HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

ANNUAL FINANCIAL REPORT

For the period
from January 1, 2010 to December 31, 2010

(TRANSLATED FROM THE GREEK ORIGINAL)

In accordance with Article 4 of Law 3556/2007

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I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS

STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS
(In accordance with article 4 par. 2 of Law 3556/2007)

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

1. Michael Tsamaz, Chairman and Managing Director

2. Kevin Copp, Board Member

3. Panagiotis Tabourlos, Board Member

We confirm that to the best of our knowledge:

a. The Annual Financial Statements (Consolidated and Separate) of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. for the period January 1, 2010 to December 31, 2010, which have been prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets and liabilities, the owners' equity and the results of the Group and the Company.

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

Maroussi, February 24, 2011

Chairman & Managing Director	Board Member	Board Member
Michael Tsamaz	Kevin Copp	Panagiotis Tabourlos

The two members of the Board of Directors, who have signed the above statements, have been authorized to do so in accordance with the decision of the Company's Board of Directors of February 24, 2011.

II. ANNUAL REPORT OF THE BOARD OF DIRECTORS

The report of the Board of Directors of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (hereinafter referred to as "OTE" or the "Company") was prepared in accordance with article 136 of Law 2190/1920, article 4 of Law 3556/2007 and article 2 of Decision 7/448/2007 of Hellenic Capital Market Commission and refers to the Annual Financial Statements (Consolidated and Separate) as of December 31, 2010, and the year then ended. The OTE Group (the "Group") apart from the Company also includes subsidiaries over which OTE has direct or indirect control. The Consolidated and Separate Financial Statements have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.), as adopted by the European Union (E.U.).

This report includes the financial assessment of the results of the period from January 1, 2010 to December 31, 2010, the Company's strategy and objectives for the next three years, the significant events which took place in 2010, a presentation of the main risks and uncertainties for the next year, the Corporate Governance statement, the material transactions with the Company's and the Group's related parties, the significant events after the year end and additional information as required by the respective law.

A. FINANCIAL HIGHLIGHTS OF 2010

OTE Group Revenue decreased by 8.0% in 2010 compared to 2009 and reached Euro 5,482.8 million, mainly due to:

- Decreased revenues from domestic telephony by 13.9% and revenues from international telephony by 20.3% in comparison with the prior year.
- Decreased revenues from mobile telephony by 8.1% in comparison with the prior year.
- Decreased revenues from sales of telecommunication equipment by 5.9% in comparison with the prior year.
- Decreased revenues from ISDN by 7.7% in comparison with the prior year.
- Decreased revenues from interconnection charges by 9.8% in comparison with the prior year.
- Decreased revenues from leased lines, data communication and ATM by 7.5% in comparison with the prior year.
- Decreased revenues from prepaid cards by 35.1% in comparison with the prior year.
- Decreased other revenues by 4.7% in comparison with the prior year.
- Increased revenues from services rendered by 7.3% in comparison with the prior year.
- Increased revenues from ADSL and Internet by 4.7% in comparison with the prior year.
- Increased revenues from co-location and revenues from access to the local loop (Local Loop Unbundling - LLU) by 39.6% in comparison with the prior year.
- Increased revenues from Metro Ethernet & IP CORE by 33.2%, in comparison with the prior year.

OTE's Revenue reached Euro 2,169.8 million, reflecting a decrease by 10.1% compared to the prior year. This is a result of the decrease in revenues from domestic telephony by 15.2%, as well as the decrease in revenues from international telephony by 18.9% and the decrease in sales of telecommunication equipment by 15.2%, ISDN by 7.6%, interconnection charges by 17.0%, leased lines by 22.7%, prepaid cards by 28.3% and services rendered by 9.2%. These decreases were partially offset by the increase in revenues from ADSL and Internet by 5.5%, the increase in revenues from co-location and from access to the local loop (Local Loop Unbundling - LLU) by 41.6%, the increase in revenues from Metro Ethernet & IP CORE by 39.4% and the increase in other revenues by 9.3%.

The Group's Operating Expenses reached Euro 5,134.9 million and reflect an increase of 3.9% compared to the prior year. This increase is mainly due to the increase in depreciation, amortization and impairment by 18.0% and the increase in charges from international operators of 3.4%. The higher amount of depreciation, amortization and impairment in 2010 is mainly due to the impairment of ROMTELECOM's assets that amounted to Euro 244.5 million (as discussed below in section C). These increases were partially offset by the decrease in payroll and employee benefits by 5.2%, the decrease in provision for staff retirement indemnities and youth account by 27.3%, the decrease in charges from domestic operators by 19.7%, the decrease in cost of telecommunications equipment by 5.9% and the decrease in other operating expenses by 1.3%. Furthermore, the Group's operating expenses for the year 2010 include the Group's early retirement programs' costs of Euro 171.5 million, which includes the charge of Euro 129.8 million for IKA-ETAM (as discussed bellow in section C), compared to the net gain of Euro 30.3 million in 2009, resulting from the Group's early retirement programs' costs which were offset by Euro 201.9 million, that derived from the transfer of 4% share capital held by the Greek State to IKA-ETAM.

The Company's Operating Expenses reached Euro 2,040.1 million in 2010 and reflect a decrease of 1.4% compared to the prior year. The decrease in operating expenses is mainly due to the following:

- 21.7% decrease in charges from domestic telecommunications operators.
- 11.8% decrease in depreciation and amortization.
- 11.2% decrease in the cost of telecommunication equipment.
- 31.0% decrease in staff retirement indemnities and youth account costs.
- 7.2% decrease in other operating expenses.

- 15.2% decrease in charges from international telecommunications operators.
- 4.7% decrease in employee costs.

These decreases were partially offset by the increase in the cost of the Company's early retirement program in 2010 (including the charge of Euro 129.8 million from the IKA-ETAM case which is described in section C below).

As a result, **Operating Profit before Financial Activities of the Group** for 2010 reached Euro 384.9 million compared to Euro 1,043.0 million in 2009 reflecting a decrease of 63.1%. **Operating Profit before Financial Activities of the Company** for the year 2010 reached Euro 142.2 million, compared to Euro 345.7 million last year, reflecting a decrease of 58.9%.

The Group's Operating Profit before Depreciation, Amortization and Impairment for 2010 reached Euro 1,747.9 million compared to Euro 2,198.3 million in 2009, reflecting a decrease of 20.5%. The respective margin on revenues reached 31.9% compared to 36.9% in the prior year. Excluding early retirement program costs, **the Group's Operating Profit before Depreciation, Amortization and Impairment** for 2010 reached Euro 1,919.4 million compared to Euro 2,168.0 million in the prior year, reflecting a decrease of 11.5%. The respective margin on revenues reached 35.0% compared to 36.4% in the prior year.

The Company's Operating Profit before Depreciation and Amortization for 2010 reached Euro 516.4 million compared to Euro 770.1 million in 2009, reflecting a decrease of 32.9%. The respective margin on revenues reached 23.8% compared to 31.9% in the prior year. Excluding early retirement program costs**, the Company's Operating Profit before Depreciation and Amortization** for 2010 amounted to Euro 661.1 million compared to Euro 731.2 million in the prior year, reflecting a decrease of 9.5%. The respective margin on revenues reached 30.5% compared to 30.3% in the prior year.

In relation to **the Group's Financial Activities**, interest expense in 2010 was Euro 308.2 million, reflecting a decrease of 13.9% compared to 2009, which is the result of the decrease in the Group's debt. Interest income amounted to Euro 25.7 million for 2010, reflecting a decrease of 58.3% compared to the prior year. Dividend income increased by 47.9% due to the higher dividend from TELEKOM SRBIJA in the current year. Losses from investments reached Euro 4.6 million in 2010 compared to gains of Euro 23.6 million for the 2009 that reflected the gain derived from the sale of COSMOFON and GERMANOS TELECOM AD SKOPJE (GTS).

Income Tax (expense) of the Group was Euro 238.9 million in 2010, reflecting a decrease of 37.5% compared to the prior year due to the decreased profitability and the decrease in the special contributions of social responsibility.

Considering all the above, **the Group's net result** of 2010 was a loss of Euro 139.0 million compared to profit of Euro 407.6 million of 2009.

In 2010**, Losses Attributable to Non-Controlling Interests** in the Group's income statement reached Euro 178.6 million from Euro 3.3 million in 2009. The 2010 amount is the result of the increased losses of ROMTELECOM (mainly due to the impairment of ROMTELECOM's assets), the 45.99% of which is attributable to non-controlling interests.

As a result of all the above, **the Group's Profit Attributable to the Owners of the Parent** for the year 2010 amounted to Euro 39.6 million compared to Euro 410.9 million in the prior year, reflecting a decrease of 90.4%.

The Group's Cash Flows from Operating Activities in 2010 decreased by 21.7% in comparison with the prior year, amounting to Euro 1,110.4 million, mainly due to increased payments for income taxes and early retirement programs, as well as from the decreased profitability.

The Group's Capital Expenditure (CAPEX) for the year 2010 amounted to Euro 751.1 million from Euro 890.9 million in prior year reflecting a decrease of 15.7%. The decrease is due to the decreased capital expenditure of OTE, COSMOTE group and ROMTELECOM.

The Group's Total Debt as of December 31, 2010 was Euro 5,299.8 million compared to Euro 5,421.9 million at December 31, 2009, reflecting a decrease of 2.3%, whereas the **Group's Net Debt** (interest bearing loans less cash and cash equivalents and other financial assets) at December 31, 2010, reached to Euro 4,283.0 million from Euro 4,517.7 million at December 31, 2009, reflecting an decrease of 5.2%. This decrease is mainly due to the repayment of loans and the increased cash position.

As of December 31, 2010, **the Group's Net Current Liabilities** amounted to Euro 1,507.8 million compared to N**et Current Assets** of Euro 463.6 million as of December 31, 2009. The decrease is due to the maturing within 2011 of long-term borrowings of Euro 2,082.8 million. The Group's plans to address this shortfall are discussed under sections D(b) and G, below.

B. STRATEGY- OBJECTIVES

According to the 2011-2014 Business Plan presented to the Company's Board of Directors on December 17, 2010, OTE's vision is to secure growth and market leadership by providing the ultimate customer experience, to offer innovative high speed solutions through an optimal integrated infrastructure and to create value for its shareholders and its society.

