cash from /(used in) investing activities	**(2,001.2)**	**(2,780.2)**	**78.1**	**(2,308.1)**
Cash flows from financing activities				
Proceeds from minority shareholders for increase of subsidiary's share capital	-	12.6	-	12.0
Proceeds from issue of receipt of loans	1,500.0	1,500.0	-	2,369.1
Repayment of loans	(16.1)	(558.4)	(662.6)	(1,211.7)
Dividends paid to shareholders of the Company	(269.3)	(269.3)	(1.6)	(1.6)
Dividends paid to minority shareholders	-	(81.6)	-	(115.6)
Net cash from/(used) in financing activities	**1,214.6**	**603.3**	**(664.2)**	**1,052.2**
Net increase/(decrease) in cash and cash equivalents	(361.6)	(726.2)	(29.6)	530.3
Cash and cash equivalents at beginning of year	814.7	2,042.5	844.3	1,512.2
Cash and cash equivalents at end of year	**453.1**	**1,316.3**	**814.7**	**2,042.5**

The accompanying notes on pages 8 – 65 form an integral part of these Financial Statements.

(Amounts in millions of Euro, unless otherwise stated)

1. COMPANY'S FORMATION AND OPERATIONS

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), Presidential Decree 437/95 and C.L. 2190/1920. OTE's main 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.

Up until 31 December 2000, based on an extension granted by the European Commission to the Greek State, OTE had the exclusive right to install, operate and exploit the public fixed switched telecommunications network in Greece and to provide public fixed switched voice telephony services. Effective 1 January 2001 and pursuant to the provisions of the new Telecommunications Law 2867/2000, which came into force in December 2000, amending certain provisions of the previous Law 2246/1994, the above mentioned exclusivity right expired and the relevant market is open to competition.

The accompanying Separate and Consolidated Financial Statements (hereafter the «Financial Statements») as at 31 December 2007 were approved for issuance by the Board of Directors on 19 March 2008 while they are subject to the final approval of OTE's General Assembly.

The OTE Group (hereafter referred to as the "Group") include the financial statements of OTE and the following subsidiaries over which OTE has control:

Company Name	**Line of Business**	**Country**	**Ownership interest 31/12/2007**	**Ownership interest 31/12/2006**
Direct ownership				
• COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE")	Mobile telecommunications services	Greece	90.72%	67.00%
• OTE INTERNATIONAL INVESTMENTS LTD	Investment holding company	Greece	100.00%	100.00%
• OTE AUSTRIA HOLDING GMBH	Investment holding company	Austria	-	100.00%
• HELLAS SAT CONSORTIUM LIMITED («HELLAS-SAT")	Satellite communications	Cyprus	99.05%	99.05%
• COSMO-ONE HELLAS MARKET SITE S.A. ("COSMO-ONE")	E-commerce services	Greece	58.87%	51.55%
• OTENET S.A. ("OTENET")	Internet services	Greece	100.00%	94.59%
• HELLASCOM S.A. ("HELLASCOM")	Telecommunication projects	Greece	100.00%	100.00%
• OTE PLC	Financing services	U.K.	100.00%	100.00%
• OTE SAT-MARITEL S.A. ("OTE SAT – MARITEL")	Satellite telecommunications services	Greece	94.08%	94.08%
• OTE PLUS S.A ("OTE PLUS")	Consulting services	Greece	100.00%	99.00%
• OTE ESTATE S.A. ("OTE ESTATE")	Real estate	Greece	100.00%	100.00%
• INFOTE S.A. ("INFOTE")	Directory and other information services	Greece	-	100.00%
• OTE INTERNATIONAL SOLUTIONS S.A. (OTE-GLOBE")	Wholesale telephony services	Greece	100.00%	100.00%
• HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD. ("HATWAVE")	Investment holding company	Cyprus	52.67%	52.67%
• OTE INSURANCE AGENCY S.A. ("OTE INSURANCE")	Insurance brokerage services	Greece	100.00%	100.00%
• OTE ACADEMY S.A. ("OTE ACADEMY")	Training services	Greece	100.00%	100.00%

Company Name	**Line of Business**	**Country**	**Ownership interest 31/12/2007**	**31/12/2006**
Indirect ownership				
• ROMTELECOM S.A. ("ROMTELECOM)	Fixed line telephony services	Romania	54.01%	54.01%
• S.C. COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE ROMANIA")	Mobile telecommunications services	Romania	79.71%	63.10%
• OTE MTS HOLDING B.V.	Investment holding company	Holland	90.72%	67.00%
• COSMOFON MOBILE TELECOMMUNICATIONS SERVICES A.D. – SKOPJE ("COSMOFON")	Mobile telecommunications services	Skopje	90.72%	67.00%
• COSMO BULGARIA MOBILE EAD ("GLOBUL")	Mobile telecommunications services	Bulgaria	90.72%	67.00%
• COSMO-HOLDING ALBANIA S.A. ("CHA")	Investment holding company	Albania	88.00%	64.99%
• ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC")	Mobile telecommunications services	Albania	74.80%	55.24%
• COSMOHOLDING CYPRUS LTD ("COSMOHOLDING CYPRUS")	Investment holding company	Cyprus	81.65%	67.00%
• GERMANOS S.A.	Retail services	Greece	81.65%	66.35%
• E-VALUE S.A.	Marketing services	Greece	81.65%	46.44%
• GERMANOS TELECOM SKOPJE S.A.	Retail services	Skopje	81.65%	66.35%
• GERMANOS TELECOM ROMANIA S.A.	Retail services	Romania	81.64%	66.34%
• TEL SIM S.R.L	Retail services	Romania	81.65%	-
• SUNLIGHT ROMANIA S.R.L. -FILIALA	Retail services	Romania	81.64%	66.34%
• GERMANOS TELECOM BULGARIA A.D.	Retail services	Bulgaria	81.65%	66.35%
• MOBILBEEEP LTD	Retail services	Greece	81.65%	67.00%
• GRIGORIS MAVROMICHALIS & PARTNERS LTD	Retail services	Greece	80.82%	65.68%
• GEORGIOS PROKOPIS & PARTNERS LTD	Retail services	Greece	-	33.18%
• IOANNIS TSAPARAS & PARTNERS LTD	Retail services	Greece	41.64%	33.84%
• ALBATROS & PARTNERS LTD	Retail services	Greece	81.64%	-
• VOICENET A.E. ("VOICENET")	Telecommunications services	Greece	84.07%	79.52%
• OTENET CYPRUS LTD	Investment holding company	Cyprus	76.33%	70.02%
• OTENET TELECOMMUNICATIONS LTD	Telecommunications services	Greece	71.61%	67.14%
• HELLAS SAT S.A.	Satellite communications	Greece	99.05%	99.05%
• OTE INVESTMENT SERVICES S. A.	Investment holding company	Greece	100.00%	100.00%
• OTE PLUS BULGARIA	Consulting services	Bulgaria	100.00%	99.00%
• OTE PLUS ROMANIA	Consulting services	Romania	100.00%	99.00%

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Financial Statements have been prepared on the historical cost basis except for specific assets and liabilities which are measured at fair values in accordance with IFRS. All amounts are presented in millions of Euro, unless otherwise stated.

The accounting policies presented below (See Note 3), have been applied consistently to all years presented by the Group entities.

3. SIGNIFICANT ACCOUNTING POLICIES

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

1. ***Basis of Consolidation and Investments:***

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

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

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

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

In the Separate Financial Statements, investments in subsidiaries and associates are accounted for at cost adjusted for any impairment where necessary.

2. ***Investments in Financial Assets:*** Financial assets are initially measured at their fair value, which is normally the acquisition cost. After initial recognition, according to the purpose for which the assets were acquired, they are classified in the following categories: Financial Assets at Fair Value Through Profit or Loss, Held-to-Maturity and Available for Sale Financial Assets. Financial Assets at Fair Value through profit or loss are measured at fair value and gains or losses are recognized in income. Held-to-maturity investments are measured at amortized cost using the effective interest method and gains or losses through the amortization process are recognized in income. Available for sale financial assets are measured at fair value and gains or losses are recognized directly in equity while upon sale realized gains or losses are recognized in the income statement. The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3. ***Use of Estimates and Judgements:*** The preparation of the Financial Statements in accordance with IFRS requires management to make estimates and assumptions which may affect the application of the accounting policies and the amounts recorded in the financial statements. These estimates and assumptions are revised on an on-going basis. These revisions are recognized in the period they incurred and affect the related reporting periods. These estimates and assumptions are based on existing experience and on various factors considered reasonable, under the current conditions. These estimates and assumptions are the basis for decision making relating to the accounting value of assets and liabilities, which are not available from other sources. The actual final results may differ from these estimates and these variations may have significant effect on the Financial Statements.

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

   Non-monetary items denominated in foreign currencies that are measured at historical cost are retranslated at the exchange rate at the date of the initial transaction. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the exchange rates at the date that the fair value was determined. The foreign currency differences arising from part of gains or losses from the change of the fair value and are recognized in Income or directly in equity depending on the underlying monetary item.

   Except for operations in highly inflationary economies, where the financial statements are restated to current purchasing power prior to translation to the reporting currency, the functional currency of the Group's operations outside Greece is the local country's currency. Assets and liabilities of operations outside Greece, including goodwill and the fair value adjustments arising from consolidation, are translated into Euro using exchange rates ruling at the balance sheet date. Revenues and expenses are translated at the average exchange rates prevailing during the year which approximate the exchange rates ruling on the date of the transactions. All resulting foreign exchange differences are recognized as a separate component of shareholders' equity and are recognized in the Income on the disposal of the foreign entity.

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

(Amounts in millions of Euro, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

8. ***Employee Benefits:***

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Defined Staff Benefit Plans: Obligations derived from defined staff benefit plans are calculated separately for each plan by estimating the amount of future benefits employees have earned in return for their service as of the balance sheet date. These benefits are discounted to their present value after the deduction of the fair value of any plan asset. The discount rate is the yield of Greek Government bonds with maturity that approximates the term of the obligations. These obligations are calculated on the basis of financial and actuarial assumptions which are carried out by independent actuaries using the Projected Unit Credit Method. Net pension cost for the period is recognized in Income and consists of the present value of the accrued benefits, interest cost on the benefits obligation, prior service cost and actuarial gains or losses. Prior service costs are recognized on a straight-line basis over the average period until the benefits become vested. All actuarial gains or losses are recognised during the average remaining working life of active employees and are included in the service cost of the year, if at the beginning of the year they exceed 10% of the projected benefit obligation. Contributions that are related to employees who retire under the voluntary retirement program are recognized when employees accept the offer and the amounts can be reasonably estimated.

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

Deferred taxes are provided using the balance sheet method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, measured at the tax rates that are expected to be applied when the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses carried forward, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Income tax for the year (current and deferred) is recognized in Income, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

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

12. ***Research and Development Costs:*** Research and development costs are expensed as incurred.

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

- **Connection charges:** Connection charges for the fixed network are deferred and amortized to income over the estimated service life of the connection. No connection fees are charged for mobile services.
- **Monthly network service fees:** Revenues related to the monthly network service fees are recognized in the month that the telecommunication service is provided.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

  Airtime and acquisition commission costs due to the Group's Master Dealers for each subscriber acquired through their network are expensed as incurred. Commissions paid for each contract subscriber acquired by the Master Dealers as well as bonuses paid to Master Dealers in respect of contract subscribers who renew their annual contracts, are deferred and amortized as expenses over the contract period. Bonuses for the achievement of mutually agreed targets and commissions based on revenues billed to each subscriber acquired by the Master Dealers are expensed as incurred.

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

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

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

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

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

14. Earnings per Share: Basic and diluted earnings per share are computed by dividing net income by the weighted average number of shares outstanding during each year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

15. ***Segment Reporting:*** IAS 14 "Segment Reporting" sets criteria for the determination of the reportable business and geographical segments of enterprises. Segments are determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the Company and each of the consolidated subsidiaries. The reportable segments are determined using the quantitative thresholds required by the Standard. Information for operating segments that do not constitute reportable segments is combined and disclosed in the "All Other" category. Each segment performance is evaluated based on operating income and net profit.

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

17. ***Long-term Assets/ Liabilities:*** Long-term assets and liabilities are initially recorded at their fair value. Subsequent to the initial recognition, they are measured at amortized cost and the differences between that cost and the amount of receipt/payment are recognized in Income over the life of the asset/ liability using the effective interest rate.

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

19. ***Treasury Shares:*** Treasury shares consist of OTE's own shares, which have been issued, subsequently reacquired by the Company and not yet cancelled. Treasury shares do not reduce the number of shares issued but reduce the number of shares in circulation. The gross cost of the shares reacquired is reflected as a reduction to equity. Upon retirement, the acquisition cost of treasury share reduces the Share Capital and Share Premium and any difference is charged to Retained Earnings.

20. ***Leases:*** A lease that transfers substantially all of the rewards and risks incident to ownership of property is accounted for by the lessee as the acquisition of an asset and the incurrence of a liability, and by the lessor as a sale and/ or provision of financing. Lease payments are apportioned between finance charges (interest),which are recognized in Income and reduction of the lease liability. Finance charges are recognized directly as an expense. Financial leases are presented at the lower amount, between their fair value and the present value of the minimum lease payments at the beginning of the lease, reduced by the accumulated depreciation and any impairment losses. If the lease does not transfer substantially all of the rewards and risks incident to ownership of property, it is classified as an operating lease by the lessee and the rental payments are recognized as an expense as incurred.

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

22. ***Telecommunication Licenses:*** Telecommunication licenses are accounted for at cost, are amortized over their term of life and they are tested for impairment at least annually.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

25. Intangible Assets: Intangible assets acquired separately are measured at cost, while those acquired from a business combination are measured at fair value on the date of acquisition. Subsequently, they are measured at that amount less accumulated amortization and accumulated impairment losses. The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life. Amortization of intangible assets with a finite useful life begins when the asset is available for use. Intangible assets with an indefinite useful life are not amortized but instead they are tested for impairment at least annually in accordance with IAS 36 Impairment. No residual values are recognized. The useful lives of the intangible assets are reviewed on an annual basis, and adjustments, where applicable, are made prospectively. Intagible assets are assessed for impairment at least annually on an individual basis or on a cash generating unit basis.

26. Borrowing Costs: Assumptions, legal and other direct costs incurred in connection with the issuance of long-term loans adjust the carrying amount of the loans and are amortized in Income using the effective interest rate method over the life of the loan. Borrowing costs incurred during the construction period of property, plant and equipment attributable to these assets, are capitalized to the cost of these assets. All other borrowing costs are recognized as an expense in the income statement when incurred.

27. Borrowings: All loans and borrowings are initially recognized at fair value, net of direct costs associated with the borrowing. After initial recognition, borrowings are measured at amortized cost using the effective interest rate method. Gains or losses through the amortization process are recognized in Income as finance revenue or cost.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

29. Impairment of Assets: The carrying values of the Group's assets are tested for impairment, whenever indications exist that their carrying amount is not recoverable. In such cases, the recoverable amount is estimated and if the carrying amount of the asset exceed its estimated recoverable amount, an impairment loss is recognized in Income. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In measuring value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. If an asset does not generate cash flows individually, the recoverable amount is determined for the cash generating unit to which the asset belongs.

At each reporting date the Group assesses whether there is an indication that an impairment loss recognized in prior periods may no longer exist. If any such indication exists, the Group estimates the recoverable amount of that asset and the impairment loss is reversed, increasing the carrying amount of the asset to its recoverable amount, to the extent that the recoverable amount does not exceed the carrying value of the asset that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

30. Share-Based Compensations and Other Rights: The fair value of share-based compensations is recognized as an expense with a corresponding increase in equity, while the fair value of any other rights is recognized as an expense with a corresponding increase in liabilities.

Fair value is determined at the grant date and is allocated to the vesting period without any vesting conditions.

Fair value is measured based on generally accepted methods, taking into account the terms and conditions (except market conditions) under which these rights have been granted.

For share-based compensations, the amount expensed is revised to equal the actual number of equity instruments that ultimately vest, except for the case that the withdrawal of the right is due to the fact that share prices have not met the registration limit.

For all other rights, the liability is remeasured at each balance sheet date and at the date of settlement, with any changes in fair value recognized as interest expense.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Hedging: Hedging relationships are the following: Fair Value Hedge, where the exposure to changes in the fair value of a recognized asset or liability is hedged, or Cash Flow Hedge, where the exposure to variability in cash flows associated with a recognized asset or liability is hedged. At the inception of the hedge there is formal documentation which includes identification of the hedging instrument, the hedged item, the hedging relationship, the nature of the risk being hedged and the Company's risk strategy. Furthermore, the documentation includes an analysis of whether the hedging is effective in offsetting the exposure to changes in the fair value or cash flows attributable to the hedged risk. In a Fair Value Hedge, the gain or loss from remeasuring the hedging instrument at fair value is recognized in Income and the gain or loss on the hedged item adjusts the carrying amount of the hedged item and is recognized in Income. In a Cash Flow Hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity and the ineffective portion of the gain or loss on the hedging instrument is recognized in Income.

32. ***Presentation Changes:*** In the 2006 consolidated Financial Statements an amount of EUR 580.3 which was previously included under Retained Earnings was presented separately to conform with the presentation of the 2007 Consolidated Financial Statements. For further details on the nature of this amount see Note 7. For comparability reasons certain reclassifications on the disclosures were made. These reclassifications did not have an impact on the 2006 Financial Statements.

33. ***New Standards, Interpretations and Amendments to existing Standards not yet adopted:***

The International Accounting Standard Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC), have issued new IFRS, amendments and interpretations to existing standards that are not mandatory for the year ended 31 December 2007 and have not been applied in preparing these Financial Statements:

• **IFRS 8 Operating Segments** is effective for financial periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 and introduces the "management approach" to segment reporting.

IFRS 8 will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The new Standard is not expected to have a significant effect on the Group's financial statements.

• **IFRIC 11 – IFRS 2 Group and Treasury Share Transactions** is effective for financial periods beginning on or after 1 March 2007.

IFRIC 11 requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. It is not expected to have a significant effect on the Group's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **IFRIC 12 –Service Concession Arrangements** is effective for financial periods beginning on or after 1 January 2008.

IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. Is not expected to have any significant effect on the Group's financial statements.

- **IFRIC 13 – Customer Loyalty Programmes** is effective for financial periods beginning on or after 1 July 2008. IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. It is not expected to have any significant effect on the Group's financial statements.

- **IFRIC 14 IAS 19 – The Limit in a Defined Benefit Asset, Minimum Funding Requirments and their Interaction** is effective for financial years beginning on or after 1 Junary 2008. IFRIC 14 clarifies when refunds or reductions in the future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. The Group has not yet determined the potential effect of the interpretation, which has not been approved by the European Union.

- **Amendments to IAS 1 Presentation of Financial Statements** are effective for financial periods beginning on or after 1 January 2009. IAS 1 has been revised to upgrade the quality if the information presented in financial statements. The main changes relate to the statement of changes in equity, which is required to include only the transactions with the shareholders, the introduction of a new statement of comprehensive income, which presents all components of recognized income and expenses that are in the statement of comprehensive income and the requirement to present the effect of the application of new standards on prior periods in a separate column on the financial statements. The revised standard has not been approved by the European Union.

- **Revised IAS 23 Borrowing Costs** is effective for financial periods beginning on or after 1 January 2009. It does not permit the option of immediately recognizing all borrowing costs as an expense and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised standard is not expected to impact the Group's Financial Statement given the fact that the Group already capitalizes all borrowing costs. The revised standard has not yet been approved by the European Union yet.

- **Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements** is effective for financial periods beginning on or after 30 June 2009. The revised IFRS 3 introduces a series of changes in the accounting treatment of business combinations which will affect the amount of the recognized goodwill, the income statement for the year that the business combination takes place and future results. These changes include the recognition as expenses of the costs related to the acquisition and the recognition of the future changes in fair value of the consideration in Income (instead the adjusting of goodwill).

Revised IAS 27 requires that acquisitions of minority interests are recognized in equity. Therefore, they do not affect goodwill or create a result in Income (gain or loss). Furthermore, the revised standard is applicable for the transactions after the transition date. The above mentioned changes have not yet been approved by the European Union.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Amendments to IAS 32 Financial Instruments and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments** are effective for financial periods beginning on or after 1 January 2009.

The amendments to IAS 32 require that puttable financial instruments and obligations arising in liquidation are classified as equity if and only if they meet certain conditions.

The amendments to IAS 1 require disclosures with respect to the puttable financial instruments that are classified as equity instruments. These amendments are not expected to have a significant impact to the Group's financial statements and have not been approved by the European Union yet.

(Amounts in millions of Euro, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is analyzed as follows:

COMPANY

	Buildings	Telecommunication equipment	Transportation Means	Furniture and fixtures	Construction in progress	Investment supplies	Total
31/12/2005							
Cost	28.5	6,892.2	38.1	169.6	325.0	114.7	7,568.1
Accumulated depreciation	(4.0)	(4,343.0)	(31.2)	(157.7)	-	-	(4,535.9)
Net Book Value 31/12/2005	**24.5**	**2,549.2**	**6.9**	**11.9**	**325.0**	**114.7**	**3,032.2**
1/1/2006							
Net Book Value 1/1/2006	24.5	2,549.2	6.9	11.9	325.0	114.7	3,032.2
Additions	0.9	392.4	1.2	7.7	203.9	47.4	653.5
Other value adjustments	-	463.6	-	(0.5)	-	-	463.1
Disposals, cost	(0.6)	(271.3)	(0.8)	(2.8)	(359.0)	(58.3)	(692.8)
Disposals, accumulated depreciation	0.6	233.6	0.8	2.8	-	-	237.8
Depreciation for the year	(1.9)	(516.4)	(2.3)	(6.8)	-	-	(527.4)
Other accumulated depreciation adjustments	-	(463.6)	-	1.6	-	-	(462.0)
Net Book Value 31/12/2006	**23.5**	**2,387.5**	**5.8**	**13.9**	**169.9**	**103.8**	**2,704.4**
31/12/2006							
Cost	28.7	7,476.9	38.5	174.0	169.9	103.8	7,991.8
Accumulated depreciation	(5.2)	(5,089.4)	(32.7)	(160.1)	-	-	(5,287.4)
Net Book Value 31/12/2005	**23.5**	**2,387.5**	**5.8**	**13.9**	**169.9**	**103.8**	**2,704.4**
1/1/2007							
Net Book Value 1/1/2007	23.5	2,387.5	5.8	13.9	169.9	103.8	2,704.4
Additions	1.7	224.3	2.2	7.5	243.8	81.2	560.7
Spin off OTE-GLOBE, Cost	-	(203.1)	-	-	(5.1)	-	(208.2)
Disposals, cost	-	(10.4)	(1.6)	(5.0)	(190.8)	(74.5)	(282.3)
Disposals, accumulated depreciation	-	10.4	1.5	5.0	-	-	16.9
Depreciation for the year	(1.5)	(492.1)	(1.6)	(6.6)	-	-	(501.8)
Spin off OTE-GLOBE, accumulated depreciation	-	72.2	-	-	-	-	72.2
Net Book Value 31/12/2007	**23.7**	**1,988.8**	**6.3**	**14.8**	**217.8**	**110.5**	**2,361.9**
31/12/2007							
Cost	30.4	7,487.7	39.1	176.5	217.8	110.5	8,062.0
Accumulated depreciation	(6.7)	(5,498.9)	(32.8)	(161.7)	-	-	(5,700.1)
Net Book Value 31/12/2007	**23.7**	**1,988.8**	**6.3**	**14.8**	**217.8**	**110.5**	**2,361.9**

There are no restrictions on title on property, plant and equipment.
The amount of borrowing costs capitalized during 2007 is EUR 5.2.

(Amounts in millions of Euro, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP

	Land	Buildings	Telecommunication equipment	Transportation Means	Furniture and fixtures	Construction in progress	Investment supplies	Total
31/12/2005								
Cost	27.3	855.0	11,056.4	50.4	414.6	673.8	146.2	13,223.7
Accumulated depreciation	-	(245.2)	(5,914.5)	(40.0)	(284.4)	-	-	(6,484.1)
Net Book Value 31/12/2005	**27.3**	**609.8**	**5,141.9**	**10.4**	**130.2**	**673.8**	**146.2**	**6,739.6**
1/1/2006								
Net Book Value 1/1/2006	27.3	609.8	5,141.9	10.4	130.2	673.8	146.2	6,739.6
Subsidiary acquisition, cost	20.7	34.9	4.2	2.9	48.4	1.9	0.0	113.0
Subsidiary acquisition, accumulated depreciation	-	(7.2)	(4.4)	(0.7)	(27.6)	-	-	(39.9)
Additions	0.3	30.1	804.0	5.3	34.8	441.1	141.9	1,457.5
Disposal of subsidiary, cost	-	(31.0)	(280.2)	(2.5)	(4.6)	(64.2)	(5.5)	(388.0)
Disposal of subsidiary, accumulated depreciation	-	9.5	160.3	1.8	3.6	-	-	175.2
Other value adjustments	(0.4)	7.6	438.8	(0.1)	(3.1)	-	-	442.8
Disposals, cost	-	(3.8)	(302.6)	(2.3)	(10.6)	(440.8)	(78.9)	(839.0)
Disposals, accumulated Depreciation	-	0.8	260.4	2.0	10.3	-	-	273.5
Foreign exchange differences, cost	0.6	48.4	362.5	2.8	11.0	16.2	4.2	445.7
Foreign exchange differences, accumulated depreciation	-	(26.1)	(216.7)	(2.9)	(7.1)	-	-	(252.8)
Depreciation for the year	-	(29.6)	(1,023.0)	(4.0)	(35.2)	-	-	(1,091.8)
Sundry accumulated depreciation adjustments	-	(6.6)	(448.3)	0.1	2.5	-	-	(452.3)
Net Book Value 31/12/2006	**48.5**	**636.8**	**4,896.9**	**12.8**	**152.6**	**628.0**	**207.9**	**6,583.5**

(Amounts in millions of Euro, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

31/12/2006								
Cost	48.5	941.2	12,083.1	56.5	490.5	628.0	207.9	14,455.7
Accumulated depreciation	-	(304.4)	(7,186.2)	(43.7)	(337.9)	-	-	(7,872.2)
Net Book Value 31/12/2006	**48.5**	**636.8**	**4,896.9**	**12.8**	**152.6**	**628.0**	**207.9**	**6,583.5**
1/1/2007								
Net Book Value 1/1/2007	48.5	636.8	4,896.9	12.8	152.6	628.0	207.9	6,583.5
Additions	1.3	51.7	1,085.0	14.2	54.9	906.6	130.4	2,244.1
Disposal of subsidiary, cost	(0.7)	-	(5.7)	-	(7.1)	(15.7)	-	(29.2)
Disposal of subsidiary, accumulated depreciation	-	-	5.7	-	5.6	-	-	11.3
Other value adjustments	-	(3.0)	10.6	-	(10.6)	-	-	(3.0)
Disposals, cost	-	(3.9)	(173.0)	(8.6)	(14.9)	(1,030.4)	(166.1)	(1,396.9)
Disposals, accumulated depreciation	-	1.1	165.2	7.7	13.2	-	-	187.2
Foreign exchange differences, cost	(0.5)	(39.3)	(312.6)	(2.5)	(10.6)	(3.1)	(10.9)	(379.5)
Foreign exchange differences, accumulated depreciation	-	22.1	208.0	2.4	7.3	-	-	239.8
Depreciation for the year	-	(35.3)	(1,012.1)	(5.5)	(36.0)	-	-	(1,088.9)
Other accumulated depreciation adjustments	-	3.0	(8.0)	-	8.0	-	-	3.0
Net Book Value 31/12/2007	**48.6**	**633.2**	**4,860.0**	**20.5**	**162.4**	**485.4**	**161.3**	**6,371.4**
31/12/2007								
Cost	48.6	946.7	12,687.4	59.6	502.2	485.4	161.3	14,891.2
Accumulated depreciation	-	(313.5)	(7,287.4)	(39.1)	(339.8)	-	-	(8,519.8)
Net Book Value 31/12/2007	**48.6**	**633.2**	**4,860.0**	**20.5**	**162.4**	**485.4**	**161.3**	**6,371.4**

5. GOODWILL

Goodwill included in the Consolidated Financial Statements is analyzed as follows:

Net Book Value 1/1/2006	**72.4**
Additions	463.8
Transfer from acquired subsidiary	4.8
Foreign exchange differences	(0.2)
Net Book Value 31/12/2006	**540.8**
Foreign exchange differences	0.7
Net Book Value 31/12/2007	**541.5**

Additions to goodwill in 2006 arose from the acquisition of GERMANOS S.A. by COSMOTE.

Foreign exchange differences arise from the translation of the acquired goodwill on AMC in the reporting currency (Euro) with the current foreign exchange at each balance sheet date.

The above mentioned goodwill has been allocated to the reporting units that it relates. The fair value of the reporting units as at 31 December 2007 was above the carrying amount of such goodwill, thus there is no indication of impairment of goodwill.

(Amounts in millions of Euro, unless otherwise stated)

6. TELECOMMUNICATION LICENSES

Telecommunication Licenses is analyzed as follows:

2006	**COMPANY**	**GROUP**
Net Book Value 1/1/2006	4.2	393.0
Additions	-	21.8
Foreign exchange differences, cost	-	4.2
Amortization for the year	(0.4)	(32.8)
Foreign exchange differences, accumulated amortization	-	(2.0)
Net Book Value 31/12/2006	**3.8**	**384.2**
31/12/2006		
Cost	6.2	511.8
Accumulated amortization	(2.4)	(127.6)
Net Book Value	**3.8**	**384.2**
2007		
Net Book Value 1/1/2007	3.8	384.2
Additions	-	59.8
Foreign exchange differences, cost	-	(4.0)
Amortization for the year	(0.4)	(47.2)
Foreign exchange differences, accumulated depreciation	**-**	**3.4**
Net Book Value 31/12/2007	**3.4**	**396.2**
31/12/2007		
Cost	6.2	567.0
Accumulated amortization	(2.8)	(170.8)
Net Book Value 31/12/2007	**3.4**	**396.2**

(Amounts in millions of Euro, unless otherwise stated)

7. INVESTMENTS

Investments is analyzed as follows:

	2007		2006	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
(a) Investments in subsidiaries	3,947.1	-	1,668.8	-
(b) Other investments	157.8	158.4	157.6	158.7
	4,104.9	**158.4**	**1,826.4**	**158.7**

(a) Investments in Subsidiaries is analyzed as follows:

	Country	2007	2006
• COSMOTE	Greece	2,654.3	556.7
• OTE INTERNATIONAL INVESTMENTS LTD	Cyprus	497.9	497.9
• OTE AUSTRIA HOLDING GMBH	Austria	-	0.1
• HELLAS-SAT	Cyprus	194.7	194.7
• COSMO-ONE	Greece	3.2	3.2
• OTENET	Greece	32.1	24.7
• HELLASCOM	Greece	8.4	20.4
• OTE SAT- MARITEL	Greece	11.2	11.2
• OTE PLC	U.K.	35.0	-
• OTE PLUS	Greece	3.8	3.8
• OTE ESTATE	Greece	336.3	336.3
• INFOTE	Greece	-	12.4
• OTE-GLOBE	Greece	163.7	0.9
• OTE INSURANCE	Greece	0.6	0.6
• OTE ACADEMY	Greece	5.9	5.9
		3,947.1	**1,668.8**

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

As at 31 December 2007, the outstanding loans included in investments amount to EUR 35.0 and relate to a loan that OTE granted to OTE PLC.