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

Increase customer satisfaction

- Retain the Company's retail market share and create new sources of revenues (IP-TV, satellite TV, etc.)
- Improve the customer experience at every contact
- Optimize sales channels
- Further develop and expand the bundled offerings

Gradually upgrade network

- Transform into NGA step-by-step
- Enhance network and IT platforms to boost broadband and enable provision of new products
- Leverage existing infrastructure to better address wholesale market

Improve operational efficiency

- Reduce cost
- Optimize and automate processes by using advanced IT systems
- Develop workforce capabilities and engagement

C. SIGNIFICANT EVENTS OF THE YEAR 2010

Share Option Plan

On January 28, 2010, OTE's Board of Directors decided on and approved the granting of 1,259,078 Additional Options to the executives of OTE and its subsidiaries, 672,018 Basic Options to the executives of OTE and 336,780 Basic and 2,403,560 Additional Options to the executives of COSMOTE Group for the year 2009. The preferential purchase price is equal to Euro 11.26.

IKA-ETAM

By his letter dated January 19, 2010, the Minister of Labor and Social Security informed OTE that IKA-ETAM has incurred significant deficits attributable to the incorporation of the pension segment of TAP-OTE from August 1, 2008 into IKA-ETAM, and that further deficits are also anticipated for 2010. In his letter the Minister further explained that such deficits are currently covered primarily by the Greek State and partially absorbed by IKA-ETAM, he indicated that OTE should also contribute funds towards these deficits and requested a meeting with OTE's Chief Executive Officer in order to discuss the relevant issues. The meeting was held on January 26, 2010 where the two parties agreed to establish a committee to discuss the issues raised. A first meeting of this committee took place on February 11, 2010 and OTE requested the Ministry of Labor and Social Security's ("Ministry") official positions in writing. On February 23, 2010, the Ministry formally advised OTE that as a result of the Voluntary Leave Scheme it has estimated that IKA-ETAM has foregone contributions and pensions of approximately Euro 340.0. Furthermore, it also noted that the relevant outstanding contributions currently paid by OTE on a monthly basis, should be settled in full.

OTE examined the Ministry's position, however, its view is that this position is unsubstantiated, given that OTE has fulfilled and continues to fulfill in their totality all the financial obligations it has towards all social security funds, paying all contributions, as they are due, both in the context of its normal course of business, as well as the ones related to the company's voluntary retirement plans, strictly following all relevant laws, rules and regulations.

Therefore, in reply to the above mentioned letter, on March 9, 2010, OTE, in a letter to the Ministry, responded to all the specific issues included therein and reiterated its position that OTE fulfils in their totality all the financial obligations arising from L. 3371/2005 and the relevant Ministerial Decision, and requested that the Ministry address the pending issue regarding the issuance of the necessary decisions by the pension funds, in order to enable the participants of the Voluntary Leave Scheme of L. 3762/2009 to receive their pension entitlements.

Based on article 3 of the F/10051/27177/2174 Ministerial Decision issued at the end of March 2010, the additional financial burden of the Pension Sector of IKA-ETAM, the Auxiliary Insurance Sector for OTE personnel of TAYTEKO and the Medical Segment of TAYTEKO as derives from articles 2 and 4 of the Collective Labor Agreement signed between OTE and OME-OTE on July 20, 2005, should be paid for by OTE in a lump-sum to the above sectors by the last working day of September 2010. The amount of this additional financial burden would be determined by an actuarial study that would be performed by the Directorate of Actuarial Studies of the General Secretariat for Social Security in conjunction with the Directorate of Actuarial Studies and Statistics of IKA-ETAM by August 31, 2010.

On May 11, 2010 OTE filed an appeal against this Ministerial Decision before the Administrative Court of First Instance of Athens, requesting the annulment of article 3 as based on the Legal Department's assessment, it is in contravention of article 34 of L. 3762/2009 and consequently, there are valid grounds for the annulment of this article. On May 15, 2010 OTE also filed an appeal requesting the suspension of enforcement of this Ministerial Decision before the same Court. The hearing for the suspension of enforcement was held on June 8, 2010, before the Athens Administrative Court and the Court with its decision dated September 16, 2010 rejected OTE's request. Following this decision, subject to a positive outcome of a second request for suspension of enforcement that is OTE's right after the announcement of the actuarial study, OTE will be legally obliged to pay the disputed amount of the actuarial study in advance of legal proceedings, irrespective of the fact that the Company's position is that there are good grounds that OTE will finally win this case in court.

By its letter dated January 21, 2011 and received by OTE on January 28, 2011, the Ministry notified OTE of the completion of the actuarial studies and handed over to OTE a copy of such actuarial studies, pursuant to article 3 of the Ministerial Decision 10051/27177/2174, for the estimation of the additional financial burden of the pension funds, incurred by OTE's Voluntary Leave Scheme based on L. 3371/2005, stating that additional studies will follow for the estimation of the additional financial burden of the pension funds, incurred by OTE's Voluntary Leave Scheme based on L. 3762/2009. The additional financial burden that the above mentioned actuarial studies state that incurred based on L. 3371/2005, amounts to Euro 129.8 million.

OTE has a legal right and considers the option to file a new petition requesting suspension of enforcement of article 3 of the Ministerial Decision based on new legal grounds, once it has received a payment demand from the pension funds. At this stage, no reliable estimate can be made whether the suspension (fully or partially) will be granted or not.

The fact that the announcement of the results of the actuarial study eliminates the uncertainty regarding the amount of the obligation, together with the above mentioned inability to assess whether it is probable to take the suspension (given the first rejection) led to the conclusion that at this stage the existing contingent liability has crystallized. Furthermore, based on the provisions of IAS 10, this development should be treated as an adjusting subsequent event and therefore the amount of the actuarial study should be recorded in the 2010 financial statements. With respect to the additional studies that will be performed (based on the Ministry's notification), OTE has not recorded any provision in its financial statements, as the amount cannot be reliably estimated until the announcement of such studies. As a result of all the above, the amount of Euro 129.8 million was recorded in the consolidated and separate income statement of 2010 and is included in the line "Cost of early retirement program".

OTE's early retirement program

On December 23, 2009, the management of OTE approved an early retirement program according to which employees who would complete the number of years required for retirement by December 29, 2010, would be entitled to benefits in order to retire by December 30, 2010. The deadline for the applications for participating in this early retirement program was on January 15, 2010. The respective cost amounted to Euro 36.5 million and is included in the line "Cost of early retirement program" in the consolidated and separate income statement for 2010.

ROMTELECOM's and ZAPP's restructuring plans

By virtue of decisions by ROMTELECOM's CEO, dated February and April 2010, ROMTELECOM announced the restructuring of specific departments within the company. During 2010, 1,136 employees voluntarily terminated their employment contracts and an amount of Euro 24.2 million, which was fully paid, is included in the line "Cost of early retirement program" in the consolidated income statement of 2010.

A total of 350 employees of ZAPP (COSMOTE's subsidiary) voluntarily terminated their employment contracts and an amount of Euro 2.6 million, representing the relative costs which was fully paid, is included in the line "Cost of early retirement program" in the consolidated income statement of 2010.

OTE's tax audit

The tax audit of the Company for the fiscal years 2006-2008 was completed in early May 2010 and the tax authorities imposed additional taxes amounting to Euro 57.7 million. The Company has accepted a partial settlement for an amount of Euro 37.7 million. Furthermore, based on the findings of the tax audit, the Company has reassessed the income tax expense for the year 2009 and an additional tax expense of Euro 6.3 million was required. The amount settled with the tax authorities, the additional estimate for 2009, less the previously established provision for open tax years of Euro 14.0 million resulted in an amount of Euro 30.0 million being charged to the income statement of 2010. The remaining amount of taxes imposed (Euro 20.0 million) relates to costs associated with OTE's Voluntary Leave Scheme and the early retirement programs. OTE decided not to include this particular item in the partial settlement and has appealed against the tax authorities' position before the administrative courts. Based on the respective law, the Company was required to pay an advance of approximately Euro 5.0 million (25% of the assessed taxes and penalties) in order to appeal, which will be reimbursed to the Company in the event of a favorable court outcome. Based on the management's assessment, OTE considers there are good grounds to believe that OTE will win this case in court. The amount was partially offset with claims from tax authorities of Euro 4.4 million and as a result OTE paid Euro 0.6 million.

New tax law

The new Law 3842/23-4-2010 introduces two separate corporate income tax rates for distributed and undistributed profits of legal entities. More specifically:

- Non-distributed profits are taxed at a tax rate of 24% (reduced annually by 1 percentage point until it reaches 20% by 2014).
- Distributed profits are taxed at a tax rate of 40%.
- No further withholding tax is imposed on dividends.

The new tax law applies to profits arising from the fiscal year 2010 onwards or to the profits of previous accounting periods distributed after December 31, 2010. The distribution of profits of previous accounting periods within 2010 is still taxed under the current regime (withholding tax of 10% is applicable).

Taxation of 40% on distributed profits of the legal entities exhausts the tax liability in case the beneficiaries are legal entities. In cases where such legal entities proceed to the distribution of profits, in which dividends from other legal entities are included, the part of tax already paid for those dividends is deducted from the 40% tax imposed on distributed profits.

Special contribution Law 3845/2010

According to Law 3845/2010 "Measures for the application of the support scheme of the Greek Economy by the Members of the Euro Zone and the International Monetary Fund" a special contribution was imposed on Greek profitable entities calculated on their total net income for the fiscal year 2009 based on a progressive scale up to 10% of their total net income. The contribution was initially estimated to approximately Euro 99.4 million and Euro 46.0 million for the Group and the Company, respectively and it was charged to the consolidated and separate income statement in the second quarter of 2010. The amount would be finalized after the receipt of the respective notifications by the tax authorities. The Company evaluated the possibility (after the payment of the above mentioned contribution) of requesting a refund of approximately Euro 30.1 million of such special contribution relating to dividend income derived from its subsidiaries' 2008 profits, on which a special contribution has already been imposed based on the requirements of L. 3808/2009. Based on the instructions/clarifications given in December 2010 from the Ministry of Finance with respect to the special contribution imposed with L. 3845/2010, the amount of the special contribution which derives from the dividend income received from a subsidiary from profits of this subsidiary on which a special contribution has been paid (either from L. 3845/2010 or L. 3808/2009) is refunded to the Company. As a result, the amount of Euro 30.1 million was deducted from the special contribution of the Group and the Company, and the total charge for the year 2010 amounted to Euro 69.3 million for the Group and Euro 15.9 million for the Company. The special contribution will be paid in 2011 in twelve monthly installments.

OTE PLC loans

In February 2010, notes under the Global Medium-Term Note Program of OTE PLC of Euro 1,500.0 million nominal value 5,375% notes maturing in February 2011 were reclassified to the "Short-term portion of long-term borrowings" in the consolidated statement of financial position. In May and December 2010, OTE PLC proceeded with partial buybacks of notes of a total nominal amount of Euro 99.6 million under the aforementioned notes. The repurchased notes have been cancelled. In November 2010, notes under the Global Medium-Term Note Program of OTE PLC of Euro 650 million nominal value 3.75% notes maturing in November 2011 were reclassified to the "Short-term portion of long-term borrowings" in the consolidated statement of financial position.

With respect to the Notes maturing in 2011, the Group's refinancing strategy will combine the use the Group's excess liquidity, capital markets issuance or syndicated banks loan or a shareholder loan from DEUTSCHE TELEKOM AG (see also section G below).

In relation to the shareholder loan from DEUTSCHE TELEKOM AG, OTE's ordinary General Assembly has approved the granting of special permission pursuant to article 23a, paragraph 2 of C.L.2190/1920, for the conclusion of a loan offered by DEUTSCHE TELEKOM AG to OTE, under financial terms and conditions equal to or better than the financial terms and conditions offered by a third party.

Loan to TAYTEKO

Based on L. 3762/2009 (Voluntary Leave Scheme program for 600 employees) OTE was required to grant an interest-free long-term loan to TAYTEKO for the Lump Sum benefits that TAYTEKO will be required to pay to these employees. The respective loan agreement was signed in late June 2010 for a nominal amount of Euro 30.0 million, being an interest free loan with a duration of 22 years. At the date of the contractual commitment the loan was discounted to its present value and as a result an amount of approximately Euro 18.6 million was charged as a finance expense in the 2010 income statement, out of which Euro 0.6 million was unwinded until December 31, 2010. As of December 31, 2010 the total amount of Euro 30.0 million had been drawn down.

Dividend distribution

On June 16, 2010, the General Assembly of OTE's Shareholders approved the distribution of a dividend from 2009 profits of a total amount of Euro 93.1 million or Euro 0.19 per share. Pursuant to Law 3697/2008, dividends approved by General Meetings convened after January 1, 2009, are subject to 10% withholding tax which will be borne by the beneficiary, however, the related law provides for certain exceptions.

ZAPP

The Group acquired ZAPP on October 31, 2009. The net assets recognized in the December 31, 2009 consolidated financial statements were based on a provisional assessment of fair value. The valuation of the net assets acquired was completed in June 2010 and an additional amount of Euro 25.2 million was recognized as goodwill, mainly resulting from the decrease in the fair values of property, plant and equipment as provisionally assessed. As a result, total goodwill arising from the acquisition of ZAPP amounted to Euro 58.7 million.

AMC

As of December 31, 2010 COSMOTE holds directly a 14.76% stake in AMC's share capital after buying a further 2.18% for an amount of approximately Euro 7.9 million. As a result of the above transaction, COSMOTE holds directly or indirectly 97.21% of AMC.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

During 2010, an impairment test was carried out on OTE's participation in COSMOONE, OTE ACADEMY and VOICENET as there were indications that the carrying values were not recoverable. The results of the impairment test showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 0.1 million, Euro 1.6 million and Euro 0.6 million, respectively, was recognized in the 2010 separate income statement in the line "Impairment of investments" (2009: an impairment loss of Euro 0.1 million, Euro 0.3 million and Euro 0.3 million was recognized for COSMOONE, OTE ACADEMY and VOICENET respectively).

CAPITAL REDUCTION OF SUBSIDIARIES

In December 2010, OTE ESTATE's Extraordinary General Assembly of Shareholders approved the reduction of its share capital by Euro 40.9 million as a result of a reduction in nominal amount of its shares from Euro 2.43 to Euro 2.23. As at December 31, 2010, the return of capital had not yet taken place.

In December 2010, HELLAS COM's Extraordinary General Assembly of Shareholders approved the reduction of its share capital by Euro 4.0 million as a result of a reduction in nominal amount of its shares from Euro 9.5 to Euro 1.5. As at December 31, 2010, the return of capital had not yet taken place.

In December 2010, OTESAT MARITEL's Extraordinary General Assembly of Shareholders approved the reduction of its share capital by Euro 7.0 million as a result of a reduction in nominal amount of its shares from Euro 3.54 to Euro 1.55. As at December 31, 2010, the return of capital had not yet taken place.

In December 2010, OTE INSURANCE's Extraordinary General Assembly of Shareholders approved the reduction of its share by Euro 0.5 million as a result of a reduction in nominal amount of its shares from Euro 2.93 to Euro 0.43. As at December 31, 2010, the return of capital had not yet taken place.

In November 2010, OTE INTERNATIONAL INVESTMENTS LTD's Extraordinary General Assembly of Shareholders approved the reduction of its share capital by Euro 31.5 million as a result of a reduction in nominal amount of its shares from Euro 1.71 to Euro 1.58. As at December 31, 2010, the return of capital had not yet taken place.

IMPAIRMENT OF ROMTELECOM'S ASSETS

As at December 31, 2010, an impairment test was performed by ROMTELECOM with respect to its property, plant and equipment as there were indications that its carrying value exceeds the recoverable amount. The impairment test was performed based on a discounted cash-flow model, using cash-flow projections from financial budgets approved by management and a discount rate of 9.75%. As a result of the impairment test mentioned above, an impairment loss of Euro 244.5 million was charged in the 2010 consolidated income statement and is included in the line "Depreciation, amortization and impairment".

TELECOM SRBIJA

Until December 31, 2009, with respect to its investment in TELEKOM SRBIJA, OTE had concluded that, primarily because of the 80% interest of the Serbian government, it did not exercise significant influence over TELEKOM SRBIJA. Furthermore, since TELEKOM SRBIJA's shares are not publicly traded and OTE did not have availability to timely updated financial information required for a reliable measurement of its investment in TELEKOM SRBIJA, such investment was carried at cost.

In 2010, OTE re-assessed its position as to whether it can exercise significant influence over TELEKOM SRBIJA and concluded that, for the same reasons referred to above, its position remained unchanged.

Furthermore, OTE re-assessed its position with respect to its ability to reliably measure the fair value of its investment in TELEKOM SRBIJA, considering all the developments that occurred during the year as described below.

During the third quarter of 2010, the Government of Serbia ("GoS") initiated the sale process of a 51% stake in TELEKOM SRBIJA, out of the GoS stake or jointly with OTE's 20% stake, if OTE would be interested. OTE's Board of Directors, on December 17, 2010, decided that it would agree to sell OTE's stake in TELEKOM SRBIJA, subject to a satisfactory price and certain other conditions. The process is on-going and the GoS is expecting to receive binding bids by March 21, 2011.

In the context of the above sale process, OTE has been allowed access to additional financial information relating to TELEKOM SRBIJA and, with the assistance of external advisors appointed by OTE to support it during the sale process, proceeded with evaluating such information for the purpose of inter alia, making a reliable measurement of TELEKOM SRBIJA's fair value. The outcome of this exercise so far has been a materially wide range of fair value estimates, primarily due to the significant variability in various market and economic assumptions and uncertainties on various parameters affecting the future performance of TELEKOM SRBIJA dependent on the GoS actions. Consequently, OTE concluded that it cannot, so far, reasonably assess probabilities on the derived fair value estimates and, therefore, as of December 31, 2010, its investment in TELEKOM SRBIJA remained at cost. It is noted that the lower end of the above mentioned fair value estimates exceeds the carrying amount of TELEKOM SRBIJA in OTE's financial statements.

In early January 2011, the GoS formally announced to OTE a "minimum reference price" based on which the GoS would be willing to sell a controlling stake in TELEKOM SRBIJA. On January 26, 2011, OTE's Board of Directors decided that, should the reference price as set by the GoS (or higher) be reached, then OTE would agree to sell its stake at that price. If the selling price were set at a lower level, OTE would re-consider its position.

Furthermore, OTE examined if, following the decision of its Board of Directors to sell its stake in TELEKOM SRBIJA as referred to above, the criteria for classifying its investment as held-for-sale were met. OTE, considering that the selling process and plan is driven by the GoS, concluded that it cannot reasonably assess if such sale meets the criterion of being highly probable, as required by IFRS 5 and, consequently, that the criteria for classifying TELEKOM SRBIJA as held-for-sale as of December 31, 2010, were not met.

D. RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

a) Credit risk

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

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

Trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and their diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is considered to exist for amounts receivable from the telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Group and the Company. For this category the Group and the Company assess the credit risk following the established policies and procedures and have made the appropriate provision for impairment.

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

Cash and cash equivalents are considered to be exposed to a high level of credit risk, in light of the macroeconomic conditions placing significant pressure on the banks. The Group and the Company follow cash management guidelines, while both country and counterparty exposures are centrally monitored. Most of the Group's cash is invested in highly rated counterparties and with a very short term tenor.

Financial instruments classified as available-for-sale and held-for-trading include listed shares, mutual funds and other securities. The financial asset categories are not considered to expose the Group and the Company to a significant credit risk.

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

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and credit facilities to meet the financial obligations when due. The Group's and the Company's cash and cash equivalents as at December 31, 2010 amounts to Euro 1,004.3 million and Euro 189.0 million, respectively and their debt amounts to Euro 5,299.8 million and Euro 2,834.5 million, respectively. With respect to the Notes maturing in 2011, the Group's refinancing strategy will combine the use the Group's excess liquidity, capital markets issuance or syndicated banks loan or a shareholder loan from DEUTSCHE TELEKOM AG (see also section G below).

For the monitoring of the liquidity risk, the Group prepares forecasted cash flows on a frequent basis.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will result in fluctuations of the value of the Group's and the Company's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

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

i. Interest rate risk

Interest rate risk is the risk that payments for interest on loans fluctuate due to changes in interest rates.

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

As of December 31, 2010, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 91%/9% (2009: 91%/9%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
(amounts in millions of Euro)	2010	2009	2010	2009
Floating interest rate	479.8	503.3	-	-
Fixed interest rate	4,820.0	4,918.6	2,834.5	2,930.1
TOTAL	**5,299.8**	**5,421.9**	**2,834.5**	**2,930.1**

As of December 31, 2010, one interest rate swap agreement was outstanding, namely a fixed-to-floating swap with a notional amount of Euro 65.0 million used by OTE PLC. The post hedging fixed to floating ratio is 90%/10%.

The following table demonstrate the sensitivity to a reasonable possible change in interest rates on loans, deposits and derivatives to the income statement.