The movement of Investments in Subsidiaries is as follows:

	COMPANY
Balance at 1 January 2006	1,526.3
Acquisition of additional shares in subsidiary	191.1
Sale of investments	(55.0)
Share Capital increase of subsidiary	6.4
Balance at 31 December 2006	**1,668.8**
Balance at 1 January 2007	1,668.8
Acquisition of additional shares in subsidiary	2,105.0
Sale of investments	(12.4)
Share Capital increase of subsidiary	162.8
Reduction of subsidiary’s share capital	(12.0)
Transfer of loan to subsidiary	35.0
Liquidation of subsidiary (OTE AUSTRIA HOLDING GMBH)	(0.1)
Balance at 31 December 2007	**3,947.1**

7. INVESTMENTS (continued)

The movements that took place during the year as presented in the table above are as follows:

Acquisition of minority of COSMOTE:

As at 31 December 2006, OTE had 223,572,294 shares, which represented approximately 67.00% of the total issued share capital and voting rights of COSMOTE.

On 9 November 2007, following the Board of Director's approval, OTE announced the submission of a public tender offer for the acquisition of the total outstanding common shares of COSMOTE at a consideration of EUR 26.25 (in absolute figure). As at that date OTE had 227,086,941 shares, which represent approximately 67.83% of the total issued share capital and voting rights of COSMOTE, out of which 3,154,647 shares were acquired through the Stock Exchange in 2007 at a total consideration of EUR 85.9. The public tender offer related to the 107,695,259 shares, which represented approximately 32.17% of total issued share capital and voting rights of COSMOTE.

At the same time, as required by law, OTE submitted the respective Information Prospectus with all the terms of the public tender offer for approval by the Stock Exchange Committee, the Board of Directors of which approved it on 29 November 2007.

Since the date of the Acceptance Period till 31 December 2007, OTE acquired through the Stock Exchange additionally 76,638,257 shares (or 22.89% of COSMOTE's share capital) with the corresponding voting rights for a total consideration of EUR 2,011.7, resulting to a total holding of 303,725,198 shares which represented approximately 90.72% of COSMOTE's share capital and voting rights.

The goodwill of EUR 1,946.5, which resulted from the acquisition of COSMOTE's minority rights, was recognized directly in Equity in the Consolidated Financial Statements as it relates to the acquisition of minority in entities that control already exists.

Acquisition of shares in OTENET

On 24 February 2007 OTE's Board of Directors decided to acquire the total remaining portion of OTENET's minority shares. Following this decision OTE proceeded with the acquisition of the remaining 5.41% share capital of OTENET from minorities at EUR 7.4 increasing its participation in this subsidiary at 100%.

In May 2007 OTE's management announced its decision to merge OTENET and incorporate its business activities. The absorption was approved by the Board of Directors of OTE on 18 December 2007 and by OTENET's Board of Directors on 28 December 2007. The date of the conversion balance sheet, was set to be 31 December 2007. The absorption is expected to be completed within the first semester of 2008 after obtaining all necessary and required approvals by the authorized parties.

The goodwill of EUR 7.0 which resulted from the acquisition of OTENET's minority, was recognized directly in Equity in the Consolidated Financial Statements as it relates to the acquisition of minority to entities that control already exists.

(Amounts in millions of Euro, unless otherwise stated)

7. INVESTMENTS (continued)

Total goodwill resulting from the acquisition of minority rights in entities that control already exists which in the Consolidated Financial Statements have been recognized directly in Equity, is analyzed as follows:

Entity	**2007**	**2006**
COSMOTE	2,351.9	405.4
GERMANOS	171.7	171.7
OTENET	12.3	5.3
HELLASCOM	(3.3)	(3.3)
HELLAS SAT	1.2	1.2
	2,533.8	580.3

Spin-Off of OTE-GLOBE

On 19 April 2007, OTE's Board of Directors decided to spin-off international facilities and cables infrastructure of OTE as well as the licenses to use INTEC-ITU billing system (the "Sector") and contribute these items to the subsidiary OTE-GLOBE. The demerge and spin-off were approved by OTE's and OTE-GLOBE's General Assembly on 21 June 2007 and 29 June 2007 respectively and were completed according to the provisions of Law 2166/1993 and Article 36 of Law 2937/2001. The Net Asset position of the Sector as this was determined by the Accounting Statements as of 31 March 2007, amounted to EUR 132.8 amount by which the share capital of OTE-GLOBE increased with the issuance of 45,330,534 registered shares of a nominal value of EUR 2.93 (in absolute figure) each with a corresponding increase of OTE's investment in this subsidiary.

In October 2007 OTE following the Board of Directors' decision participated in the share capital increase of the subsidiary OTE-GLOBE in cash amounting to EUR 30.0 with the issuance of 10,238,907 registered shares at a nominal value of EUR 2.93 (in absolute figures) each. OTE's investment in the total share capital increase of its subsidiary, during the year amounts to EUR 162.8.

INFOTE Sale

On 19 December 2007, following the relevant Board of Directors' decision, the sale of the wholly owned subsidiary INFOTE, which provides directory and information services, to Rhone Capital LLC and Zarkona Trading Ltd was completed. The total cash consideration amounted to EUR 300.2 and the relevant selling costs amounted to approximately EUR 5.4.

As a result of the above transaction and given that the carrying value of this investment in OTE's books amounted to Euro 12.4, a pre-tax gain of Euro 282.4 was recognized, and is included in OTE's Separate 2007 income statement under Gains from investments.

INFOTE is included in the Consolidated Financial Statements until the date the Group ceased to control that company (19 December 2007).

(Amounts in millions of Euro, unless otherwise stated)

7. INVESTMENTS (continued)

The following table presents INFOTE's condensed income statements for the fiscal year 2006 and for the consolidated period 1 January 2007 - 19 December 2007:

	Period 1/1/2007-19/12/2007	**Year 2006**
Turnover	57.5	62.2
Operating expenses	(40.7)	(48.7)
Operating income before financial results	16.8	13.5
Financial results	0.3	0.2
Profit before tax	17.1	13.7
Income Tax	(6.6)	(4.6)
Profit for the period	**10.5**	**9.1**

In the Consolidated Financial Statements, the gain from the sale was determined as the difference between the selling price less related expenses and the value of INFOTE's net assets at the date of disposal.

The assets and liabilities of INFOTE at the date of disposal (19 December 2007) are as follows:

ASSETS	
Non current assets	29.0
Cash and cash equivalents	12.9
Other currents assets	25.2
Total Assets	**67.1**
LIABILITIES	
Long-term liabilities	1.8
Short-term liabilities	15.2
Total Liabilities	**17.0**
Net assets sold	**50.1**
OTE's share in INFOTE's net assets sold (100%)	**50.1**
Selling Price	300.2
Disposal expenses	(5.4)
OTE's stake in INFOTE's net assets (100%)	(50.1)
Gain from sale of investment in the Consolidated Income Statement	**244.7**

(Amounts in millions of Euro, unless otherwise stated)

7. INVESTMENTS (continued)

The effect of the above transaction on the Consolidated Cash Flow Statement is as follows:

Selling Price	300.2
Less cash and equivalents disposed	(12.9)
Less expenses related to the completion of the sale	(5.4)
Net inflow from the sale of subsidiary	**281.9**

Acquisition of minority of OTE PLUS

Following the decision of the Board of Directors of 21 September 2006, on 8 February 2007 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% of the share capital in OTE PLUS.

Share Capital reduction of HELLASCOM

In December 2007, HELLASCOM following the decision, of the Extraordinary General Assembly of the Shareholders dated 30 July 2007, proceeded with the reduction of its share capital by EUR 12.0 which was returned to OTE and accordingly reduced the investment value of the parent in the specific subsidiary.

Change in participation in COSMOHOLDING CYPRUS and completion of GERMANOS' acquisition

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 registered shares (Class B) for a total amount of Euro 144.5, through the 100% controlled by him Cypriot holding Company, MICROSTAR Ltd. In accordance with the issuance terms of Class B shares, for which COSMOTE guaranteed, these shares do not have dividend rights, return of capital rights or any capital, profit or any other kind of distribution rights.

These shares are redeemable by COSMOHOLDING CYPRUS or any other party indicated by COSMOTE on 31 December 2009 or on 31 December 2011, if the controlling shareholder MICROSTAR Ltd chooses to, at a price which depends on the achievement of certain corporate targets until the acquisition date. In addition, the Class B shares could be prematurely purchased after the request either of the holder in the case of change of control of COSMOTE or OTE, or COSMOHOLDING CYPRUS in the case COSMOTE decides to sell its stake in COSMOHOLDING CYPRUS to third parties not under its direct or indirect control. The amount of EUR 144.5 plus EUR 8.8 which relates to accrued interest presented in the Consolidated Balance Sheet under Other Long-Term liabilities (See note 17).

On 9 February 2007, GERMANOS Extraordinary General Assembly decided, following the request of COSMOHOLDING CYPRUS, the submission of application to the Capital Market Committee for the delisting of GERMANOS from the Athens Stock Exchange. The Capital Market Committee approved the above application on 8 March 2007. On 10 April 2007, the squeeze-out of the remaining shares of GERMANOS, was completed. During this process COSMOHOLDING CYPRUS paid for the acquisition of the remaining shares of GERMANOS for a total amount of EUR 31.4. According to the 427/95.2007 decision of the Board of the Capital Market Committee, the delisting of GERMANOS was approved since 11 May 2007.

Following the completion of the acquisition, the participation interest of COSMOHOLDING CYPRUS in GERMANOS is 99.998% and the Group's indirect participation interest in COSMOHOLDING CYPRUS and GERMANOS as of 31 December 2007 is 81.65%.

On 21 November 2007, according to the Share Purchase Agreement dated 9 May 2006 between COSMOTE and Mr. P. Germanos, the return of the amount of EUR 20.0 by Mr. P. Germanos to COSMOHOLDING CYPRUS took place.

(Amounts in millions of Euro, unless otherwise stated)

7. INVESTMENTS (continued)

(b) Other investments

The movement of Other Investments is as follows:

	COMPANY	GROUP
Balance at 1 January 2007	157.8	158.7
Other movements	-	(0.3)
Balance at 31 December 2007	**157.8**	**158.4**

OTE's Other Investments is analyzed as follows:

	2007	2006
TELEKOM SRBIJA	155.1	155.1
Other	2.7	2.5
	157.8	**157.6**

The Group has a participation stake to TELEKOM SRBIJA at 20%. The investment is stated at cost as the Group has no significant influence.

Dividend Income comes from the following entities:

COMPANY

	2007	2006
COSMOTE	163.2	145.3
OTE INTERNATIONAL INVESTMENTS LTD	57.3	-
OTE ESTATE	-	15.0
INFOTE	5.0	3.5
OTE-GLOBE	-	2.5
OTESAT – MARITEL	-	0.7
ARMENTEL	-	6.8
TELEKOM SRBIJA	15.7	21.6
Other	1.1	1.3
	242.3	**196.7**

GROUP

	2007	2006
TELEKOM SRBIJA	15.7	21.6
Other	1.1	1.4
	16.8	**23.0**

(Amounts in millions of Euro, unless otherwise stated)

8. OTHER NON-CURRENT ASSETS

Other Non-Current Assets is analyzed as follows:

	2007		2006	
	COMPANY	GROUP	COMPANY	GROUP
Loans and advances to employees	50.3	50.5	33.3	33.5
Discounting of loans	(4.0)	(4.0)	(3.2)	(3.2)
Loans to COSMOFON	51.2	-	56.2	-
Intangible assets due to the acquisition of GERMANOS	-	534.6	-	555.8
Other intangible assets	-	48.1	-	75.1
Deferred expenses (long-term)	-	38.6	-	34.1
Other	0.5	10.8	0.3	14.4
	98.0	**678.6**	**86.6**	**709.7**

Loans and Advances to Employees includes mainly loans granted to employees with service period exceeding 25 years against the accrued indemnity payable to them upon retirement. The effective interest rate on these loans is 1.58% for the financial year 2007 and 1.55% for the financial year 2006. The discounting factor of these loans is the difference between the above interest rate and the rate used for the actuarial valuation of staff leaving indemnities which is 4.8% for 2007 and 4.1% for 2006 (See Note 16).

Loans to COSMOFON relates to two loans of Euro 22.0 and Euro 34.2 granted by OTE. COSMOFON was OTE's subsidiary until August 2005, when it was sold to COSMOTE. The loans were granted at 6.5% fixed interest rate and their maturity is to 2010 and 2012 respectively. During 2007, OTE collected EUR 5.0 from the first loan.

The Group's Intangible Assets recognized in 2006 related to the acquisition of GERMANOS by COSMOTE and include mainly brand name (EUR 417.30) which has indefinite useful life.

9. TRADE RECEIVABLES

Trade Receivables is analyzed as follows:

	2007		2006	
	COMPANY	GROUP	COMPANY	GROUP
Subscribers	1,097.0	1,666.8	1,016.4	1,553.2
International traffic	121.7	205.1	116.9	201.2
Due from subsidiaries	1296.2	-	78.7	-
Unbilled revenues	34.3	91.6	66.2	117.5
	1,382.2	1,963.5	1,278.1	1,871.9
<u>**Minus**</u>				
Allowance for doubtful accounts	(623.6)	(791.5)	(568.0)	(711.4)
	758.6	**1,172.0**	**710.1**	**1,160.5**

(Amounts in millions of Euro, unless otherwise stated)

9. TRADE RECEIVABLES (continued)

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

	COMPANY	GROUP
Balance at 1/1/2006	(504.1)	(624.1)
Addition for the year, net of receipts	(65.5)	(97.9)
Write-offs	1.6	10.8
Foreign exchange differences	-	(0.2)
Balance at 31/12/2006	**(568.0)**	**(711.4)**
Balance at 1/1/2007	(568.0)	(711.4)
Addition for the year, net of receipts	(55.7)	(88.0)
Write-offs	0.1	4.5
Foreign exchange differences	-	3.4
Balance at 31/12/2007	**(623.6)**	**(791.5)**

10. OTHER CURRENT ASSETS

Other Current Assets is analyzed as follows:

	2007		2006	
	COMPANY	GROUP	COMPANY	GROUP
Investments in financial assets	47.8	81.2	38.7	128.7
Advances to pension funds (See Note 16)	35.7	35.7	35.7	35.7
Due from State for income tax advance (See Note 19)	-	21.4	53.2	61.4
Due from OTE Leasing customers (See Note 27 (i))	23.0	23.0	27.1	27.1
Loans and advances to employees	5.0	5.1	2.5	2.6
Tax on sale of investments	39.9	39.9	39.9	39.9
VAT recoverable	-	25.2	-	13.4
Other prepayments	10.7	78.4	10.0	45.2
Deferred expenses	3.0	19.1	3.2	20.9
Other	15.7	43.5	16.1	72.3
	180.8	**372.5**	**227.0**	**447.8**

Investments in Financial Assets arise from equity securities listed on the Athens Stock Exchange and are classified as Available for Sale Financial Assets. Except for the equity securities, Group's Financial Assets include bonds and other securities.

11. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents is analyzed as follows:

	2007		2006	
	COMPANY	GROUP	COMPANY	GROUP
Cash in hand	1.3	4.4	1.6	5.3
Short term bank deposits	451.8	1,311.9	813.1	2,037.2
	453.1	**1,316.3**	**814.7**	**2,042.5**

12. SHARE CAPITAL

OTE's share capital as at 31 December 2007 and 2006, amounted to EUR 1,171.5, divided into 490,150,389 registered shares, with a nominal value of EUR 2.39 (in absolute figure) each and the respective Share Premium as at 31 December 2007 and 2006 amounted to EUR 485.9.

The Hellenic State is OTE'a major shareholder. As at 31 December 2006 its direct participation was approximately 35.66% while together with D.E.K.A. S.A. its participation was 38.73%.