Sensitivity to an interest rates increase of 1%:

	GROUP		COMPANY	
(amounts in millions of Euro)	2010	2009	2010	2009
Profit before tax	5.2	4.7	1.9	2.2

If interest rates were to decrease by 1%, the impact would be similar and opposite to the analysis above.

ii. Foreign currency risk

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

The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies. The main currencies within the Group are the Euro, Ron (Romania) and the Lek (Albania).

Capital Management

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

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

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

The table below shows an increase in the gearing ratio in 2010 compared to 2009 mainly due to a decrease in equity partially offset by a decrease in net debt:

GROUP (amounts in millions of Euro)	**December 31**	
Net debt	**2010**	**2009**
Borrowings	5,299.8	5,421.9
Cash and cash equivalents	(1,004.3)	(868.8)
Other financial assets	(12.5)	(35.4)
Net debt	4,283.0	4,517.7
Equity	1,652.6	1,884.1
Gearing ratio	**2.59x**	**2.40x**

d) Other risks

Regulatory framework

Regulatory and competitive pressures affect OTE's ability to set competitive retail and wholesale tariffs, which may adversely affect its ability to compete effectively. Under applicable laws, regulations and related decisions, the Hellenic Telecommunications and Post Committee ("HTPC") has the jurisdiction to assess OTE's tariffs. Regulatory limitations imposed on OTE's ability to set tariffs often require it to charge tariffs which are higher or, in certain cases, significantly higher than those charged by its competitors for the same services, as its competitors do not have such a significant market share and are not therefore subject to the same pricing constraints. If OTE cannot efficiently reduce the cost of providing its services and the level of its tariffs to be more competitive in a timely manner, it could experience a material adverse effect on its business and financial condition.

Potential impairment losses

In conjunction with the conditions in many markets in which the Group has invested, the Group faces challenges regarding the financial outlook of some of its subsidiaries. In this respect, impairment losses may incur relating to the recognized amounts of goodwill allocated to these subsidiaries, or even more to these subsidiaries' assets.

Additional contributions to pension funds

As previously discussed, the Ministry of Labor and Social Security notified OTE that additional studies will follow for the estimation of the additional financial burden of the Insurance Funds, incurred by OTE's voluntary retirement scheme based on L. 3762/2009.

Furthermore, based on actuarial studies performed in prior years and on current estimations, the pension funds show (or will show in the future) increasing 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.

Additional tax burdens

As previously discussed, in 2009 and in 2010 the Greek State imposed special tax contributions which materially affected the Group's and the Company's income statement. Given the current fiscal position of the Greek State, additional fiscal measures may be taken, which could have a material adverse effect on the Group's and the Company's financial condition.

E. CORPORATE GOVERNANCE STATEMENT

This Statement covers all of the principles and practices adopted by the Company in order to ensure its efficiency, the interests of shareholders and all other interested parties. The structure of this Statement of Corporate Governance focuses on the following topics:

A. Statement of compliance with the Code of Corporate Governance
B. Deviations from the Code of Corporate Governance and explanations
C. Corporate Governance practices beyond the requirements of the Law or the Code
D. Board of Directors and Committees that consist by members of the Board
E. General Assembly and Shareholders' rights
F. Matters of internal control and risk management of the Company in relation to financial reporting process

By strengthening its procedures and structures, the Company ensures not only the compliance with the regulatory framework, but also the development of corporate culture, based on the values of entrepreneurship and ethics and on the protection of shareholders' and other parties' interests.

As a listed company in the Athens Exchange, OTE complies with the legislation in force and with the Corporate Governance Code of the Hellenic Federation of Enterprises ("SEV"), regarding corporate governance practices.

The principles and practices followed by the Company are reflected in the Articles of Incorporation, the Internal Regulation of Operations, the Code of Ethics and Business Conduct and in other regulations or policies of the Company regulating its operations as described here below.

A. Statement of compliance with the Code of Corporate Governance

The Company complies with the specific practices for listed companies laid down in the regulation of SEV, which can be found on the website http://www.sev.org.gr/online/index.aspx and http://www.sev.org.gr/Uploads/pdf/KED_TELIKO_JAN2011.pdf.

B. Deviations from the Code of Corporate Governance and explanations

More specifically, as per today, the following deviations should be mentioned from the above Code:

(1) The Board of Directors does not determine whether a candidate fulfils the independence criteria before being proposed for election at the General Assembly. However, there is a procedure whereby, during the meeting of the General Assembly for the election of members of the Board of Directors, the independence issues as provided for by L.3016/2002 and by the Code of SEV are mentioned, in order the shareholders to have the necessary information for the submission of their proposals. Also, after the election of independent members and the acceptance of their duties to the Board of Directors and its Committees, the independent members sign a statement confirming that the impediments of article 4 of L. 3016/2002 do not exist. In accordance with the above procedure the Board of Directors has ensured that the independent members fulfill the independence criteria (paragraph 2.4 of the Code).

(2) Neither the Articles of Incorporation nor the Regulation of Operations of the Board of Directors provide that the Independent Vice Chairman may request the convening of a meeting and include specific items in the agenda. Two (2) members of the Board of Directors may request the convening of a meeting as provided by law. Also, there is no specific procedure whereby the Independent Vice Chairman may coordinate the communication between executive and non-executive members of the Board of Directors. Moreover, a separate meeting of non-executive members of the Board of Directors without the presence and participation of the executive members in not provided (paragraph 3.4 of the Code).

(3) Other professional commitments of the members of the Board of Directors (including significant non-executive commitments to other companies and non-profit institutions) are not disclosed to the Company. However, according to the law, each member must disclose in a timely manner their own interests, and any other conflict of interests with those of the Company and its affiliated companies (paragraph 4.2 of the Code).

(4) There is no procedure in place providing that the appointment of an executive member of the Board of Directors as non-executive in an affiliated company, pursuant to article 42e par.5 of the CL 2190/1920, has to be approved by OTE's Board of Directors of OTE (paragraph 4.3 of the Code).

(5) There is no Committee established for the election of candidates for members of the Board of Directors after submission of nominations and there is no evaluation process of the members of the Board of Directors and its Committees. Law does not provide for the formation of this Committee and the Company has not provided to establish such a Committee (paragraph 5.4 of the Code).

(6) The Company's Articles of Incorporation does not provide for electronic or by mail voting at the General Assemblies. Though, the Board of Directors has the ability to establish such a procedure, according to the law. However, pursuant to article 28a par.8 of CL 2190/1920, a Ministerial Decision is required in order to define the specifications on ensuring the identity of the voting shareholder. This Ministerial Decision has not yet been issued (Part DII 1.2 of the Code).

For the issues referred in this Statement as deviations from the Code of Corporate Governance of SEV there are no legal requirements or regulatory provisions set by the Hellenic Capital Market Commission, while the above Code has been recently issued and there was no sufficient time to amend or supplement the Company's internal rules and practices, pursuant to the laws regulating its operations.

C. Corporate Governance practices beyond the requirements of the Law or the Code

OTE Group has adopted a Compliance Management System (CMS), regarding the compliance with the legislation in force and the internal policies, aiming at avoiding of risks and other legal consequences for the Company and all the personnel – employees and management. The system safeguards the Company's, employees', customers', suppliers' and shareholders' interests.

The key elements of the CMS are a) the prevention of misconduct together with the compliance with the policies, in order the Company and its employees to be protected from any legal consequences due to this misconduct; the CMS contributes in reducing the reputational risks of the Group b) the continuous training in order the employees to be informed about the risks of corruption, fraud, misuse of personal data, manipulation of financial statements, disclose of inside business information, etc. and c) the detection of compliance violations, the investigation thereat and the proposal of remedies and measures deemed necessary.

In the framework of the CMS, specific **policies** have been adopted describing the principles and rules that apply to the Group and specific procedures are strictly followed. In the framework of the CMS the following policies have been adopted:

- Policy on abuse of inside information of OTE Group
- Policy on donations and sponsorships of OTE Group
- Policy on acceptance and offering of corporate gifts of OTE Group
- Fraud policy of OTE Group
- Policy on organizing corporate events of OTE Group
- Whistle blowing policy of OTE Group
- Policy on conflict of interest
- Code of conduct for the protection of individual's right to privacy in the handling of personal data within OTE Group
- Code of ethics for senior financial officers

D. Board of Directors and the Committees that consist by members of the Board

1. Board of Directors (Role, Composition and Operation)

1.1. The Board of Directors is the top administrative body of the Company. Its aim is to safeguard the general interests of the Company and ensure its operational efficiency.

1.2. Pursuant to the provisions of the Articles of Incorporation, as in force:
The Board of Directors consists of nine (9) up to eleven (11) members, which may be or not be shareholders of the Company and the exact number is defined by the General Assembly. The members are distinguished between executive and non-executive members; at least two of the members of the Board must be independent. The members are elected by the General Assembly, which also appoints the independent members, serving for a three (3) year term. The members can always be reelected and can be revoked any time by the General Assembly. In the event of resignation, death or any other reason of one or more than one members prior to the expiration of their term, the Board shall, with at least five (5) of the remaining members, present or represented, either elect substitute(s) for the remaining term of service of the member(s) being replaced and under the same capacity of executive, non-executive or independent members or continue the management of the business affairs and the representation of the Company without electing such substitute(s). Any such election(s) are announced at the next General Assembly (ordinary or extraordinary), which can replace the elected members, even if such announcement has not been included in the agenda of such General Assembly.

1.3 The General Assembly of 24/6/2009 has defined the number of the Board Directors to (10), which have been elected for a three year term, ending at the date of the Ordinary General Assembly in 2012. Four (4) of the above members are independent.