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

After the completion of the above transaction the direct participation of the Hellenic State changed from 35.66% (or 174,796,804 shares) to 24.96% (or 122,350,712 shares), while it's indirect participation through D.E.K.A. S.A. is approximately 3.07% (or 15,052,773 shares) 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.

In July 2007 following the decision of the Capital Market Committee with reference number 12/435/12.7.2007, OTE was granted the permission to proceed with the sale of a total of 896,967 shares, which had not been dematerialized, on behalf of the beneficial owners 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 Committee and the Athens Stock Exchange.

On 8 November 2007 the Extraordinary General Assembly convened and decided the following:

a. Approved the acquisition by OTE of own shares in accordance with article 16 of C.L. 2190/1920 up to 10% of total paid up share capital at a price ranging between EUR 15 to EUR 35 per share (in absolute figures) and simultaneous cancellation of the relevant decision of the General Assembly dated 21 June 2007.

b. The amendment of the Articles of Association with the addition of the new Article 5a (Shares) and amendment of Article 8 (Board of Directors), 10 (Composition and operation of the Board of Directors), 17 (Invitation, Agenda of Company's Shareholders General Assembly) and 21 (extraordinary provision and majority)

On 31 December 2007 MARFIN Investment Group's participation in OTE share capital, after purchases through Athens Stock Exchange, reached 18.89% or 92,592,156 shares and the corresponding voting rights.

The investment includes:

a. 6.29% stake or 30,819,186 shares with embedded voting rights that MARFIN Investment Group owns directly and

b. 12.60% stake or 61,772,970 shares with embedded voting rights that MARFIN Investment Group has the right to acquire in accordance with the total return equity swaps conditions which voting rights are exercised based of their instructions. It is noted that within the 12.60% stake are included the following:

- 8.52% stake or 41,772,970 shares with corresponding embedded voting rights that derive from the total return equity swap agreement between MARFIN Investment Group and COMMERZBANK AG, and
- 4.08% stake or 20,000,000 shares with corresponding embedded voting rights that derive from the total rerutn equity swap agreement between MARFIN Investment Group and ROYAL BANK OF SCOTLAND PLC.

(Amounts in millions of Euro, unless otherwise stated)

13. STATUTORY RESERVE - RETAINED EARNINGS

Under Greek Company Law, entities are required to transfer a minimum of five percent of their annual net profit to a statutory reserve, until such reserve equals one-third of the issued share capital. As at 31 December 2007 and 2006, this reserve amounted to EUR 312.1 and EUR 283.3 respectively. This statutory reserve cannot be distributed to shareholders.

Retained Earnings include undistributable taxable profits and untaxed and specially taxed reserves which upon distribution will be subject to income tax.

During 2007, the Company in accordance with L.3299/2004 formed an untaxed reserve of EUR 30.0 which relates to investments in broadband network infrastructure and restricted from previously taxed profits EUR 7.5 as own contribution to the cost of the investment.

14. DIVIDENDS

Under Greek Company Law (per published financial statements), each year companies are generally required to declare from their statutory profits, dividends of at least 35% of after-tax profits, after allowing for statutory reserve, or a minimum of 6% of the paid-in share capital, whichever is the greater. However, companies can waive such dividend payment requirement with the unanimous consent of their shareholders.

On 21 June 2007 the General Assembly of OTE's Shareholders approved the distribution of a dividend from the 2006 profits of a total amount of EUR 269.6 or EUR 0.55 (in absolute figure) per share.

The Board of Directors of OTE S.A. will propose to the Annual General Assembly of the Shareholders the distribution of a dividend from the 2007 profits of a total amount of EUR 367.6 or EUR 0.75 (in absolute figure) per share.

15. LONG-TERM LOANS

Long-term Loans is analyzed as follows:

		2007	2006
COMPANY			
(a)	Loan from European Investment Bank / Hellenic State	36.4	52.5
(b)	Intercompany loans from OTE PLC	1,266.3	1,265.5
	Total long-term debt	1,302.7	1,318.0
	Short-term portion	(17.5)	(16.1)
	Long-term portion	**1,285.2**	**1,301.9**
GROUP			
(a)	Loan from European Investment Bank / Hellenic State	36.4	52.5
(b)	Consortium loans	500.0	500.0
(c)	Eurobond EUR 1,100, 6.125%, maturity February 2007	-	491.2
(e)	Global Medium-Term Note Programme	3,360.4	3,353.1
(f)	Other bank loans	133.4	168.5
	Total long-term debt	4,030.4	4,565.3
	Short-term portion	(83.3)	(528.0)
	Long-term portion	**3,947.1**	**4,037.3**

15. LONG-TERM LOANS (continued)

COMPANY

(a) Loan from European Investment Bank/ Hellenic State

The long-term loan to OTE by the European Investment Bank / Hellenic State was granted in 1995 and is denominated in Euro. The loan bears interest at 8.3% and after an amendment to the agreement on 30 June 2003, is repayable in annual installments through to 2009. During 2007 OTE paid EUR 16.1 (2006: EUR 14.9) of capital against the loan (the installment amounted to EUR 20.5). The amount of capital that will be paid in July 2008 (EUR 17.5) has been transferred to the Short-term portion of Long-term loan.

(b) Intercompany loans from OTE PLC

The intercompany loans from OTE PLC as at 31 December 2007 are analyzed as follows:

- Loan of EUR 1,209.0, interest rate 5.22%, issued in August 2003 maturing in August 2013. The outstanding balance as of 31 December 2007 is EUR 1,120.8 (2006: EYR 1,121.2).
- Loan of EUR 650.0, interest rate 3.80%, issued in November 2005 maturing in November 2011. The outstanding balance as of 31 December 2007 is EUR 145.5 (2006: EUR 144.3).

GROUP

(a) Loan from European Investment Bank / Hellenic State

See the above analysis for the Company.

(b) Consortium Loans

On 2 September 2005, OTE PLC signed a Euro 850 million Syndicated Credit Facility with banks, guaranteed by OTE. The facility matures in September 2010 and has an extension option of 1+1 year subject to lenders' consent. The facility consists of: a) a EUR 500 million Term Loan bearing interest at Euribor + 0.2125% and b) a EUR 350 million Revolving Credit Facility bearing interest at Euribor + 0.1875%. The margin is adjustable based on OTE's long-term credit rating. In the loan agreement there is a change of control clause which is triggered when there is a change of control in OTE which will result in a credit rating of OTE or the new legal entity at a level lower of BBB/Baa2. In the case the clause is triggered, OTE PLC is obliged to notify the banks, which can request the immediate repayment of the loan. On 6 September 2005 OTE PLC drew EUR 500 million under the Term Loan. Up to 31 December 2007 no draw-downs have been made from the Revolving Credit Facility.

At OTE PLC's request and the banks' relative consent, the maturity of the Loan was extent as follows:

a) For EUR 25.8 (Term Loan) and EUR 18.0 (Revolving Credit Facility) to September 2010

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

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

Due to downgrading of OTE's credit rating by Moody's, the margins were adjusted as following: For the Term Loan from 0.2125% to 0.225% and for the Revolving Credit Facility from 0.1875% to 0.20%.

15. LONG-TERM LOANS (continued)

(c) Bond, EUR 1,100, 6.125%, maturity February 2007

On 7 February 2000 OTE PLC issued a bond of EUR 1,100 fully and unconditionally guaranteed by OTE, bearing fixed interest at 6.125%, maturing on 7 February 2007.

On 6 February 2007 the Group through the subsidiary OTE PLC fully repaid the remaining balance , which after the completion of the Exchange Programme in order to refinance part of the loan in November 2005, amounted to EUR 491.6. This balance resulted from the bond exchange and the issuance of a new bond amounting to EUR 650 in November 2005.

(d) Global Medium Term Note Programme

In November 2001, OTE PLC established a Global Medium Term Note Program for guaranteed by OTE, of EUR 1,500 with 10 years maturity. In June 2003 the maturity was extended to 30 years.

OTE's Board of Directors approved sequential increases of the aggregate principal amount with the corresponding increases of the guaranteed amounts provided by the parent company to its subsidiary, as follows:

- In 2003 increase of the aggregate principle amount for EUR 1,500 to EUR 2,500.
- In 2005 increase of the aggregate principle amount for EUR 2,500 to EUR 3,500.
- In 2006 increase of the aggregate principle amount for EUR 3,500 to EUR 5,000.
- In 2007 increase of the aggregate principle amount for EUR 5,000 to EUR 6,500.

As at 31 December 2007 notes for a total of EUR 3,400 under the Global Medium Term Note Programme were issued, as follows:

(i) EUR 1,250.0 notes fixed rate 5%, issued in August 2003, maturing in August 2013.

(ii) EUR 650.0 notes fixed rate 3.75%, issued in November 2005 maturing in November 2011.

(iii) EUR 900.0 notes fixed rate 4.625%, issued in November 2006 maturing in May 2016.

(iv) EUR 600.0 notes floating rate, issued in November 2006 maturing in November 2009.

These bonds are traded in the Luxembourg Stock Exchange.

(e) Other bank loans

ROMTELECOM has obtained long-term loans in EUR and Korea Won, amounting to EUR 78.1 as at 31 December 2007. From these loans two with outstanding balances of EUR 15.9 and EUR 20.1 are in EUR with fixed interest rates of 6.12% and 5.00% maturing in 2009 and 2012 respectively. The remaining three loans with outstanding balances of EUR 12.3, EUR 17.9 and EUR 11.9 are in Korean Won with a fixed interest rate 4.20%, 2.50% and 2.50% and maturing in 2014, 2018 and 2020 respectively. During 2007, ROMTELECOM repaid an amount of EUR 20.3 out of its long-term debt.

On 10 May 2005, GLOBUL entered into a credit facility agreement with Bank Austria, with a three year credit facility of EUR 75.0, bearing interest at Euribor + 1.25 %. Draw-downs under the facility through to 31 December 2007, amounted to EUR 50.0, which were partially used for the repayment of the company's short term borrowings.

E-VALUE, a GERMANOS subsidiary , entered into a credit facility of EUR 3.0 with EFG Eurobank, maturing in 2008 with a floating interest of EURIBOR +1.20%. the outstanding balance as at 31 December 2007 was EUR 2.0.

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

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

Defined Contribution Plans:

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

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

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

Pursuant to Law 3029/2002, TAP-OTE’s Pension Fund part only, was to merge with IKA-ETEAM (the main social security Fund in Greece) the latest by 1 January 2008. In accordance with the provisions of this Law, the duration of employers’ obligations to cover the annual operating deficits of their employees’ Pension Funds, as defined by Law 2084/92 will be determined through a Ministerial Decision.

(b) Auxiliary Pension Fund:

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

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

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

(Amounts in millions of Euro, unless otherwise stated)

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

Loans and Advances to Pension Funds is analyzed as follows:

	2007	**2006**
Loans and advances to:		
EDEKT	105.7	140.9
Auxiliary Fund	4.2	4.7
Interest bearing loan to Auxiliary Fund	188.0	66.4
	297.9	**212.0**
Unamortized discounted amounts based on imputed interest rates of 4.6% for 2007 and 4.0% for 2006 for:		
Auxiliary Fund advance	(0.7)	(0.6)
Interest bearing loan to Auxiliary Fund	(67.4)	(23.3)
Long-term portion	**229.8**	**188.1**
Loans and advances to:		
EDEKT	35.2	35.2
Auxiliary Fund	0.5	0.5
Short-term portion (See Note 10)	**35.7**	**35.7**

Advances to pension funds are reflected in the financial statements at their present values, discounted by the use of risk-free interest rates prevailing in the Greek market, for periods approximating the periods of the expected cash flows. Discount derived from the initial recognition of present values and amortization are included in interest expense and interest income, respectively, in the income statements.

According to Law 3371 of 2005 and the provisions of the related Ministerial Decision, OTE should grant an interest bearing loan to the Auxiliary Fund in order to cover the Lump Sum benefits upon retirement due to the Voluntary Retirement Program. On 23 October 2006 the loan agreement was signed and its main terms are as follows: The total amount of the loan is up to EUR 180, which will be granted partially in accordance with the Fund's needs, as determined by the above mentioned Law and the related Ministerial Decision. If the Lump Sum benefits exceed the amount of EUR 180, OTE will grant the additional amount, which could not exceed the amount of EUR 10. In this case the above mentioned contract will be amended in order to include the final amount of the loan and to update the repayment schedule. Following the above mentioned terms, on 30 October 2007 an amendment to the loan agreement was signed based on which an additional amount of EUR 8.0 was granted and the repayment schedule was updated. The loan is repayable in 21 years including a two year grace period, meaning that the repayment will start on 1 October 2008 through monthly installments. The loan bears interest at 2.90‰. Because the above rate does not reflect the current market conditions, OTE recognized a provision of EUR 63.1, which is included in Interest Expense in the 2006 Income Statement. As at 31 December 2007 the part of the provision (EUR 39.8) which relates to the amount of the loan that was not yet granted, was, included in Other Non-Current Liabilities (See Note 17), while as at 31 December 2007 due to the fact that the whole loan was granted the discounting effect is included in the receivable balance.

(Amounts in millions of Euro, unless otherwise stated)

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

Defined Benefit Plans:

(a) Provision for Staff Retirement Indemnities

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

The provision for staff leaving indemnity is reflected in the Financial Statements in accordance with IAS 19 and is based on an independent actuarial study.

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

	2007	**2006**
Service benefits earned during the year	16.3	15.2
Interest cost on projected benefit obligation	13.5	15.7
Amortization of past service cost	7.8	7.8
Amortization of unrecognized actuarial loss	2.7	0.8
	40.3	**39.5**

The following is a reconciliation of the projected benefit obligation to the liability recorded for staff leaving indemnities in OTE' s Financial Statements:

	2007	**2006**
Projected benefit obligation at beginning of year	182.8	162.1
Service cost	16.3	15.2
Interest cost	13.5	15.7
Amortization of past service cost	7.8	7.8
Amortization of unrecognized actuarial loss	2.7	0.8
Benefits paid	(28.1)	(18.8)
Termination benefits based on Voluntary Leave Scheme	16.5	-
Projected benefit obligation at end of year	**211.5**	**182.8**

(Amounts in millions of Euro, unless otherwise stated)

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

The assumptions underlying the actuarial valuation, in percentages, of staff leaving indemnities are as follows:

	2007	**2006**
Discount rate	4.8%	4.1%
Assumed rate of future salary increases	5.5%	5.5%

(b) Provision for Youth Account

The Youth Account provides OTE's employees' children a lump sum payment generally when they reach the age of 21. The lump sum payment is made up of employees' contributions, interest thereon and OTE' s contributions which can reach up to a maximum 10 months' salary of the total average salary of OTE employees depending on the number of years of contributions.

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

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

	2007	**2006**
Service cost-benefits earned during the year	21.8	21.9
Interest cost on projected benefit obligation	11.8	10.0
Amortization of unrecognized actuarial loss	10.7	8.0
Amortization of past service cost	3.2	3.2
	47.5	**43.1**

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

	2007	**2006**
Projected benefit obligation at beginning of year	206.5	212.4
Service cost-benefits earned during the year	21.8	21.9
Interest cost on projected benefit obligation	11.8	10.0
Amortization of unrecognized actuarial loss	10.7	8.0
Amortization of past service cost	3.2	3.2
Benefits paid	(51.5)	(49.0)
Projected benefit obligation at end of year	202.5	206.5
Employee's accumulated contributions	71.0	70.8
	273.5	**277.3**

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

	2007	**2006**
Discount rate	4.5%	4.0%
Assumed rate of future salary increase	4.5%	4.5%

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

Voluntary Leave Scheme

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

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

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

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

The costs of the components scheme are:

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

Because of the periodical payments of the majority of the above mentioned costs (payments through to 2012), the nominal amounts of these liabilities were discounted at their present values, and the initial cost was estimated in 2005 at EUR 939.6 which was included in the 2005 Income Statement under voluntary leave scheme cots.

Based on the actual data and the current estimations of the factors affecting the cost of the Voluntary Leave Scheme, on 31 December 2006 the cost was reassessed and the established provision was adjusted to reflect the best current estimation of the Company's liability at the balance sheet date. The revised cost amounted to EUR 889.8 and the difference of EUR 49.8 was included in the 2006 Income Statement as a credit. The increase which resulted during 2006 due to the discounting of the provision due to the passage of time amounted to EUR 26.8 and was included in the 2006 Income Statement under Interest Expense. The increase which resulted during 2007 due to the discounting of the provision from the passage of time amounted to EUR 12.3 and is included in 2007 Income Statement under Interest Expense.

(Amounts in millions of Euro, unless otherwise stated)

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

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

	31/12/2007	31/12/2006
Short-term portion of provision for Voluntary Leave Scheme	200.2	316.7
Long-term portion of provision for Voluntary Leave Scheme	217.5	361.4
Total	**417.7**	**678.1**

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

Balance at 1/1/2006	1,038.7
Payments during year 2006	(337.6)
Adjustment due to re-estimation	(49.8)
Adjustment of discounted amount due to passage of time	26.8
Balance at 31/12/2006	**678.1**

Balance at 1/1/2007	678.1
Payments during year 2007	(256.2)
Adjustment due to re-estimation (see note 16a)	(16.5)
Adjustment of discounted amount due to passage of time	12.3
Balance at 31/12/2007	**417.7**

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

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

On 28 February 2007 the management of OTE and OME-OTE (the employee's union) signed a Collective Labor Agreement, according to which employees who would complete the number of years required for retirement by 29 December 2007 would be entitled to benefits in order to retire the latest by 31 December 2007. The deadline for the applications for participating in this Voluntary Scheme was due on 31 March 2007. Applications were irrevocable. The respective cost amounted to EUR 22.1 and is included in the cost of Voluntary Leave Scheme in 2007 results.

(Amounts in millions of Euro, unless otherwise stated)

17. OTHER NON-CURRENT LIABILITIES

Other Non-current Liabilities is analyzed as follows:

	2007		**2006**	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Provision for employee's contributions under Voluntary Leave Scheme	4.5	4.5	3.5	3.5
Asset retirement obligation	-	5.5	-	5.0
Provision for obligation of free units	36.9	36.9	36.1	36.1
Deferred revenue (long-term)	-	28.8	-	34.2
MICROSTAR (see Note 7)	-	153.3	-	-
Discounted financial cost of the Auxiliary's Fund loan (See Note 16)	-	-	39.8	39.8
Other	-	4.6	0.1	8.3
	41.4	**233.6**	**79.5**	**126.9**

18. SHORT-TERM LOANS

The outstanding balance on 31 December 2007 amounts to EUR 1,497.4. The weighted average interest rates on short-term borrowings for the years ended 31 December 2007 and 2006, was approximately 4.5% and 4.2% respectively. The outstanding balance of short-term loans is analyzed as follows:

- On 9 November 2007, OTE PLC signed a short term credit facility agreement for an amount of EUR 2.7 billion with a consortium of banks, under the full guarantee of OTE, for the financing of the acquisition of minority shares of COSMOTE by OTE. The loan has a tenor of 1 year with a 3-month extension option and bears interest defined as Euribor plus a margin adjustable on the basis of the long term credit rating of OTE. According to the current credit rating of OTE the margin was set at 0.30%.

  As at 31 December 2007 OTE PLC had drawn-down EUR 1.5 billion and the related insurance expenses of EUR 6.8 are amortized over the duration of the loan, with the corresponding charge of EUR 1.0 in the 2007 results.

  The proceeds of the loan were lent to OTE through an intercompany loan of an equivalent amount, signed also on 9 November 2007 which includes similar terms and conditions.

  The loan agreement includes standard restrictions and among others, a Change of Control clause. This clause is triggered in case there is a change of control in OTE, and as a result of this change the credit rating of OTE or the surviving entity is downgraded below BBB/Baa2. In the event that this clause is triggered, OTE should proceed with mandatory prepayment of the loan.

- OTE PLUS and its subsidiaries draw-downs of EUR 1.6 and,
- OTENET's and its subsidiaries draw-downs of EUR 1.6.

19. INCOME TAXES - DEFERRED TAXES

In accordance with the Greek tax regulations (Law 3296/2004), the income tax rate ,was 29% for 2006 and 25% for 2007 and onwards.

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

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

(Amounts in millions of Euro, unless otherwise stated)

19. INCOME TAXES DEFERRED TAXES (continued)

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

The parent company and its subsidiaries have not been audited by the tax authorities as described below:

Company **Direct ownership**	**OPEN TAX YEARS**
• OTE	From 2006
• COSMOTE	From 2006
• OTE INTERNATIONAL INVESTMENTS LTD	From 1998
• HELLAS SAT CONSORTIUM	From 2003
• COSMO-ONE	From 2002
• OTENET	From 2007
• HELLASCOM	From 2006
• OTE PLC	From 2005
• OTE SAT-MARITEL	From 2004
• OTE PLUS	From 2005
• OTE ESTATE	From 2001
• OTE GLOBE	From 2002
• OTE INSURANCE	From 2003
• OTE ACADEMY	From 2000
• HATWAVE	From 1996

Company **Indirect ownership**	**OPEN TAX YEARS**
• OTE INVESTMENTS SERVICES S.A.	From 2005
• ROMTELECOM	From 2001
• AMC	From 2006
• COSMOFON	From 2001
• GLOBUL	From 2005
• COSMOTE ROMANIA	From 2004
• GERMANOS	From 2004
• E-VALUE S.A.	From 2003
• GERMANOS TELECOM SKOPJE S.A.	From 2003
• GERMANOS TELECOM ROMANIA S.A.	From 2003
• SUNLIGHT ROMANIA S.R.L. -FILIALA	From 2001
• GERMANOS TELECOM BULGARIA A.D.	From 2005
• MOBILBEEEP LTD	From 2005
• GRIGORIS MAVROMICHALIS & PARTNERS LTD	From 2006
• IOANNIS TSAPARAS & PARTNERS LTD	From 2004
• ALBATROS & PARTNERS LTD	From 2006
• TEL SIM S.R.L	Since establishment 2007
• 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 2007
• COSMO-HOLDING CYPRUS	From 2006
• OTE PLUS ROMANIA	--
• OTE PLUS BULGARIA	Tax exemption

(Amounts in millions of Euro, unless otherwise stated)

19. INCOME TAXES DEFERRED TAXES (continued)

The tax audit of the parent company for the fiscal years 2002-2005 was completed early in 2008. Tax authorities imposed additional taxes and fines amounting to EUR 84.4 for years 2002-2004 and reduced 2005 tax losses carried forward which resulted to an increase of 2006 taxable profits and a corresponding increase in taxes by EUR 6.4, after the recognition of the expenses in 2006 that were disallowed by the tax authorities in 2005. The Company has formed a provision of EUR 42.0 in previous years.

- In GERMANOS the tax examination for the years 2004 and 2005 is in progress, and is expected to be completed within 2008.
- In ROMTELECOM, the tax examination of the company's books for the fiscal years 2001 though to 2005 is in the final stage of completion.
- In OTE ESTATE, the tax examination of the company's books for the fiscal years 2001 and 2002 is in progress and is expected to be completed within 2008.
- In OTESAT - MARITEL, the tax examination of the company's books for the fiscal years 2004 and 2005 is in progress and is expected to be completed within 2008.
- In OTENET, the tax examination of the company's books for the fiscal years 2004 through to 2006 was completed in 2008.
- In COSMOTE ROMANIA the tax examination for the fiscal years 2004 through to 2006 is in progress, and is expected to be completed within 2008.
- In E-VALUE the tax examination of the Company's books for the fiscal years 2003 through to 2005 is in progress and is expected to be completed within 2008.

The income tax changes to income statement is analyzed as follows:

	2007		2006	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Current income tax	165.9	341.5	87.6	316.4
Deferred income tax	45.9	40.3	37.0	36.6
Total income tax	**211.8**	**381.8**	**124.6**	**353.0**

The reconciliation of income taxes included in Income to the amount determined by the application of the Greek statutory tax rate (2007: 25%, 2006: 29%), to the profit before tax is summarized as follows:

	2007		2006	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Profit before tax	788.3	1,154.8	655.8	1,083.8
Statutory tax rate	25%	25%	29%	29%
	197.1	288.7	190.2	314.3
Non-taxable and specially taxed income	(42.7)	-	(80.4)	-
Effect of difference from tax rates of the combined	-	19.1	11.9	6.4
Expenses non-deductible for tax purposes	13.1	26.2	13.4	29.2
Tax examination differences	48.8	48.8	-	-
Untaxed reserve (L. 3299/2004)	(7.5)	(7.5)	-	-
Other	3.0	6.5	(10.5)	3.1
Income tax	**211.8**	**381.8**	**124.6**	**353.0**

(Amounts in millions of Euro, unless otherwise stated)

19. INCOME TAXES DEFERRED TAXES (continued)

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

	2007		**2006**	
	COMPANY	GROUP	COMPANY	GROUP
Employee benefits	205.2	207.3	262.9	264.7
Provision for litigation and other liabilities	46.1	46.1	53.0	53.0
Net operating losses carried forward	-	8.6	-	9.7
Property, plant and equipment	(117.9)	(106.6)	(130.8)	(123.4)
Assets – Liabilities valuation	18.8	33.8	16.7	16.8
Subsidiary acquisition	-	(110.3)	-	(113.8)
Other losses	6.1	15.7	2.4	20.4
Total deferred taxes	**158.3**	**94.6**	**204.2**	**127.4**

20. OTHER CURRENT LIABILITIES

Other Current Liabilities is analyzed as follows:

	2007		**2006**	
	COMPANY	GROUP	COMPANY	GROUP
Employer contributions	53.8	74.3	50.4	70.7
Payroll	18.0	27.5	3.7	11.5
Other taxes - duties	28.1	79.5	15.3	57.5
Interest payable	30.6	66.2	27.0	67.4
Provision for employer contributions	5.0	5.0	3.7	3.7
Provisions for litigation and other liabilities	121.3	126.8	123.3	127.4
Customer advances	37.6	40.4	27.9	28.5
Other	8.9	168.1	19.3	142.0
	303.3	**587.8**	**270.6**	**508.7**

(Amounts in millions of Euro, unless otherwise stated)

21. REVENUE

Revenue includes the following income categories:

	COMPANY		GROUP	
	2007	**2006**	**2007**	**2006**
(i) Domestic Telephony				
• Monthly network service fees	674.8	691.9	988.1	995.7
• Local and long-distance calls				
- Fixed to fixed	485.3	518.9	565.5	702.6
- Fixed to mobile	262.8	313.8	378.3	470.2
	748.1	832.7	943.8	1,172.8
• Other	72.5	72.3	90.3	92.1
	1,495.4	**1,596.9**	**2,022.2**	**2,260.6**
(ii) International Telephony				
• International traffic	71.0	76.6	108.1	132.3
• Dues from international operators	79.8	68.3	146.8	172.7
• Dues from mobile operators	46.9	36.2	49.6	41.9
	197.7	**181.1**	**304.5**	**346.9**
(iii) Mobile Telephony	**-**	**-**	**2,210.0**	**1,975.8**
(iv) Other income				
• Prepaid cards	62.3	76.0	76.2	100.6
• Directories	1.3	1.7	55.1	58.0
• Leased lines and Data ATM communications	226.9	265.7	274.9	246.1
• Integrated Services Digital Network	144.5	142.7	166.1	158.9
• Sales of telecommunication equipment	61.4	90.2	679.8	341.6
• Internet/ ADSL	133.7	67.9	227.9	133.1
• Provision for services	179.3	160.5	94.6	74.9
• Interconnection charges	115.5	99.9	108.2	96.8
• Miscellaneous	38.9	31.9	100.3	98.0
Total other income	**963.8**	**936.5**	**1,783.1**	**1,308.0**
Total revenue	**2,656.9**	**2,714.5**	**6,319.8**	**5,891.3**

(Amounts in millions of Euro, unless otherwise stated)

22. OTHER OPERATING EXPENSES

Other Operating Expenses is analyzed as follows:

	COMPANY		GROUP	
	2007	**2006**	**2007**	**2006**
Third party fees	130.7	136.5	183.5	173.7
Cost of telecommunication materials, repairs and maintenance	77.3	75.3	201.8	199.0
Advertising and provision costs	47.2	39.9	208.3	164.0
Utilities	76.4	56.5	93.6	98.0
Provision for doubtful accounts	55.7	65.5	88.0	97.9
Other provisions	15.7	35.0	18.1	36.0
Travel costs	8.0	7.2	18.9	17.6
Commissions to independent commercial distributors	-	-	244.1	203.0
Payments to Audiotex providers	10.3	11.4	14.3	17.1
Rents	69.7	63.3	88.0	80.1
Other taxes,other than income taxes	14.4	9.6	56.3	47.1
Transportation	5.6	5.7	13.0	9.6
Other	15.3	14.4	65.3	46.4
	526.3	**520.3**	**1,293.2**	**1,189.5**

23. EARNINGS PER SHARE

Earnings after income taxes, per share are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of shares in circulation during the period, excluding the average number of own shares that the Company held during the period.

Earnings per share after income taxes is analyzed as follows:

	COMPANY		GROUP	
	2007	**2006**	**2007**	**2006**
Net earnings	576.5	531.2	662.6	574.6
Weighted average number of shares	490,150,389	490,150,389	490,150,389	490,150,389
Basic earnings per share	1.1762	1.0837	1.3518	1.1723
Diluted earnings per share	1.1762	1.0837	1.3518	1.1723

Earnings per share are in absolute figures.

24. 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 Company’s chief operating decision makers.

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

Using the quantitative thresholds OTE, COSMOTE and ROMTELECOM, have been determined as Reportable Segments. Information about Operating Segments that do not constitute Reportable Segments has been combined and disclosed in an “All Other” category.

(Amounts in millions of Euro, unless otherwise stated)

24. SEGMENT REPORTING (continued)

Accounting policies of the Operating 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.

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

Year 2007	OTE	COSMOTE	ROMTELECOM	ALL OTHER	TOTALS	ADJUSTMENTS-ELIMINATIONS	GROUP
Revenues from external customers	2,393.7	2,878.6	843.3	204.2	6,319.8	-	6,319.8
Intersegment revenues	263.2	181.7	28.6	269.4	742.9	(742.9)	-
Interest income	47.1	21.6	10.1	191.7	270.4	(192.6)	77.8
Interest expense	(98.4)	(145.3)	(5.4)	(185.2)	434.3	195.6	(238.7)
Depreciation and amortization	(502.2)	(367.9)	(255.8)	(47.3)	1,173.2	1.4	(1,171.8)
Investment income	16.8	-	-	-	16.8	-	16.8
Income tax expense	(211.8)	(145.6)	(2.4)	(21.9)	(381.8)	-	(381.8)
Operating income	310.7	618.0	44.6	74.6	1,047.8	(0.8)	1,046.9
Net income	576.5	361.3	15.5	58.4	1,011.8	(349.2)	662.6
Investments	157.8	-	-	0.5	158.3	-	158.3
Segment assets	8,383.5	4,428.2	2,343.1	7,334.0	22,489.4	(10,956.4)	11,533.0
Segment liabilities	4,817.1	3,680.3	376.2	5,744.2	14,617.9	(6,139.5)	8,478.4
Expenditures for segment assets	295.0	564.5	207.2	34.6	1,101.3	-	1,101.3

Year /2006	OTE	COSMOTE	ROMTELECOM	ALL OTHER	TOTALS	ADJUSTMENTS-ELIMINATIONS	GROUP
Revenues from external customers	2,488.7	2,212.6	877.2	312.8	5,891.3	-	5,891.3
Intersegment revenues	225.8	169.7	17.6	182.4	595.5	(595.5)	-
Interest income	45.7	18.2	13.5	134.5	211.9	(141.1)	70.8
Interest expense	(199.2)	(75.0)	(8.5)	(139.7)	(422.4)	143.6	(278.8)
Depreciation and amortization	(528.0)	(318.9)	(217.5)	(67.7)	(1,132.1)	3.6	(1,128.5)
Investments income	23.0	-	-	-	23.0	-	23.0
Income tax expense	(124.6)	(159.8)	(16.3)	(52.3)	(353.0)	-	(353.0)
Operating income	312.1	557.5	120.8	95.5	1,085.9	2.4	1,088.3
Net income	531.2	360.5	91.6	77.1	1,060.4	(485.8)	574.6
Investments	157.8	-	-	0.9	158.7	-	158.7
Segment assets	6,801.4	4,688.1	2,546.7	6,147.5	20,183.7	(7,635.1)	12,548.6
Segment Liabilities	3,551.7	3,992.9	424.1	4,648.3	12,617.1	(4,957.2)	7,659.9
Expenditures for segment assets	225.7	442.4	208.1	86.2	962.4	-	962.4

(Amounts in millions of Euro, unless otherwise stated)

25. RELATED PARTY TRANSACTIONS

OTE's related parties have been identified based on the requirements of IAS 24 and are the following: Its subsidiaries, the members of the Board of Directors, the key management personnel and their close family members.