The table below includes the members of the Board of Directors from 1/1/2010 until 31/12/2010:

Name	Capacity	Date of appointment (most recent)	End of Term
Michael Tsamaz	Chairman and CEO, Executive member	3/11/2010	2012
Panagis Vourloumis	Chairman and CEO, Executive member	24/6/2009	3/11/2010
Dimitrios Tzouganatos	Vice-Chairman, Independent Non Executive member	23/6/2010	2012
Charalambos Dimitriou	Vice-Chairman, Non Executive member	24/6/2009	18/6/2010
Kevin Copp	Executive member	24/6/2009	2012
Guido Kerkhoff	Non Executive member	24/6/2009	2012
Rainer Rathgeber	Non Executive member	19/2/2010	2012
Eustathios Anestis	Non Executive member	23/6/2010	2012
Nikolaos Karamouzis	Non Executive member	23/6/2010	2012
Michael Bletsas	Independent Non Executive member	23/6/2010	2012
Panagiotis Tabourlos	Independent Non Executive member	24/6/2009	2012
Vasileios Fourlis	Independent Non Executive member	23/6/2010	2012
Hamid Akhavan-Malayeri	Non Executive member	24/6/2009	19/2/2010
Iordanis Aivazis	Executive member	24/6/2009	18/6/2010
Leonidas Evaggelidis	Independent Non Executive member	24/6/2009	18/6/2010
Konstantinos Michalos	Independent Non Executive member	24/6/2009	18/6/2010
Ioannis Benopoulos	Independent Non Executive member	24/6/2009	18/6/2010

The changes in the composition of Board of Directors during 2010 can be summarized as follows:

- Mr Hamid Akhavan-Malayeri submitted his resignation on 19/2/2010 and was replaced by Mr Rainer Rathgeber.
- Vice-Chairman Mr Charalambos Dimitriou and members Messers Iordanis Aivazis, Leonidas Eyaggelidis, Konstantinos Michalos and Ioannis Benopoulos submitted their resignations on 18/6/2010 and thereafter (on 23/6/2010) were replaced by Messers Nikolaos Karamouzis, Eustathios Anestis, Dimitrios Tzouganatos (who was appointed Vice Chairman), Vasileios Fourlis and Michael Bletsas, respectively.
- The Board of Directors on 3/11/2010 revoked the appointment of Mr Panagis Bourloumis as Chairman and CEO. Thereafter – on the same date – Mr. Panagis Vourloumis resigned from his position as a member of the Board of Directors and was replaced by Mr. Michael Tsamaz.

The CV's of the members of the Board of Directors are listed on the Company's website:
http://www.ote.gr/portal/page/portal/InvestorRelation/CorporateGovernance/BoardofDirectors/composition

1.4. According to the Company's Articles of Incorporation[1]:

The Board of Directors as part of its responsibilities:

- Convenes Ordinary or Extraordinary General Assemblies of Shareholders and proposes on their agenda.
- Prepares and approves the Company's annual financial reports and submits them to the General Assembly of Shareholders.
- Approves the Company's strategy and decides upon the establishment of subsidiaries or upon the Company's participation in the share capital of other companies (domestic or foreign).
- Is informed systematically on the course of the Company's business and the implementation of its plan with a view to protecting the Company's broader interests.
- Decides upon share capital increases through the issuance of new shares and convertible bonds, following the authorization granted by the General Assembly of Shareholders.
- Decides upon the issue of convertible or exchangeable bonds.

[1]http://www.ote.gr/portal/page/portal/InvestorRelation/CorporateGovernance/diafaneiapliroforisi/regulations

The Board of Directors may delegate its powers to its members, executive directors, third parties or Committees, determining the extent of that delegation for the following matters (indicated but limited to):

- financial issues,
- matters related to subscribers, subscribers' complaints – requests,
- matters of labour law, health and safety of the Company's employees, who are employed by the Company on any kind of contractual or project basis,
- matters of personal data of the Company's personnel, on intellectual property matters in case intellectual property rights are infringed by creation of archives, saving, processing, transmitting or distribution of works of intellectual property without the permission of the creators through IT systems owned or used by the Company,
- matters related to compliance with personal data legislation and privacy of communications,
- matters related to compliance with market police orders regarding the products and/or services of the Company,
- matters regarding the products and/or services of the Company and/or third parties provided through the Company's network,
- matters regarding compliance with fire brigade legislation or with police orders or with any administrative order concerning the operation of the Company's shops and infrastructure, technical or not.

Finally, the Articles of Incorporation provide for special matters, which cannot be further delegated as the decisions on these matters should necessarily be taken by the Board of Directors.

The Chairman sets the agenda of the meetings, chairs the meetings of the Board and coordinates its works.

The Board of Directors shall meet whenever deemed necessary or upon request to the Chairman by at least two (2) members. Without prejudice to the relevant articles of the Articles of Incorporation on specific quorums and majorities on special matters, the Board of Directors is in quorum and convenes validly when half-plus-one of its members are present; nevertheless, the number of members present should not be less than three (3). Resolutions are reached by simple majority, unless otherwise provided by L. 2190/1920 as currently in force, or by the Company's Articles of Incorporation.

1.5. The Regulation of Operations of the Board of Directors, which has been approved by the Board of Directors, regulates the details of the procedure followed on convening, meeting and deciding. It also refers to the powers of the Chairman and the Vice-Chairman of the Board of Directors.

Concisely, according to the above Regulation, the Chairman is elected by the members and may also hold the position of the CEO. Today, Mr Michael Tsamaz holds the positions of Chairman of the Board of Directors and CEO. The Vice-Chairman, Mr. Dimitrios Tzouganatos is an independent non-executive member of the Board of Directors.

1.6. During 2010 the Board of Directors met 22 times. In principle, the Board of Directors meets at least once a month.
The presences of each member of the Board of Directors during 2010 are described in the following table:

Name	NUMBER OF MEETINGS DURING THE TERM	NUMBER OF MEETINGS BEING PRESENT	NUMBER OF MEETINGS BEING REPRESENTED
Michael Tsamaz	5	5	-
Panagis Vourloumis	18	18	-
Dimitrios Tzouganatos	13	13	-
Charalambos Dimitriou	9	8	1
Kevin Copp	22	21	1
Guido Kerkhoff	22	19	3
Rainer Rathgeber	20	19	1
Eustathios Anestis	13	13	-
Nikolaos Karamouzis	13	11	2
Michael Bletsas	13	13	-
Panagiotis Tabourlos	22	22	-
Vasileios Fourlis	13	11	2
Hamid Akhavan-Malayeri	1	1	-
Iordanis Aivazis	9	9	-
Leonidas Evaggelidis	9	8	1
Konstantinos Michalos	9	6	2
Ioannis Benopoulos	9	8	1

1.7. In accordance with the business practice, the members of the Board of Directors are briefed on issues related to the Company, during the meetings of the Board of Directors or the discussion of the items of the agenda, as well as whenever there is a need for an update through communication between the Chairman and the members (by relevant information memos).

1.8. Board of Directors Compensation Policy
Pursuant to the Articles of Incorporation, the terms and conditions under which the members of the Board of Directors receive remuneration, compensation and benefits are proposed by the Board of Directors and approved by the General Assembly.

In case the members of the Board of Directors are employed with the Company, they receive the compensation provided under their employment contract and are not eligible to the compensation paid to the other members of the Board of Directors.

For the fiscal year 2010, the Ordinary General Assembly of Shareholders held on June 16, 2010 has determined the Board of Directors members' remuneration for their participation in the meeting of the Board of Directors in the amount of Euro 2,250 "net" per month, regardless of the number of meetings.

Moreover, the Extraordinary General Assembly, held on July 23, 2010, decided to cover the travel/ sojourn expenses of the members of the Board of Directors for their attendance at the meetings of the Board and it's Committees, from and to the country of their permanent residence, provided that are not covered by their employers as follows:

- In the event of air transportation, OTE will assume the fare of "business class" ticket, for flights with duration of more than four hours and the fare of "economy class" ticket for flights with duration of less than four hours.
- OTE will assume the sojourn expenses, at the place where the meetings will be held, for up to two overnight stays per transfer.

1.9. In the Code of Ethics and Business Conduct as approved by the Board of Directors (article 9) and in the Group Policy on Conflict of Interest, special references are made on the issue of Conflict of Interest of the members of the Board of Directors. The abovementioned Policies provide that the Board members (including employees of the Company), must refrain from any act which may give rise to a conflict of their personal interests- or members of their families -with those of OTE or its affiliated companies. Specifically:

- Employees and members of the Board of Directors are not allowed to maintain, directly or indirectly, any material economic interest (as the latter is defined each time in the Internal Operations Regulations) in vendors, customers, competitors or other undertakings, if such interest may influence their business decisions.
- Employees and members of the Board of Directors cannot accept or allow a member of their family to accept money, gifts, loans, entertainment services or favourable treatment from anyone maintaining business relations with OTE or being an OTE competitor.

In conjunction with the above-mentioned, the Company's Internal Regulation of Operations provides for the monitoring of economic activities and financial transactions of the members of the Board of Directors and the persons carrying out managerial duties with significant customers or suppliers of the Company, as well as the financial transactions concerning shares issued by OTE, derivatives or other financial instruments linked to them.

In addition, there are relevant provisions in the policies that have been prescribed in the Compliance Management System of OTE Group, such as the Policy on acceptance and offering of corporate gifts of OTE Group and the Policy on abuse of inside information of OTE Group.

2. Board of Directors Committees – Composition – Responsibilities - Compensation

Two Committees have been formed and operate in the Company the members of which are members of the Board of Directors. These are the Audit Committee and the Compensation and Human Resources Committee. In particular:

2.1. The Audit Committee consists of three independent members of the Board of Directors, nominated by the General Assembly of Shareholders according to article 37 of Law 3693/2008.

The Audit Committee during 2010 consisted of the following members:
Until June 2010, the members were Mr Panagiotis Tabourlos (Chairman – Expert on Financial Matters), Mr Leonidas Evaggelidis and Mr Ioannis Benopoulos. As from July 2010, the members are Mr Panagiotis Tabourlos (Chairman – Expert on Financial Matters), Mr Dimitrios Tzouganatos and Mr Vasileios Fourlis.

For the fiscal year 2010, by resolution of the Ordinary General Assembly held on June 16, 2010, the compensation of the Chairman and the members of the Audit Committee, for their participation in its meetings was determined as follows:
(a) Chairman: Euro 1.350 "net" per meeting.
(b) Members: Euro 1.080 "net" per meeting.

According to the Regulation of its Operation[2], the Audit Committee holds at least four (4) meetings every year. During 2010, it held fifteen (15) meetings.

The Chairman and the members participated in all meetings during their term. The framework for the operation of the Audit Committee is described in the Regulation of Operation of the Audit Committee, as approved by the Board of Directors.

Concisely, the objective of the Audit Committee is to support the Company's Board of Directors in the exercise of the latter's supervisory authority and the fulfillment of the latter's obligations towards shareholders, the investment community and third parties, especially with regards to the financial reporting process.

In 2010, the Audit Committee dealt with all issues provided in its Regulation including, among others:

- The approval and monitoring of the Company's Internal Audit activities.
- The assessment of the accuracy and consistency of Financial Statements.
- The assurance of the Certified Auditors' independence, in relation to the services provided by the latter to the companies of OTE group.
- The monitoring of the results of management's testing, in relation to compliance with SOX 404.
- The review of the annual 20-F Form which is filed with the US Securities and Exchange Commission.
- The expression of opinion on the appointment of certified auditors.
- The handling of complaints and allegations.

The Audit Committee has a frequent communication with the Internal Audit during the course of its operations, as described above. In this context, the General Director of Internal Audit is invited and participates in most of the meetings of the Audit Committee. The external auditors are also invited and participate, when the semi-annual and annual financial statements of the Company are reviewed.

2.2. Compensation and Human Resources Committee, which is appointed by the Company's Board of Directors and consists of a minimum three members of the Board of Directors, at least two of them being non executive.

The Committee during 2010 consisted of the following members:
Until February 2010, the members were Messers Charalambos Dimitriou (Chairman), Hamid Akhavan-Malayeri and Ioannis Benopoulos. Following the resign of Mr Hamid Akhavan-Malayeri, from February and until June 2010, the members were Messers Charalambos Dimitriou (Chairman) Ioannis Benopoulos and Guido Kerkhoff. Since June 2010, the members are Messers Nikolaos Karamouzis (Chairman), Kevin Copp και Guido Kerkhoff.

For the fiscal year 2010, by resolution of the Ordinary General Assembly held on June 16, 2010, the compensation of the Chairman and the members of the Committee, for their participation in its meetings was determined on the amount of Euro 540 "net" per meeting.

According to the Regulation of its Operation, the Compensation and Human Resources Committee holds at least two (2) meetings every year. During 2010 the Committee held four (4) meetings.

The Chairman and the members participated in all meetings during their term.

The framework for the operation of the Committee is described in the Regulation of Operation of the Compensation and Human Resources Committee, which has been approved by the Board of Directors.
Concisely, the objective of the Committee is to:

- Set the principles of the Company's human resources policy, that will guide the decisions and actions of the management
- Define the Company's compensation and remuneration policy.
- Approve the schemes and plans concerning compensation, benefits, stock options and bonuses.
- Propose to the Board of Directors the compensation and benefits of the Managing Director.
- Study and process issues related to the Company's human resources.
- Set the principles of Corporate Social Responsibility.

[2]http://www.ote.gr/portal/page/portal/InvestorRelation/CorporateGovernance/diafaneiapliroforisi/regulations

In 2010, the Committee dealt with the following issues:

- Determination of the bonus that should be paid to the former Chairman of the Board of Directors and Managing Director (CEO) for 2009, and his compensation for 2010.
- Determination of the terms of the contract between the Company and the new Chairman of the Board of Directors and Managing Director (CEO).

E. General Assembly and Shareholder's Rights

1. General Assembly - Operation and Powers

According to article 15 of the Company's Articles of Incorporation, the General Assembly of Shareholders is the foremost body of the Company and has the right to resolve upon all matters concerning the Company unless otherwise specified in these Articles of Incorporation. Every shareholder of fully paid in shares having the right to vote may participate in the General Assembly of Shareholders according to the number of shares held. The resolutions of the General Assembly also bind those shareholders who are absent or disagree.

The General Assembly of Shareholders is convened by the Board of Directors pursuant to the provisions of the Law and meets mandatorily at the registered office of the Company, or the region of another municipality within the prefecture of the Company's registered office, or another municipality neighboring the Company's registered office or in the region of the municipality where the Stock Exchange is located, at least once every financial year and within six (6) months from the end of the financial year. The Board of Directors may convoke the General Assembly of Shareholders in an extraordinary meeting, if deemed expedient.

The notification of the ordinary or extraordinary General Assembly of Shareholders and of every repeated General Assembly must specify the venue, the date and the time of the meeting, the items of the agenda, the shareholders that have right to participate, as well as precise instructions on how the shareholders will be able to participate in the meeting and exercise their rights. The Board of Directors decides on the items of the agenda and on the convocation of the General Assembly of Shareholders in the same meeting. The notification is posted at a visible position at the Company's registered office and is published pursuant to the provisions in force.

The General Assembly is in quorum and convenes validly on the issues of the agenda when at least twenty (20) percent of its paid-in share capital is represented. In the event that such quorum is not reached during the first convocation a new repeated assembly is held within twenty (20) days. The repeated assembly is in quorum and convenes validly with the same agenda items, irrespectively of the percentage of the paid in share capital represented. The resolutions of the General Assembly are adopted upon an absolute majority of the votes represented at the assembly.

Exceptionally, according to article 20 of the Articles of Incorporation, the General Assembly is in quorum and convenes validly only if two thirds (2/3) of the paid-in share capital are represented, with respect to the following matters:

(a) Merger or dissolution of the Company.
(b) Increase or decrease of the share capital, with the exception of cases which are governed by different provisions under the law or the present Articles of Incorporation.
(c) Issuance of bond loans convertible to shares.
(d) Amendment of the manner of distribution of profits.
(e) Increase of the liability of shareholders.
(f) Limitation or cancellation of the preemption rights of existing shareholders in the event of increases of share capital in cash or contributions in kind.
(g) Amendment of the special majority of the Board of Directors provided in Article 6 paragraph 1 of the Articles of Incorporation.
(h) Amendment of Article 20.

In the event that the quorum of the preceding paragraph is not achieved during the first assembly, the first repeated assembly is held, within twenty (20) days of this assembly, which is in quorum and convenes validly when at least one half (1/2) of the paid in share capital is represented. In the event that this second quorum is not achieved, the General Assembly convenes once again within twenty days after the first repeated assembly, and is in quorum and convenes validly when at least one third (1/5) of the paid in share capital is represented. The resolutions on the above issues are adopted upon a majority of two thirds (2/3) of the votes represented at the assembly.

2. Participation of the Shareholders

2.1. Any natural person or legal entity, recognized as a shareholder according to the registry of the Dematerialized Securities System (managed by the Hellenic Exchanges S.A.) in which the shares of the Company are recorded, is entitled to participate in the General Assembly provided that must qualify as a shareholder on the Record Date, i.e. at the beginning of the fifth day before the date of the General Assembly.

Proof of qualification as a shareholder either via a relevant written certification of the above organization or, alternatively, through the direct electronic link of the Company with the records of the Hellenic Exchanges S.A. must be submitted to the Company at the latest, the third day before the date of the General Assembly.

Only those who qualify as shareholders on the aforementioned Record Date are entitled to participate and vote in the General Assembly. Shareholders who are not in compliance with the provisions of article 28a of C.L. 2190/1920 may participate in the General Assembly only after the Assembly's approval.

The exercise of the above rights does not require blocking of shares or any other similar processes that would restrict the possibility of sale and transfer of shares during the period between the Record Date and the General Assembly.

The information of article 27 paragraph 3 of C.L. 2190/1920 including the invitation, the forms of appointment and revocation of a proxy holder, the procedure of voting by proxy, the draft resolutions for the agenda items, as well as further information regarding the exercise of minority rights of article 39, paragraphs 2, 2a, 4 and 5 of C.L. 2190/1920 are available in electronic form on the Company's website.

In line with article 27 paragraph 3, cases c, d, e of C.L. 2190/1920, all the documents, related to the exercise of voting rights, will also be available in hard copy at the Company's competent department.

2.2. Shareholders may participate in the General Assembly and may either vote in person or by proxy holders. Each shareholder may appoint up to 3 proxy holders. Legal entities may participate in the General Assembly by appointing up to 3 natural persons as proxy holders. However, if a shareholder has shares of the Company held in more than one securities account, the above limitation shall not prevent the shareholder from appointing a separate proxy holder as regards shares held in each securities account. A proxy holder, acting on behalf of several shareholders may cast votes differently in respect of shares held by each shareholder so represented.

The appointment and the revocation of the appointment of a proxy holder shall be made in writing and shall be notified to the Company following the same procedure, at least 3 days before the date of the General Assembly. The forms for the appointment and revocation of a proxy holder are available on the Company's website. The appointment form of a proxy holder, completed and signed by the shareholder must be submitted to the Company at least 3 days before the date of the General Assembly. The shareholders are requested to ensure the successful dispatch of the form and receipt thereof by the Company.

In case a shareholder appoints a bank as a proxy holder for the exercise of his voting rights in the General Assembly, the above-mentioned procedure shall be followed.

The Company does not provide for shareholders' participation and voting in the General Assembly via electronic or long-distance means.

The proxy holder is obliged to disclose to the Company, before the commencement of the General Assembly, any fact which might be useful to the shareholders in assessing whether the proxy holder might pursue any interest other than the interest of the represented shareholder. A conflict of interest within this context may in particular arise where the proxy holder:
a. Is a controlling shareholder of the Company, or is another entity controlled by such shareholder;
b. Is a member of the Board of Directors or the management of the Company, or of a controlling shareholder or an entity controlled by such shareholder;
c. Is an employee or an auditor of the company, or of a Controlling shareholder or an entity controlled by such shareholder;
d. Is a spouse or close relative (of 1st degree) with a natural person referred to in points (a) to (c).

3. Minority Shareholders Rights

a. Shareholders representing 1/20 of the paid-in share capital may request from the Board of Directors of the Company to include in the agenda of the General Assembly additional items, provided that the relevant request is communicated to the Board of Directors at least 15 days before the General Assembly. The request for an additional item on the agenda must be accompanied by a justification or a draft resolution to be adopted in the General Assembly. The revised agenda is made available in the same manner as the previous agenda 13 days before the General Assembly and at the same time, it is made available to the shareholders on the Company's website, together with the justification or the draft resolution that had been submitted by the shareholders in line with article 27 paragraph 3 of C.L. 2190/1920.

b. Following a request of shareholders, representing 1/20 of the paid-in share capital, the Board of Directors makes available to the shareholders the draft resolutions for the items included in the initial or revised agenda, in accordance with article 27 paragraph 3 of C.L. 2190/1920, at least 6 days before the General Assembly, if the relevant request is communicated to the Board of Directors at least 7 days before the General Assembly.
c. Following the request of any shareholder, communicated to the Company at least 5 full days before the General Assembly, the Board of Directors must provide to the General Assembly, the requested, specific information with respect to matters of the Company, to the extend this information is useful for the actual assessment of the items on the agenda. The Board of Directors may refuse to provide information on the grounds of a substantial cause, which must be mentioned in the minutes. The Board of Directors may provide an overall response to requests of shareholders of the same content. The obligation of providing information does not exist if the relevant information is already available on the Company's website, especially in a question and answer format.
d. Following a request of shareholders representing 1/5 of the paid-in share capital which is communicated to the Company 5 complete days before the General Assembly, the Board of Directors must provide to the General Assembly information with respect to the course of the Company affairs and the financial condition of the Company. The Board of Directors may refuse to provide this information on reasonable grounds which must be mentioned in the minutes.