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

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

	2007		**2006**	
	OTE's Sales	**OTE's Purchases**	**OTE's Sales**	**OTE's Purchases**
COSMOTE	192.9	125.6	164.8	139.2
OTE INTERNATIONAL INVESTMENTS LTD	0.4	5.5	1.6	9.0
ROMTELECOM	-	-	2.5	0.3
ARMENTEL	-	-	1.3	0.4
HELLAS-SAT	0.6	1.7	0.5	1.8
COSMO-ONE	-	1.0	-	0.9
OTENET	38.3	44.8	41.9	23.4
HELLASCOM	0.1	6.6	0.1	5.6
OTE SAT- MARITEL	0.9	2.1	1.1	2.2
OTE PLUS	0.3	30.4	0.4	23.7
OTE ESTATE	2.3	59.7	2.2	56.9
INFOTE	4.7	3.7	8.5	5.4
OTE GLOBE	22.4	64.3	0.7	40.9
OTE ACADEMY	0.3	5.1	0.2	3.4
	263.2	**350.5**	**225.8**	**313.1**

OTE's interest income and interest expense with related parties from the loans granted / received, are analyzed as follows:

	2007		**2006**	
	OTE' s interest income	**OTE's interest expense**	**OTE's interest income**	**OTE's interest expense**
ARMENTEL	-	-	0.1	-
COSMOFON	3.6	-	3.4	-
HELLAS-SAT	-	-	5.2	-
OTE PLC	2.1	73.7	-	98.9
	5.7	**73.7**	**8.7**	**98.9**

Dividends received from related parties, are analyzed as follows :

	2007	**2006**
COSMOTE	163.2	145.3
OTE INTERNATIONAL INVESTMENTS LTD	57.3	-
INFOTE	5.0	3.5
OTE GLOBE	-	2.5
OTE ESTATE	-	15.0
OTE SAT- MARITEL	-	0.7
ARMENTEL	-	6.8
	225.5	**173.8**

(Amounts in millions of Euro, unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (continued)

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

	2007		2006	
	OTE's receivables	**OTE's payables**	**OTE's receivables**	**OTE's payables**
COSMOTE	39.4	34.4	37.9	33.9
OTE INTERNATIONAL INVESTMENTS LTD	0.2	1.4	0.5	2.6
ROMTELECOM			-	-
HELLAS-SAT	4.6	0.6	4.0	0.5
COSMO-ONE	-	0.2	-	0.3
OTENET	30.9	22.0	16.4	17.1
HELLASCOM	-	1.4	-	1.2
OTE SAT- MARITEL	0.3	0.5	1.1	0.5
OTE PLUS	0.8	12.8	3.7	11.6
OTE ESTATE	3.1	31.7	2.0	13.9
INFOTE	-	-	2.6	23.7
OTE GLOBE	49.4	73.2	10.4	27.3
OTE ACADEMY	0.5	0.8	0.1	0.8
	129.2	**179.0**	**78.7**	**133.4**

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

	2007		2006	
	OTE's receivables	**OTE's payables**	**OTE's receivables**	**OTE's payables**
COSMOFON	51.8	-	56.9	-
OTE PLC	35.4	2,787.0	-	1,268.0
	87.2	**2,787.0**	**56.9**	**1,268.0**

The nature of the transactions between Group companies is described below:

a. OTE-GLOBE

i. OTE-GLOBE has assumed the provision and administration on behalf of OTE of services relevant to International telephony to international provides and invoices OTE with its fees.

ii. OTE-GLOBE invoices OTE and OTE invoices OTE-GLOBE for the telecommunication traffic which passes through international networks of OTE-BLOGE or international telephone networks of OTE as the case may be. In addition, the two entities have commercial transactions in relation to leased lines.

25. RELATED PARTY TRANSACTIONS (continued)

b. INFOTE (until the date that ceased being related party)

i. INFOTE invoices OTE for the production of the white pages directories.

ii. INFOTE earns revenues from the advertisement of its customers in the directories published. OTE collects these revenues from its subscribers on behalf of INFOTE and pays them back to INFOTE.

iii. OTE invoices INFOTE with a commission for the agency relationship described in (ii) above.

iv. INFOTE invoices OTE for a part of revenues generated from additional entries made in the directories.

c. OTENET

i. OTE is acting as a dealer selling internet services and other products on behalf of OTENET and collects these amounts on behalf of OTENET and pays them back to OTENET. Additionally, OTE invoices OTENET with a commission for this agency relationship.

ii. OTE purchases products and services from OTENET, which are sold to its customers.

d. OTE ESTATE

i. OTE ESTATE earns rental revenue from OTE and its subsidiaries.

ii. OTE invoices OTE ESTATE for additions made to the land and buildings that belong to OTE ESTATE. The related costs of these additions, representing labor and materials costs, are included in OTE's Income.

e. OTE INTERNATIONAL INVESTMENTS LTD

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

f. COSMO-ONE

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

g. OTE SAT – MARITEL

i. OTE invoices OTE SAT- MARITEL for the usage of OTE's facilities for INMARSAT services.

ii. OTE SAT - MARITEL invoices OTE for fixed to mobile connection, which is invoiced by INMARSAT to OTE SAT - MARITEL.

h. OTE PLUS

OTE PLUS provides consulting services to OTE.

i. COSMOTE

i. OTE invoices COSMOTE with commissions for mobile connections made through OTE.

ii. OTE invoices COSMOTE for leased lines.

iii. OTE and COSMOTE have income and expenses for interconnection depending to which of the two entities network the codes terminate, including International Telephony traffic which passes through the two networks.

25. RELATED PARTY TRANSACTIONS (continued)

j. OTE ACADEMY

i. OTE ACADEMY subleases to OTE its Training Center facilities in Athens and Thessaloniki, which itself leasesin the first place from OTE ESTATE.

ii. OTE ACADEMY renders training services to OTE personnel and its subsidiaries.

k. HELLASCOM

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

l. COSMOFON

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

m. HELLAS SAT

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

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

n. OTE PLC

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

Fees paid to the members of the Board of Directors and key management personnel compensation charged in the Income Statements of the year ended 31 December 2007 amounted to EUR 3.5.

26. STOCK OPTION PURCHASE OF OTE SHARES SCHEME

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

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.

(Amounts in millions of Euro, unless otherwise stated)

26. STOCK OPTION PURCHASE OF OTE SHARES SCHEME (continued)

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:

Beneficiaries	Maximum number of Basic Rights per beneficiary ("Basic Option Rights")	Maximum number of Additional Rights per beneficiary ("Additional Option Rights")
Managing Directors of Subsidiaries	35,000	7,000
Department Supervisors	18,000	4,500
Sub-department, Division - Units	9,500	3,100

The total number of the Basic Option rights is 3.141.620 rights.

The date when beneficiaries were officially informed and accepted the Scheme is after 31 December 2007. As a result, the fair valuation of these Option Rights will be preformed in 2008 and booked through profit and loss during the vesting period of the Option Rights by the employee.

COSMOTE's SHARE BASED PLAN

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

(Amounts in millions of Euro, unless otherwise stated)

26. STOCK OPTION PURCHASE OF OTE SHARES SCHEME (continued)

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

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

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

Stock option plan issued shares are fair valued on the date of departure. Fair value is charged to Income especially on the duration of the stock option vesting period by the employee.

Fair value per option has been calculated based on the Black Scholes model. The significant data input in this model is the share price, the exercise price, the dividend yield, the discount rate and the volatility of the stock. Volatility (standard variation of the share's price) is calculated based on statistical analysis of the daily stock's price for the last 12 months.

The following table provides information regarding Share Option rights.

	2007		**2006**	
	Share option (number of shares)	**Weighted average exercise price**	**Shares option (number of shares)**	**Weighted average exercise price**
Outstanding shares at the beginning of the year	2,987,450	16.30	3,151,820	13.48
Granted shares during the year	2,011,220	18.45	1,079,580	18.84
Forfeited	(662,450)	15.87	(149,860)	13.15
Exercised during the year	(1,175,100)	14.37	(1,094,090)	11.10
Outstanding shares at the end of the year	**3,161,120**	17.38	**2,987,450**	16.30
Exercisable at the end of the year	3,966	16.01	869,069	14.46

(Amounts in millions of Euro, unless otherwise stated)

26. STOCK OPTION PURCHASE OF OTE SHARES SCHEME (continued)

The following weighted average assumptions were used:

	2007	2006
Weighted average share price	23.00	19.03
Weighted average exercise price	19.59	18.84
Volatility	24.27%	24.79%
Volatility of exercising the right	3 years	3 years
Risk free interest rate	3.98%	3.97%
Dividend yield	3.16%	3.37%

Volatility has been calculated using the standard deviation of COSMOTE's shares during the relative year.

27. LITIGATION AND CLAIMS

The most significant legal cases on 31 December 2007 are the following:

(i) ***Lease agreements (OTE Leasing):*** On 11 December 2001, OTE disposed of its wholly owned subsidiary, OTE Leasing, to Piraeus Financial Leasing S.A., a subsidiary of Piraeus Bank S.A. for a consideration of EUR 21.0. From the sale proceeds, EUR 5.9 was collected in cash and the balance of EUR 15.1 in shares in Piraeus Bank S.A. based on their fair value at that date. The disposal of OTE Leasing had no material effect on the Group´s financial position or results of operations. As prescribed in the agreements signed for the sale of OTE Leasing, OTE is committed to indemnify Piraeus Financial Leasing S.A. up to an amount of approximately EUR 28.0, for possible losses to be incurred from the non-performance of lessees for contracts signed through to the date of sale of OTE Leasing. The conditions under which a lessee's contract will be characterized as non-performing are described in detail in the sale agreements. Such OTE's obligation is in force for a period between 3.5-5.5 years, depending on the nature of the lease contracts.

(ii) **Alpha Digital Synthesis S.A.:** On 7 May 2003 Alpha Digital Synthesis S.A. submitted a request for arbitration according to the Greek Civil Procedure Code, claiming an amount of approximately EUR 254.2 plus interest for alleged damages incurred as a result of an alleged breach by OTE of the terms of a memorandum of understanding to provide subscribers television services. The Athens Arbitration Court in 2006 ruled in favor of Alpha Digital Synthesis S.A., and ordered OTE to pay an amount of approximately EUR 13.0. OTE appealed against this decision before the Athens Court of Appeals, was rejected and OTE paid the above amount plus interest. OTE appealed for conclusion of the decision before the Supreme Court which will be heard on 19 May 2008.

(iii) ***Hellenic Radio and Television S.A. ("ERT"):*** During May 2002, ERT filed a law suit against OTE before the Athens Multi-Member Court, claiming an amount of EUR 42.9 plus interest for damages incurred by it as a result of an alleged infringement by OTE of the terms of a Memorandum of Understanding signed by the two parties. The Court judged in 2005 that the case should be referred to arbitration. Till now ERT has not gone to arbritration.

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

27. LITIGATION AND CLAIMS (continued)

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

(vi) **Teledome S.A.:** Teledome S.A. filed five lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of EUR 8.1 plus interest for alleged damages incurred by it as a result of OTE's delay in delivering to it leased lines and the application of non cost oriented interconnection charges by OTE. The hearings of the above lawsuits were scheduled for various dates in 2007. The first lawsuit (EUR 1.6) was heard before the Court on 6 June 2007 and the decision is expected, the second lawsuit (EUR 1.0) was rescheduled for 17 September 2008, regarding the third lawsuit (EUR 0.3) the Court postponed the hearing, the fourth lawsuit (EUR 1.6) was heard on 7 February 2007 and the Court rejected it and for the fifth lawsuit (EUR 3.6) the Court ordered factual investigation. Furthermore, Teledome S.A. filed six lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming approximately EUR 10.8 plus interest in damages, due to suspension of it's subscriber's number portability and due to alleged breach of contractual obligations arising out of disconnection of telecommunication services. For two lawsuits totaling EUR 4.7, the Court rejected Teledome's claims. Teledome appealed the decision before the Court of Appeals, which rejected them. A lawsuit of EUR 0.9 was rejected by the Courts on 25 January 2007. The lawsuit of EUR 4.4 was scheduled for 6 March 2008. For the lawsuit of EUR 0.2 the Courts ordered factual investigation and the lawsuit of EUR 0.6 was heard on 26 September 2007 and the decision is expected.

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

(viii) **TELLAS S.A.:** TELLAS S.A. filed four lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of EUR 20.8 plus interest in damages due to suspension of its subscriber's number portability. TELLAS S.A. resigned from the lawsuit claiming EUR 4.2 while the hearings of the remaining lawsuits were heard on 2 May 2007 and rejected.

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

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

27. LITIGATION AND CLAIMS (continued)

(xi) FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A.: FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A. filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of EUR 9.1 plus interest for breach of contract. The effort to settle the dispute outside the Court scheduled on 24 May 2007 failed and the hearing was scheduled for 8 November 2007. Subsequently, the company filed with the First Instance Multi Member Courts a new lawsuit against OTE for EUR 8.7 withdrawing from the previous lawsuit. The new effort of out-of-court settlement ,which was scheduled on 21 September 2007, failed again and the hearing by the Court was initially scheduled on 8 November 2007 and rescheduled for 23 October 2008.

(xii) Franchisers Suits: HELIAS KOUTSOKOSTAS & COMPANY filed a lawsuit against OTE claiming alleged damages for an amount of EUR 7.9. OTE filed a lawsuit against this company before the Multi-Member First Instance Court for an amount for EUR 0.7. The hearing, initially scheduled for 13 October 2005 has been suspended and a new hearing was scheduled for 21 February 2008. K. PRINIANAKIS S.A. filed a lawsuit against OTE claiming EUR 10.9 in damages. The hearing, of 15 November 2007 heard the Company's claim and the decision is awaited. DEP INFO EPE filed a lawsuit against OTE claiming EUR 6.8 for damages. OTE has filed its own lawsuit against this company claiming EUR 1.7 in damages. Both hearings were held on 9 March 2006 and the court rejected DEP INFO EPE's lawsuit, while it accepted OTE's lawsuit. DEP INFO EPE filed an appeal against this decision which was heard on 24 January 2008. INFOSHOP S.A. filed a lawsuit against OTE claiming alleged damages for the amount of EUR 7.0. A hearing scheduled for 15 November 2007 has been suspended, and a new hearing has been scheduled for 13 November 2008.

(xiii) Employees' Claims: OTE's current employees and pensioners have filed a number of lawsuits against OTE with a vast diversification.

(xiv) PERIVALLON AEBE: PERIVALLON AEBE filed against OTE a lawsuit before the Multi-Member First Instances Court requesting EUR 1.2 plus interest. The hearing was scheduled for 28 March 2007 and was suspended.

(xv) EFG EUROBANK ERGASIAS S.A.: EFG EUROBANK ERGASIAS S.A. filed against OTE before the Multi-Member First Instance Court a lawsuit for EUR 5.9 plus interest for pledged receivables of PERIVALLON AEBE which derive from the agreement with the Bank. The effort for out-of-court settlement which was scheduled on 11 October 2007 failed and the hearing before the Court was scheduled for 11 December 2008.

(xvi) Payphones Duties: From 1999 to 2005, the Municipality of Thessaloniki charged OTE with duties and penalties of a total amount of EUR 15.0 for the installation and operation of payphones within the area of its responsibility. OTE strongly disputed the above assessments and had filed appeals before the Thessaloniki Administrative Court of First Instance and prepaid 40% of the above duties and penalties, amount that will be refunded to OTE if the outcome of that case will be favorable to the Company. With its first two decisions, the Thessaloniki Administrative Court of First Instance has accepted OTE's appeals and the Municipality of Thessaloniki has filed appeals to the Supreme Court

27. LITIGATION AND CLAIMS (continued)

(xvii) Hellenic Telecommunications and Post Commision (HTPC): On 26 July 2007 the Hellenic Telecommunications & Post Commision (HTPC) imposed a series of fines on OTE, for a total amount of EUR 27.4. OTE has filed lawsuits before the Athens Court of Appeals against this decision demanding its annulment and the hearing of the lawsuits is scheduled for various dates in 2008. OTE has requested abeyance, which was approved by the Athens Court of Appeals resulting in the suspension of the decisions till the authorized courts decide.

On 29 November 2006 HTPC imposed a fine on OTE of total amount of EUR 3.0. OTE has filed an appeal before the Athens Court of Appeals against this decision which was scheduled for 12 February 2008 while OTE has requested abeyance, which was approved by the Athens Court of Appeals resulting to the suspension of the decisions till the authorized courts decide.

Finally, on 5 October 2007 HTPC imposed a fine for a total of EUR 3.0. Against this decision OTE has filed an appeal demanding its annulment which was scheduled to be heard before the Athens Court of Appeals on 11 March 2008. OTE has requested abeyance, which was approved by the Athens Court of Appeals resulting in the suspension of the decisions till the authorized courts decide.

OTE has established appropriate provisions in relation to litigations and claims, the outcomes of which are probable and can be reasonably estimated.

28. FINANCIAL RISK MANAGEMENT

IFRS 7 “Financial Instruments: Disclosures” introduces additional disclosures in order to improve the quality of information provided and value the importance of the financial instruments on the financial position of the Company and the Group.

The Group is exposed to the following risks from the use of its financial instruments:

1. Credit risk

2. Liquidity risk

3. Market risk

This note presents information about the Group’s exposure to each of the above risks and management policies and procedures for the measuring and managing of these risks.

1. Credit risk

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

Trade receivables could potentially influence negatively the liquidity of the Group. Due to the large number and the diversification of the customer base however there is no concentration of credit risk with respect to these receivables.

Concentration of credit risk is identified in the receivables from telecommunication operators due to the small number and their high revenues.

The Company and the Group have established specific credit policies under which each customer is analyzed for creditworthiness and an effective management of receivables before they become overdue but much more after they become overdue and doubtful.

In monitoring credit risk, customers are grouped according to the category they belong to, their credit characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each balance sheet date for the estimated loss that is expected and impairment allowance is established.

(Amounts in millions of Euro, unless otherwise stated)

28. FINANCIAL RISK MANAGEMENT (continued)

Maximum credit risk to which the Company and the Group are exposed derives from the following:

	2007		2006	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Financial instruments available for sale	47,8	49,7	38,7	39,5
Financial instruments at fair value through income statement	-	31,5	-	89.2
Trade receivable	758,6	1,172,0	710,1	1.160,5
Loans	226,8	175,7	136,0	80,1
Cash and cash equivalents	453,1	1.316,3	814,7	2.042,5
Total	**1.486,3**	**2.745,2**	**1.699,5**	**3.411,8**

From the categories above, cash and cash equivalents are considered of the lowest credit risk. Financial instruments available for sale at fair value include listed shares, while financial instruments at fair value through income statement include bonds and other securities. These two categories are not considered to expose the Company and the Group to a significant credit risk.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement leave (See Note 16), loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme (See Note 16) and at company level loan to COSMOFON (See Note 8). The above mentioned loans are not considered to expose the Company and the Group to a significant credit risk.

Trade receivables, which include receivables from telecommunication operators, is the category with the higher credit risk. For this category the Company and the Group assesses the credit risk following the established policies and procedures and has set required provision for impairment (See Note 9).

2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and credit facilities to meet the financial obligations when due.

The Group's available cash as at 31 December 2007 amounts to EUR 1,316.3, its loans amounts to EUR 5.527,8 while the Group has a long-term credit (committed) line of EUR 350.0.

For the monitoring of liquidity risk, the Group prepares annual cash flows when drafting the annual budget and monthly rolling forecasts for three months' cash flows, in order to ensure that it has sufficient cash reserves to service its financial obligations.

(Amounts in millions of Euro, unless otherwise stated)

28. FINANCIAL RISK MANAGEMENT

Below is an analysis of the maturity of the financial liabilities at Company and Group level:

COMPANY

31 December 2007	Amounts	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Loan from the European Investment Bank	**36,4**	17,5	18,9	-	-
Consortium Loan through OTE PLC	**1.266,3**	-	-	-	1.266,3
Short-term Bridge Loan through OTE PLC	**1.494,2**	1.494,2	-	-	-
Suppliers	**608,9**	608,9	-	-	-
Total	**3.405,8**	2.120,6	18,9	-	1.266,3

31 December 2006

	Amounts	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Loan from the European Investment Bank	**52,5**	16,1	17,5	18,9	-
Consortium Loan through OTE PLC	**1.265,5**	-	-	-	1.265,5
Short-term Bridge Loan through OTE PLC	**562,2**	562,2	-	-	-
Total	**1.880,2**	578,3	17,5	18,9	1.265,5

GROUP

31 December 2007	Amounts	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Loan from the European Investment Bank	**36,4**	17,5	18,9	-	-
Consortium loan OTE PLC	**500,0**	-	-	500,0	-
Medium Term Bond OTE PLC	**3.360,4**	-	598,7	629,4	2.132,3
Short-term Bridge Loan through OTE PLC	**1.494,2**	1.494,2	-	-	-
Other loan commitments	**136,8**	69,0	19,1	25,5	23,2
Suppliers	**931,5**	931,5	-	-	-
Total	**6.459,3**	2.512,2	636,7	1.164,9	2.155,5

31 December 2006

	Amounts	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Loan from the European Investment Bank	**52,5**	16,1	17,5	18,9	-
Consortium Loan OTE PLC	**500,0**	-	-	500,0	-
Bond EUR 1,100, 6,125% OTE PLC	**491,2**	491,2	-	-	-
Medium Term Bond OTE PLC	**3.353,1**	-	-	1.223,0	2.130,1
Other loan commitments	**193,7**	45,8	77,5	33,5	36,9
Suppliers	**938,0**	938,0	-	-	-
Total	**5.528,5**	1.491,1	95,0	1.775.4	2.167.0

(Amounts in millions of Euro, unless otherwise stated)

28. FINANCIAL RISK MANAGEMENT (continued)

The increased loan commitments for 2008 as at 31 December 2007 are attributed to the short-term loan of EUR 1,494.2, which in February 2008 was refinanced with long-term borrowings (for further details see Note 29).

OTE has guaranteed in favor of OTE PLC for total borrowings of:

- As at 31 December 2007: EUR 5,4 billion.
- As at 31 December 2006: EUR 4,4 billion.

3. Market risk

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

Below are described in further detail the individual risks that constitute market risk and the Group's policies for administering them:

3.1 Interest rate fluctuation risk

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

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

As at 31 December 2007, the Group's exposure to loan commitments at floating rates was approximately at 52%/48%. With the issuance of the fixed rates bonds on February 2008 and the refinancing of the short-term loan (for further details see Note 29), the Group's relation of fixed to floating rate was approximately 80%/20%. The analysis of borrowings depending on the type of the interest rate is as follows:

	2007		2006	
	COMPANY	**GROUP**	**COMPANY**	**GROUP**
Floating rate loans	1.494,2	2.647,2	-	1.167,2
Fixed interest loans	1.302,7	2.880,6	1.318,0	3.423,3
Total	**2.796,9**	**5.527,8**	**1.318,0**	**4.590,5**

The average remaining duration of floating interest rate borrowing as at 31 December 2007 is 1,4 years.

The average remaining duration of floating interest rate borrowing at 31 December 2007 excluding the short-term loan balance is 3 years.

The average remaining duration of floating interest rate borrowing at 31 December 2006 was 4 years.

To assess the interest rate risk below is a sensitivity analysis to changes in the interest rate (based on Euribor) for the Group.

(Amounts in millions of Euro, unless otherwise stated)

28. FINANCIAL RISK MANAGEMENT (continued)

Had the interest rates increased by 100 base units the effect would be:

GROUP			
Income for the year		**Equity**	
2007	**2006**	**2007**	**2006**
(10,0)	(4,6)	(10,0)	(4,6)

3.2 Currency risk

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

The Group operates in many Southeastern European countries and as a result is exposed to currency risk due to changes in currencies other than Euro. In the Group's major foreign investment in ROMTELECOM, the currency risk is compensated mainly through charging telecommunication fees in Euro, managing a natural hedge. With respect to cash reserves and loan commitments of the Group, the currency risk is not material since the majority of them are denominated in Euro.

The main functional currencies within the Group is the Euro, Ron (Romania) and the Lek (Albania). The current risk for the Group is not significant as presented in the table below:

GROUP
31 December 2007

	EUR	RON	LEK	WON	TOTAL
Trade receivables	1,083.6	39.2	49.2	-	1,172.0
Borrowings	(5,449.4)	(36.0)	-	(42.4)	(5,527.8)
Suppliers	(883.0)	(37.6)	(10.9)	-	(931.5)
Cash and Cash Equivalents	1,200.7	29.1	86.5	-	1,316.3
Total exposure	**(4,048.1)**	**(5.3)**	**124.8**	**(42.4)**	**(3,971.0)**

GROUP
31 December 2006

	EUR	RON	LEK	WON	TOTAL
Trade receivables	1,082.0	25.9	52.6	-	1,160.5
Borrowings	(4,484.9)	(48.0)	-	(57.6)	(4,590.5)
Suppliers	(863.8)	(57.7)	(16.5)	-	(938.0)
Cash and Cash Equivalents	1,971.0	28.9	42.6	-	2,042.5
Total exposure	**(2,295.7)**	**(50.9)**	**78.7**	**(57.6)**	**(2,325.5)**

29. SUBSEQUENT EVENTS

The most important events that have occurred after 31 December 2007 are the following:

1. Public Offer for the acquisition of COSMOTE (squeeze out)

On 29 January 2008 the tender offer's acceptance period for the acquisition of COSMOTE's shares ended which commenced on 4 December 2007. The Public Offer was for 107,695,259 shares, which represent approximately 32.17% of the total paid-up share capital of COSMOTE, and 1,165,070 shares, the "New Shares", which represent the maximum number of shares that could be issued and traded on the Athens Stock Exchange until the termination of the acceptance period of the Public Offer, following the exercise by the beneficiaries of their stock option rights.

The number of shares increased to 1,175,100 shares as a result of the changes of the maximum number of these New Shares as mentioned in the Base Prospectus Supplement as approved by the Board of Directors of the Stock Exchange Committee. As a result, the total number of the shares of the Public Offer became 108,870,359.

During January 2008 and with the completion of the deposit of the acceptance applications by 5,044 shareholders OTE received 27,503,293 shares of COSMOTE representing 8.187% of the total paid-up Share Capital. As a result on 29 January 2008, OTE held 331,228,491 shares of the company representing 98.592% of the total paid-up Share Capital with the corresponding voting rights of COSMOTE.

2. Squeeze out of COSMOTE

According to Article 27 of L.3461/2006. on 27 February 2008, OTE submitted to the Stock Exchange Committee a request for the squeeze out of the remaining shares (3.581.305) of COSMOTE at a price equal to that of the Public Offer, i.e. EUR 26.25 per share (in absolute figures) while OTE intends to cover the rights of E.X.A.E. which correspond to 0.08% of the value of the out-of the market transfer which in accordance with current legislation would burden COSMOTE's shareholders. It is noted that according to Article 28 of the same Law, the remaining shareholders have the right to sell through the Stock Exchange market to the Proposing Party their shares within three months from the publication of the "Right to Entry" to which OTE proceeded on 31 January 2008.

After the end of the exercise right period and the "Right to Entry", OTE intends to begin the procedure of the delisting of the COSMOTE's shares from the Athens Stock Exchange and of the GDRs from the London Stock Exchange (L.S.E.).

3. Repayment of short-term loans and replacement with long-term loans

On 12 February 2008 OTE PLC completed the issuance of two bonds amounting to EUR 1,500 and EUR 600 under the Global Medium Term Note Programme, for the refinancing of the balance of the short-term loan of EUR 2,100 which was obtained in November 2007 for the acquisition of COSMOTE's shares by OTE.

Specifically, OTE PLC issued:

a) A fixed rate bond of EUR 1,500, maturing on 14 February 2011 with a coupon for 5.375% and

b) Fixed rate bond of EUR 600, maturing on 12 February 2015, with a coupon of 6.0%.

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

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

b) both rating agencies (Moody's and S&P) cease or are unable to perform the credit rating of OTE.

29. SUBSEQUENT EVENTS (continued)

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

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

a) any person or persons acting in concert (other than the Hellenic Republic) at any time directly or indirectly come (s) to own or acquire (s) more than 50% of the issued ordinary share capital or of the voting rights of OTE, and

b) as a consequence of (a), the rating previously assigned to the bonds by any international rating agency is withdrawn or down graded to BB+/Ba1 or their respective equivalents (non-investment grade), within a specific period and under specific terms and conditions.

In accordance with the terms and conditions of the bonds, in the event that the Change of Control clause is triggered, OTE PLC shall promptly give written notice to the bond holders who in turn shall have the option within 45 days to require OTE PLC to redeem the bonds (put option), at their principal amounts together with accrued interest up to the date of redemption.

4. Voluntary Leave Scheme with 2008 motives

On 28 February 2008, OTE's management and OME-OTE (the employee's union) signed a Collective Labor Agreement according to which employees who would complete the number of years of service required for retirement by 29 December 2008 will be entitled to benefits providing they leave by 30 December 2008. Eligible employees should submit irrevocable applications by 21 March 2008.

5. Sale of Subsidiaries OTEnet Cyprus Ltd and OTEnet Telecommunications Ltd

On 28 February 2008 OTE announced its intention to sell its total investment in OTEnet Cyprus Ltd and OTEnet Telecommunications Ltd which operate in the Telecommunication and Internet Services Section. OTE signed an agreement with Cyprus Trading Corporation PLC (CTC) for an amount of approximately EUR 3.9. The agreement is subject to the approval of the Cyprus Competition Committee.

6. Developments in the social security draft law

According to the new social security draft of law and with the provisions of Law 3029/2002, TAP-OTE's Pension Fund is expected to be merged with IKA-ETEAM soon with the gradual adjustment (reduction) of TAP-OTE's contributions to those of IKA. This adjustment is expected to commence in 2013 and is expected to be completed in 2023 in three equal installments.

It is provided that shares of TAP-OTE in the share capital of EDEKT – OTE will automatically be transferred to IKA-ETEAM as whole successor from the inception date of the peision sector of TAP-OTE.

7. Participation of MARFIN Investment Group to OTE's Share Capital

On 17 March 2008, MARFIN Investment Group announced that it signed with Deutsche Telekom A.G. for the sale of 98,026,324 shares for EUR 26 (in absolute figure) each. According to the announcement, the transaction is expected to be completed by 7 May 2008 the latest and is subject to the approval of the relevant request of DEUTSCHE TELEKOM A.G. by the Interministerial Privatization Committee of Greece.