In the aforementioned cases, the shareholders who are communicating a request, must provide proof of their qualification as shareholders as well as the number of shares held by them at the moment of the exercise of the relevant right. The presentation of a certification of the Hellenic Exchanges S.A or the verification of a shareholder's qualification through the direct electronic link of the Hellenic Exchanges S.A and the Company, may be recognized as such proofs.

F. Matters of internal control and risk management of the Company in relation to financial reporting process

OTE Group applies specific controls over financial reporting which aims to prevent or detect time material errors in the financial statements and ensure the appropriateness of financial statements, the effectiveness and efficiency of operational requirements and adherence to rules, regulations and applicable laws. Based on both quantitative and qualitative materiality levels, those consolidated legal entities and processes are identified and included in its scope. The processes are documented, the responsibilities and relevant policies are identified and controls are designed and applied on a continuous basis by the management and the personnel.

Corporate Governance best principles and practices constitute an integral part of the Internal Control System (ICS) which contributes to the effective and secure operation of the Company. Management tests and evaluates the internal controls annually and provides a written assurance of the effectiveness of the system.

The responsibility of the Internal Audit function is to provide an opinion on the ICS for every area under review that result from its Annual Audit Plan. The Annual Audit Plan approved by the Audit Committee is the result of a risk assessment methodology of potential risks as well as an evaluation of the Internal Control System.

Internal Audit provides assurance on the risk management processes that are applied throughout all the various functions and activities of the company via a systematic disciplined approach to risk assessment and the effectiveness and efficiency of risk management procedures.

Additionally, at the end of 2010 a Risk Management unit was established within the Internal Audit Function for the purpose of designing and implementing a framework for the identification, evaluation and quantification of potential risks managed by all Company functions. Such a framework will further contribute to the development of the risk-based audit planning process.

The risk management and internal control systems significantly focus on the mitigation and avoidance of risks related to the financial reporting processes. The Internal Audit function contributes to this framework through the performance and follow-up of specific audit activities.

The examination of the Internal Control and risk management systems by the Board of Directors is supported by the Audit Committee's supervision of the Internal Audit activities.

Furthermore, there are additional mechanisms that support the examination and review process performed by the Board of Directors. Indicatively, the principles and policies comprise the Compliance Management System, the Compliance Function, The Compliance Committee, the Compensation and Human Resources Committee, as well as the Audit Committee.

The issues of article 10 paragraph 1 c) d) f of the *Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids* and in particular the significant direct and indirect shareholdings; the holders of any securities with special control rights and the description of those rights; the restrictions on voting rights, have already been described in Chapter H of the Board of Directors Report "Information pursuant to article 4.7 of L.3556/2007".

The issues on the rules governing the appointment and replacement of board members, the amendment of the Articles of Incorporation and the powers of board members have already been described here above.

F. MATERIAL TRANSACTIONS WITH RELATED PARTIES

OTE's related parties have been identified based on the requirements of IAS 24 "Related Party Disclosures".

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

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

	2010		2009	
(amounts in millions of Euro)	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	140.9	105.6	162.4	116.1
OTE INTERNATIONAL INVESTMENTS LTD	0.5	4.1	0.6	4.3
HELLAS-SAT	0.5	2.0	0.5	1.6
COSMO-ONE	-	0.5	0.1	0.8
VOICENET	3.8	3.4	5.3	4.2
HELLASCOM	0.2	8.5	0.2	8.3
OTE SAT – MARITEL	1.2	2.0	1.1	2.0
OTE PLUS	0.4	33.7	0.4	34.8
OTE ESTATE	2.5	61.5	2.0	61.9
OTE-GLOBE	40.8	84.1	35.0	84.3
OTE ACADEMY	0.1	4.8	-	5.0
ROMTELECOM	-	0.4	-	-
HT HRVATSKE	-	-	0.1	0.6
TOTAL	**190.9**	**310.6**	**207.7**	**323.9**

Purchases and sales of the Group with related parties which are not eliminated in the consolidation are analyzed as follows:

	2010		2009	
(amounts in millions of Euro)	Group's Sales	Group's Purchases	Group's Sales	Group's Purchases
TELEKOM DEUTSCHLAND	16.0	10.4	12.6	9.1
HT HRVATSKE	0.2	0.1	0.3	0.6
COMBRIDGE	3.1	0.2	4.5	0.1
DETEKON	-	-	-	0.6
ORBITEL	0.1	0.4	-	0.5
T-SYSTEMS	-	0.1	1.2	-
T-MOBILE CZECH	0.3	0.1	0.3	0.1
T-MOBILE UK	1.0	0.5	0.8	0.4
T-MOBILE AUSTRIA	0.4	0.5	0.2	0.1
T-MOBILE NETHERLANDS	0.5	0.1	0.4	0.1
T-MOBILE USA	0.3	0.3	0.3	0.4
T-MOBILE HUNGARY	0.6	0.2	0.1	0.1
T-MOBILE HRVASKA	0.2	0.4	0.1	0.1
T-MOBILE TELEKOMUNIKASYON	-	0.4	-	-
T-MOBILE SLOVENSKO	0.1	-	-	-
PCT POLSKA TELEFONIA	0.7	0.5	0.4	-
TOTAL	**23.5**	**14.2**	**21.2**	**12.2**

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

	2010		2009	
(amounts in millions of Euro)	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
COSMOFON	-	-	1.1	-
OTE PLC	-	161.0	-	179.6
TOTAL	**-**	**161.0**	**1.1**	**179.6**

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

(amounts in millions of Euro)	2010	2009
COSMOTE	151.2	282.2
OTE ESTATE	37.0	18.9
OTE SAT – MARITEL	1.7	1.0
OTE PLUS	-	0.4
OTE INTERNATIONAL INVESTMENTS LTD	2.0	-
TOTAL	**191.9**	**302.5**

Amounts owed to and by the related parties as a result of OTE's transactions with them are analyzed as follows:

	2010		2009	
(amounts in millions of Euro)	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	61.2	59.9	47.2	52.5
OTE INTERNATIONAL INVESTMENTS LTD	0.2	1.1	0.1	1.2
HELLAS-SAT	0.2	0.9	0.4	0.4
COSMO-ONE	-	0.2	0.1	0.2
VOICENET	0.9	0.6	1.1	0.9
HELLASCOM	-	2.0	-	1.8
OTE SAT – MARITEL	2.6	4.5	2.2	2.0
OTE PLUS	0.2	15.6	0.1	12.3
OTE ESTATE	1.3	13.7	1.2	0.7
OTE-GLOBE	61.5	96.3	47.3	71.5
OTE ACADEMY	0.4	0.5	0.4	-
ROMTELECOM	0.2	0.1	-	-
TOTAL	**128.7**	**195.4**	**100.1**	**143.5**

Amounts owed to and by the related parties as a result of the Group's transactions with them, which are not eliminated in the consolidation, are analyzed as follows:

	2010		2009	
(amounts in millions of Euro)	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
TELEKOM DEUTSCHLAND	5.3	8.2	6.9	0.6
DETEKON	-	-	-	0.1
COMBRIDGE	0.3	-	0.6	-
ORBITEL	-	-	-	0.1
T-SYSTEMS	0.1	-	0.1	-
T-MOBILE HUNGARY	0.1	0.1	0.1	0.2
T-MOBILE CZECH	0.1	0.1	0.1	0.2
T-MOBILE UK	0.3	0.9	0.1	0.7
T-MOBILE AUSTRIA	0.1	0.1	-	0.3
T-MOBILE NETHERLANDS	-	0.2	-	0.3
T-MOBILE USA	0.6	1.7	1.9	3.8
PCT POLSKA TELEFONIA	0.1	0.3	-	-
T-MOBILE HRVATSKA	-	0.1	-	-
T-MOBILE INTERNATIONAL	-	1.0	-	-
TOTAL	**7.0**	**12.7**	**9.8**	**6.3**

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

	2010		2009	
(amounts in millions of Euro)	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	2,938.0	-	3,038.2
TOTAL	**-**	**2,938.0**	**-**	**3,038.2**

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

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 4.3 million and Euro 5.0 million for the years 2010 and 2009, respectively.

As of December 31, 2010, 2,462,489 options under OTE's share based payment plan have been granted to the Company's key management personnel.

G. SIGNIFICANT EVENTS AFTER THE YEAR END

The most significant events after December 31, 2010 are as follows:

DEBT REFINANCING

Drawdown of existing Euro 332.0 million Revolving Credit Facility

On January 26, 2011 OTE PLC drew in full the Euro 332.0 million Revolving Credit Facility under the Euro 850.0 million Syndicated Facility. The facility bears floating interest rate.

Intercompany loans from OTE PLC

On January 26, 2011, OTE proceeded with the full drawdown of the amount of Euro 332.0 million under the intercompany loan from OTE PLC.

New Euro 150.0 million Revolving Credit Facility granted by DEUTSCHE TELEKOM AG

On January 31, 2011 OTE PLC signed a Euro 150.0 million Revolving Credit Facility with DEUTSCHE TELEKOM AG with the guarantee of OTE, maturing on January 31, 2012 which remains undrawn as a liquidity reserve.

New Euro 900.0 million Revolving Credit Facility (Bond Loan)

On February 9, 2011, OTE signed a Euro 900.0 million Revolving Credit Facility (Bond Loan) with a consortium of banks. The facility has a tenor of 2 years with a 1-year extension option at the discretion of the banks. The facility bears floating interest rate where the margin is dependent on OTE credit rating assigned by Moody's and Standard & Poor's as well as on the facility's utilization. Any undrawn amounts will bear a commitment fee.

On February 10, 2011, OTE drew Euro 600.0 million and used the proceeds for the repayment of the loan from OTE PLC maturing on February 13, 2011. The remaining undrawn amount Euro 300.0 million serves as a liquidity reserve.

The facility contains a change of control clause which is triggered if an entity (other than DEUTSCHE TELEKOM AG, DEUTSCHE TELEKOM AG together with the Hellenic Republic, or any telecommunication operator based in Greece or abroad with rating equivalent or better than DEUTSCHE TELEKOM AG) gains control of OTE.

The facility also includes two financial covenants, namely:

- The ratio of Group Net Borrowings to Group EBITDA should not exceed 3:1 at all times and
- The ratio of Group EBITDA to Group Net Interest Payable should exceed 5:1 at all times.

Repayments of intercompany loans granted from OTE PLC

On February 11, 2011, OTE proceeded with the following repayments to intercompany loans granted from OTE PLC:

- Repayment of the remaining outstanding balance of Euro 970.4 million under the intercompany facility maturing on February 13, 2011, along with accrued interest due.
- Partial prepayment of Euro 88.0 million under the intercompany loan maturing in August 2013, along with accrued interest.