The agreement has been approved by the Board of Directors of MARFIN Investment Group and the Executory Board of DEUTSCHE TELEKOM A.G. and is subject to the approval of the Supervisory Board of DEUTSCHE TELEKOM A.G.

REPORT OF THE BOARD OF DIRECTORS
OF HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.
ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

The Report of the Board of Directors of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (hereinafter referred to as "OTE" or "the Company") was prepared in accordance with article 136 of the C.L. 2190/1920 and refers to the Annual Separate and Consolidated Financial Statements as of 31 December 2007 and for the year then ended. The OTE Group (the "Group") apart form the Company also includes subsidiaries over which OTE has direct or indirect controls.

The Separate and Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.).

A. SIGNIFICANT EVENTS OF THE YEAR

With respect to the Group activities, the following events that occurred during the year 2007 are of significance:

- Increase in the stake of OTE in COSMOTE to 90.72% as at 31.12.2007.
- Increase in the stake of OTE in OTENET to 100.00% as at 31.12.2007.
- On 9 November 2007, OTE PLC signed a short-term credit facility agreement for an amount of EUR 2.7 billion with a consortium of banks, under the guarantee of OTE, for the financing of the acquisition of the minority shares in COSMOTE by OTE. The loan was fully repaid in February 2008 through the issuance of two bonds of EUR 1.5 billion and EUR 600 million respectively under the Global Medium term Note Programme.
- Sale of 100% of the subsidiary company INFOTE A.E. (directory services) on 19 December 2007 to Rhone Capital LLC and Zarkona Trading Limited.
- Spin-off of the International Facilities and International Cables Infrastructure Segment of OTE and the licenses to use the INTEC-ITU system to OTE-GLOBE.

B. STRATEGY- OBJECTIVES

With respect to the strategy and prospects in the coming years, as these are presented in the 2008-2010 business plan of the Company, the main objective of management is the maximum utilization of the synergies in the Group and the improvement of the EBITDA margin in order to align it to that of other European companies within the industry.

For the achievement of the above mentioned objective the Company's priorities are the sustainment of revenues against continuous competition and the reduction of operating expenses.

To support the above efforts are continuing with main emphasis on:

- Exploitation of technological convergence with the creation of commercial proposals adjusted to each customer category and based on the continuous development of broadband.
- Sustainability of retail market share and generation of new revenue streams and sources.
- Optimization of the Sales Network and development of alternative sales channels.
- Exploitation of OTE's infrastructure and development of new business opportunities. Sustainability of wholesale market share.
- Improvement of the quality of retail and wholesale customers service.

- Gradual transformation of the network to new generation network development of new technology of broadband infrastructure and generation of an advanced basis of Management Information Technology, for the maximum possible automation of the Company's operations as well as the introduction and support of competitive Services.
- Securing the fair treatment of OTE in determining and supporting the regulating framework.
- Establishment of a competitive employment environment.
- Maintenance of the personnel cost / revenues factor at stabilized levels for the three year 2008-2010 through the development of a competitive employment environment.

C. DIVIDEND POLICY

The Company's Board of Directors will propose to the Annual General Assembly of the shareholders the distribution of an from the 2007 profits of a total amount of EUR 367.6 million corresponding to EUR 0.75 per share.

D. FINANCIAL INSTRUMENTS

The targets and policies of the Company and the Group as far as managing financial risks is concerned and the exposure of the Company and the Group to these risks are analyzed in Note 28 to the Financial Statements.

E. FINANCIAL HIGHLIGHTS OF 2007

1. INCOME STATEMENT:

OTE Group Turnover increased by 7.3%, compared to 2006 and reached EUR 6,319.8 million.

This increase in turnover is mainly due to the following:

- Increased revenues from mobile telephony, by 11.9% compared to the prior year, which is mainly due to the increase in the subscriber base of all mobile telephone entities of the Group (COSMOTE, AMC, GLOBUL & COSMOFON) as well as the mobile traffic volume enhancement in Greece.
- The increase in telecommunication equipment sales by 99.0% as a result of the inclusion in the consolidated results of those of GERMANOS A.E. following its acquisition by COSMOTE in the fourth quarter of 2006. This contribution offsets the loss of revenues from the sale of the subsidiary of ARMENTEL on 16 November 2006 and as a result the non consolidation of its results for 2007.
- The increase in revenues from ADSL and INTERNET by 71.2% in relation to the corresponding prior period, mainly due to the significant increase in broadband connections, the number of which doubled compared to 2006 exceeding one million connections.
- Increased revenues from leased lines by 11.7% compared to prior year .
- Increased revenues from international mobile carriers by 18.4% compared to the prior year.

The above increases offset the decrease of revenues from domestic telephony by 10.5% and the decrease in revenues from international telephony by 12.2% compared to the corresponding prior period.

OTE's Turnover, which reached to EUR 2,656.9 million showed a decrease by 2.1% compared to prior year. This is a result of the decrease in revenues from domestic telephony by 6.4% and the decrease in telecommunication equipment sales and prepaid cards. These reductions were partially offset by the significant increase in revenues from international telephony by 9.2%, the significant increase of revenues from ADSL and Internet by 96.9% and the revenue in increase in income from interconnection services by 15.6% and income from services rendered by 11.7%.

The Group Operating Expenses reached EUR 5,272.9 and show an increase by 9.8% compared to 2006. This increase is mainly due to the increased cost of telecommunication equipment by 85.1% due to the consolidation of GERMANOS A.E. for a whole year in 2007 for contrast to the 2006 year when the consolidated results included only those of the 4rth quarter of GERMANOS A.E..

Furthermore, the variance is due to the issue in other operating expenses by 8.7% as a result of :

- Increase in commissions to commercial agents by 20.2%.
- Increase in advertising and promotion expenses by 27.0%.
- Increase in various taxes, other than income taxes by 19.5%.
- Increase third party fees by 5.6%.
- Reduction of doubtful debts provisions by 10.1%.
- Reduction of third party services by 4.5%.

Finally, the operating expenses of 2007 were burdened with EUR 22.1 million relating to the staff leaving with bonus costs of OTE personnel while in 2006 operating expense were reduced by EUR 49.8 million as a result of the adjustment for the provision for the voluntary leave scheme costs for 2005.

The Company's Operating Expenses reached EUR 2,346.2 million and have decreased by 2.3% compared to 2006.

The fluctuations in the significant categories of Operating Expenses are the following:

- 5.4% decrease in staff payroll.
- 11.7% decrease in charges to domestic interconnection operators.
- 4.9% decrease in depreciation.
- 21.2% decrease in the cost of telecommunication equipment, due to the absence in the current year of cost of the "SYZEYXIS" project which in 2006 of EUR 25.9 million.

As a result of all the above, Operating Profit before Financial Results of the Group reached EUR 1,046.9 million compared to EUR 1,088.3 million in the previous year showing a reduction by 3.8%. The Operating Profits before Financial Results of the Company reached EUR 310.7 million in 2007 remaining at the same levels as those of 2006.

In the Group Financial Results, interest expenses reached EUR 238.7 million, showing a decrease of 14.4 % compared to 2006, reflecting the 2006 increased discounting cost of the loan that the Company granted to the Auxiliary Pension Fund because it was given at a below the market interest rate. Interest income increased by 9.9% compared to 2006.

Income from dividends decreased by 27.0% mainly due to the lower dividend from TELECOM SRBJIA while investment income increased by 45.7%, reflecting mainly the profit of the Group of EUR 244.1 million from the sale of the subsidiary INFOTE A.E. in 2007.

Income Tax (expense) of the **Group** increased by 8.2% as compared to 2006 mainly because of the increased income tax of the Company by 70.0% compared to the prior year due to additional taxes imposed following the completion of the tax examination of years 2002 to 2005.

As a result of all the above, **Group Net Profit** after minority interest for the year 2007 amount to EUR 662.6 million compared to EUR 574,6 million in the previous year, showing an increase by 15.3%.

The **Group's Investment Plan** which reached EUR 1,101.3 million shows an increase of 14.4%., compared to the prior year when it amounted to EUR 962.4 million The increase is due mainly to the increased investments plan of COSMOTE and its foreign investment but also to the investments by the Company and OTE-GLOBE.

The **Group's Debt** increased by approximately 20.4% compared to the prior year and reached EUR 5,527.8 million, due to the short-term loan obtained by OTE PLC for financing COSMOTE's acquisition by OTE, whereas the **Group's Net Debt** increased by 65.3% and reached to EUR 4,211.5 million.

With respect to the results of the main subsidiaries of OTE which are included in the Consolidated Financial Statements the following should be noted:

COSMOTE GROUP: Maintenance of the leading position in the mobile market, with an increase in turnover by 28.5% and in EBITDA by 12.5%, compared to 2006. The subscriber base increased significantly compared to 2006 exceeding 15 million subscribers achieving much earlier the set for 2009 target, mainly due to the contribution of GERMANOS both in Greece and abroad.

During 2007, the total investments of the COSMOTE Group rached approximately EUR 547 million mainly due to the investment of the subsidiaries in Romania and Bulgaria. The Board of Directors of COSMOTE will propose to the General Assembly of the Shareholders the distribution of a dividend from 2007 profits of a total amount of EUR 245.3 million (EUR 0.73 per share).

ROMTELECOM: There was a decrease in turnover by approximately 2.6% and the result after taxes turned into a loss of EUR 21.2 million. The result is attributed to the reduced revenues reflecting the intense competition and to increased operating expenses mainly depreciation, advertising and promotion expenses, telecommunication equipment costs and finally income taxes as a result of the provision for additional taxes for the tax examination which is in the final stages.

OTENET GROUP: Increase in turnover by 15.0% compared to 2006, mainly due to the increase in its subscriber base especially the broadband ADSL connections.

F.IMPORTANT EVENTS AFTER THE YEAR END

The most important events after the balance sheet date (31 December 2007) to the date that the Financial Statements are approved by the Board of Directors are analyzed in Note 29 to the Financial Statements.

G. INFORMATION ACCORDING TO ARTICLE 11a, L. 3371/2005

(a) Share capital structure

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

According to the Company's share registry on 31 December 2007 the Company's shareholding structure was as follows:

Shareholder	Number of Shares	Percentage
HELLENIC STATE	122,350,712	24.96%
DEKA S.A.	15,052,773	3.07%
MARFIN INVESTMENT GROUP (direct and indirect)	92,592,156	18.89%
FREE FLOAT	260,154,748	53.08
TOTAL	**490,150,389**	**100.0%**

All of the Company's shares are common, registered with voting rights and there are special. The Company's shares are listed on the Athens Stock Exchange under the High Capitalization category.

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

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

Each share is entitled to one vote.

The Company's shareholders are entitled to receive dividends. The minimum dividend provided to all the shareholders is set to be the greater of six percent (6%) of the paid-up share capital or thirty five percent (35%) of net to be profits (which is the highest).

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

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

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

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

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

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

Exceptionally, according to article 11, L. 3631/2008 the acquisition of state related entities as described in article 42C of C.L. 2190/1920 or by shareholders acting together in a harmonized way of voting rights of 20% and above of the share capital is subject to the approval of the Interministerial Privatization Committee of L. 3049/2002 which is granted under the requirements of this Law.

According to article 4 of L. 3016/2002, the independent non-executive members of the Board of Directors of the Company cannot possess any other shares representing a percentage above 0,5% of the paid-in share capital.

According to art. 13 of L. 3340/2005, the management personnel and their close relatives, without having restrictions on the acquisition or transfer of the Company's shares, are obliged to disclose their direct and indirect transactions in the Company's shares, exceeding the amount of EUR 5,0 on an annual basis. The obligation of such disclosures is dictated by Law and the decisions of Capital Market Committee.

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

(b) Significant direct or indirect investments

Significant direct ownership in the share capital of the Company as of 31 December 2007, according to L. 3556/2007:

a) The Hellenic State which as shareholder holds directly 24,96% of the paid-up share capital of the Company and indirectly 3,07% of the paid-up share capital through DEKA S.A. making the total participation to 28,03% of the paid-up share capital of the Company.

b) MARFIN Investment Group S.A. holds 18,89% of the total share capital as follows:

i) A percentage of 6,29 of the total share capital, corresponding to 30,819,186 shares with respective voting rights exercised directly by Investment Group Holding A.E..

ii) A percentage of 8,52 of the total share capital, corresponding to 41,772,970 shares which embody respective voting rights which Investment Group Holding A.E. held indirectly through COMMERZBANK AG and has the right to acquire according to financial instruments terms on which the respective voting rights are exercised following its guidelines.

iii) A percentage of 4,08% of the total share capital, corresponding to 20,000,000 shares which embody the respective voting rights which Investment Group Holding A.E. holds indirectly through the ROYAL BANK OF SCOTLAND PLC and has the right to acquire according to financial instruments terms on which the respective voting rights are exercised following its guidelines.

The Company is not aware of any other shareholder who holds, has acquired or has transferred to a third person or corporate body the ownership of 5% or more of its paid-up share capital as of 31 December 2007.

(c) Owners of shares that offer special control rights

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

(d) Restrictions on voting rights-Deadliness in exercising relating rights

There are no restrictions on voting rights according to the Company's Articles of Association. These restrictions derive directly from the provision of the above article 11 of L. 2631/2008, as mentioned above.

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

There are no shareholder agreements regarding restrictions in the transfer of shares or in the exercising of voting rights that are known to the Company.

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

The members of the Board of Directors are appointed and replaced according to the provisions of C.L. 2190/1920. The provisions according to the Company's Articles of Incorporation are amended are provided by C.L. 2190/1920.

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

In particular according to the provision in the Articles of Incorporation the Board of Directors consists of nine (9) or eleven (11) members, elected by the General Assembly, for a three-years term and renewed by one third (1/3) of every year. When eleven (11) Directors serve on the Board and in order to determine the number corresponding to one third (1/3) of renewable members for the year, the fraction that results is omitted for the first two years. In this case, for the third year of serve the remaining number of Directors is renewed up until the number of eleven (11) members. The service term of each Director commences on the day of his election by the General Assembly and terminates on the Annual General Assembly when the three years from election are completed.

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

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

(g) Jurisdiction of the Board of Directors for the issuance of new shares/share buy backs according to article 16 of C.L. 2190/1920

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

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

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

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

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

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

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

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

(h) <u>Significant Company agreements that are in force/ amended/ terminated upon a change in control of the Company following a public offer</u>

The Company has entered into various loan agreements and bond issue agreements in which a change of control clause of OTE is included. If the clause is achieved OTE must proceed with prepayment of the loan in line with contractually stipulated cases.

The wording of the specific clause varies in each contract test and the following are provided in more detail:

<u>1) Consortium loan EUR 850 million, maturing in September 2012 and short-term loan EUR 2 700 million maturing in November 2008</u>

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

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

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

It is clarified that the short term loan of EUR 2,700 million was fully repaid in February 2008.

2) <u>Bonds of OTE PLC guaranteed by OTE:</u>

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

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

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

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

In the terms of other bonds of the Group, no such clause is included.

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

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

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

Athens, 19 March 2008

Panagis Vourloumis
Chairman and Managing Director

Independent Auditor's Report
(Translated from the original in Greek)

To the Shareholders of
HELLENIC TELECOMMUNICATIONS ORGANISATION S.A.

Report on the Financial Statements

We have audited the accompanying Separate and Consolidated Financial Statements (the "Financial Statements") of HELLENIC TELECOMMUNICATIONS ORGANISATION S.A. (the "Company") which comprise the separate and consolidated balance sheet as at 31 December 2007, and the separate and consolidated income statements, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the Financial Statements give a true and fair view, of the separate and consolidated financial position of the Company as of 31 December 2007 and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Directors' report is consistent with the accompanying Financial Statements.

Athens, 19 March 2008

KPMG Certified Auditors AE

Marios T. Kyriacou, Certified Auditor AM SOEL 11121	Michael Kokkinos, Certified Auditor AM SOEL 12701