Bonds issued by OTE PLC

In February 2011, the following bonds were issued by OTE PLC under its Global Medium-Term Note Program with the guarantee of OTE, amounting to Euro 146.0 million and subscribed by the following Group companies:

- On February 2, 2011, Euro 42.1 million bond subscribed by HELLAS-SAT, maturing in September 2011,
- On February 7, 2011, Euro 53.9 million bond subscribed by OTE INTERNATIONAL INVESTMENTS LTD, maturing in September 2011, and
- On February 9, 2011 Euro 50.0 million bond subscribed by ROMTELECOM, maturing in November 2011.

Redemption of Euro 1,400.4 million Notes due February 2011

In January 2011 and February 2011, OTE PLC proceeded with partial repurchases of total nominal amount of Euro 29.7 million under the notes due February 2011. The total amount paid including accruals amounts to Euro 31.2 million. On February 14, 2011, OTE PLC proceeded with the full redemption of the remaining outstanding amount of Euro 1,370.7 million notes along with the payment of accrued interest.

DERIVATIVES

In January 2011, ROMTELECOM proceeded with the conclusion of two additional Euro / Korean Won FX Non Deliverable Forward (NDF) agreements with the purpose of hedging the remaining exposure in Korean Won currency stemming from its outstanding loans in Korean Won. The notional amount of the above NDFs was equivalent to Euro 10.6 million.

BOND BUYBACK BY OTE PLC

On February 21, 2011, OTE PLC repurchased Euro 5.0 million of the Euro 900.0 million 4.625% Notes due on May 20, 2016. The repurchased Notes have been cancelled.

CAPITAL REDUCTION OF SUBSIDIARIES

In January 2011 OTE received from its subsidiaries the amounts arising from their share capital reduction reducing the carrying value of its investments by the equivalent amounts. Specifically, OTE received from HELLASCOM Euro 4.0 million, from OTE ESTATE Euro 40.9 million, from OTESAT-MARITEL Euro 6.6 million, from OTE INSURANCE Euro 0.5 million and from OTE INTERNATIONAL INVESTMENTS LTD Euro 30.0 million.

OTE PROPERTIES DISSOLUTION AND LIQUIDATION

In February 2011, the Extraordinary General Assembly of Shareholders of OTE PROPERTIES (OTE ESTATE's wholly-owned subsidiary) has decided to proceed with the dissolution and liquidation of OTE PROPERTIES.

H. INFORMATION ACCORDING TO ARTICLE 4.7 OF LAW 3556/2007

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

The Company's share capital amounts to one billion, one hundred seventy one million, four hundred fifty-nine thousand, four hundred twenty-nine Euro and seventy one cents (1,171,459,429.71) and is divided into four hundred ninety million, one hundred fifty thousand, three hundred eighty nine (490,150,389) registered shares of a nominal value of two Euro and thirty nine cents (Euro 2.39) each.
According to the Company's share registry as of December 31, 2010 the Company's ownership was as follows:

Shareholder	Number of shares	Percentage %
Greek State	63,371,292	12.93%
D.E.K.A. S.A.	15,052,773	3.07%
IKA–ETAM	19,606,015	4.00%
DEUTSCHE TELEKOM AG	147,045,118	30.00%
Institutional Investors	195,742,035	39.94%
Private Investors	49,333,156	10.06%
TOTAL	**490,150,389**	**100.00%**

All of the Company's shares are common, registered with voting rights and there are no special shareholder categories. The Company's shares are listed on the Athens Exchange under the High Capitalization category. Until September 19, 2010, OTE ADRs (American Depositary Receipts) were also listed in the New York Stock Exchange. Following OTE's delisting from NYSE, OTE ADRs now trade in the US OTC (Over the Counter) market. OTE GDRs (Global Depositary Receipts) are also listed on London Stock Exchange.

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

Any shareholder that has in their 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. The Greek State, as shareholder, is represented at the General Assembly by the Minister of Finance or by a representative.

Each share is entitled to one vote.

The Company's shareholders are entitled to receive dividends. According to the Company's Articles of Incorporation the minimum dividend provided to all the shareholders is set to be the maximum amount of either six percent (6%) of share capital or thirty five percent (35%) of net profits.

According to the Company's Articles of Incorporation the General Assembly may decide on the allocation of the remaining profits at its own discretion; for instance, the Assembly may decide on the distribution of shares to Company employees and its affiliated companies. The shares for such a distribution would be derived from share capital increases through capitalization of profits or be 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 in their possession. Shareholders' rights are the ones determined by the provisions of Law 2190/1920.

<u>(b) Restrictions in the transfer of the Company's shares</u>

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

Exceptionally, according to article 11 of Law 3631/2008 (FEK A 6/2008) the acquisition by a shareholder other than the Greek State or state related entities as described in article 42E 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 Inter-ministerial Privatization Committee of Law 3049/2002 which is granted under the requirements of this Law.

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

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

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

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

<u>(c) Significant direct or indirect investments</u>

Significant ownership in the share capital of the Company as of December 31, 2010, according to Law 3556/2007 (FEK A' 91/2007), was as follows:
1. The Greek State which as shareholder holds directly 12.93% of the paid-up share capital of the Company and indirectly 3.07% of the paid-up share capital through DEKA S.A. Based on the agreement signed on March 4, 2009 for the transfer of 4% of OTE's share capital from the Greek State to IKA-ETAM, the latter undertakes to exercise its voting rights corresponding to the above shares, in coordination with the Greek State and has to instruct individuals who will be authorized to exercise the voting rights at any General Assembly of the OTE's shareholders on its behalf in the same way the Greek State does.
2. DEUTSCHE TELEKOM AG's direct participation in OTE's paid-up share capital which stands at 30.00%, corresponding to 147,045,118 shares, with respective voting rights.

As of December 31, 2010, the Company is not aware of any other shareholder who holds, has acquired or has transferred to a third person or corporate body the ownership of 5% or more of its paid-up share capital with the respective voting rights.

<u>(d) Owners of shares that offer special control rights</u>

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

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

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

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

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

Also in the transfer agreement signed on March 4, 2009 between the Greek State and the public entity under the name "Institute for Social Security - Unified Insurance Fund for Employees" (IKA-ETAM), restrictions on transfer of shares (right of the Greek State to buy back shares of IKA-ETAM and preference in case of sale) are provided. Also the same contract provides restrictions on the exercise of voting shares held by IKA-ETAM. These limitations are imposed on the contractual parties of each agreement.

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

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

In particular according to the provision in the Articles of Incorporation the Board of Directors consists of nine (9) up to eleven (11) members, elected by the General Assembly, which also defines the number of members. The term of each Board Member is three years and their service term commences on the day of the member's election by the General Assembly and terminates on the Annual General Assembly of the year when the three years from their election are completed.

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

By resolution of the General Assembly the members of the Board of Directors are ten (10).

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

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

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

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

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

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

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

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

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

The General Assembly of Shareholders decided on April 7, 2009 to approve the purchase of the Company's 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. The Board of Directors with its 2830/6.5.2009 decision delegated the Chief Executive Officer to implement the above decision of the General Assembly of buying own shares. To date no decision has been taken to effectuate the resolution.

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

The Group has entered into various loan agreements and bond issuance agreements in which a change of control clause of OTE is included. If the clause is activated OTE must proceed with prepayment of the loan in line with what is contractually stipulated.
The wording of the specific clause varies in each contract text as follows:

1) Consortium loan Euro 850.0 million, maturing in September 2012

In the above loan contracts, the clause is activated if there is a change of control of OTE as a consequence of which the credit rating of OTE or the resulting new legal entity is downgraded below BBB/Baa2. The clause is not activated if only a change in control of OTE or only a downgrade of the credit rating of OTE occurs, but both events should simultaneously occur, and also the downgrade of the credit rating should be a result of the change of control.

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

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

2) Bonds of OTE PLC guaranteed by OTE:

- Euro 1,400.4 million maturing in February 2011
- Euro 600.0 million maturing in February 2015 and
- Euro 900.0 million maturing in May 2016.

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

a) Any person or group of persons (other than the Hellenic Republic) 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 assigned to the bonds by international agencies is withdrawn or downgraded to BB+/Ba1 or their equivalent (Sub-investment grade), within a specific period and with specific terms.

The clause is not activated if only a change in control of OTE or only downgrade of the credit rating of OTE occurs, but both events should simultaneously occur, and also the downgrade of the credit rating should be a result of the change of control.

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

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

3) New Euro 900.0 million Revolving Credit Facility (Bond Loan)

On February 9, 2011, OTE signed a Euro 900.0 Revolving Credit Facility (Bond Loan) with a consortium of banks. The facility contains a change of control clause which is triggered if an entity (other than DEUTSCHE TELEKOM AG, DEUTSCHE TELEKOM AG together with the Hellenic Republic, or any telecommunication operator based in Greece or abroad with rating equivalent or better than DEUTSCHE TELEKOM AG' rating at that point in time) gains control of OTE.

OTE'S CREDIT EVALUATION

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

On May 27, 2010, S&P downgraded the credit rating of OTE from BBB to BBB-, on weak performance and deteriorating metrics. The downgrade reflected S&P's expectation that OTE's operating and financial performance would likely remain weak during 2010, due to the expected adverse impact on domestic demand of the Greek government's austerity program and a raft of new corporate taxes.

On December 6, 2010, S&P placed the credit rating of OTE on CreditWatch with negative implications. The review reflects S&P's view that the Greek telecoms market is deteriorating beyond their previous expectations, given a mix of macroeconomic and financial pressures that S&P thinks will cause the Company's performance to deteriorate further in 2011.

On January 11, 2011, Moody's placed the credit rating of OTE on review for possible downgrade. The ratings review process was triggered by Moody's increasing concerns about the macroeconomic environment in Greece, which is increasingly challenging for OTE's performance and will focus on the extent to which the austerity measures implemented by the Greek government might further affect domestic consumption in the medium to long term and therefore curtail OTE's performance.

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

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

Athens, February 24, 2011

Michael Tsamaz
Chairman and Managing Director

III. AUDITORS’ REPORT OF THE FINANCIAL STATEMENTS

ERNST & YOUNG (HELLAS)
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THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the shareholders of the Hellenic Telecommunications Organization S.A.
Report on the separate and consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Hellenic Telecommunications Organization S.A (the "Company") and its subsidiaries, which comprise the separate and consolidated statement of financial position as at December 31, 2010, the separate and consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31, 2010, and of their financial performance and their 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

a) The Director's Report includes statement of Corporate Governance, which comprises the information as defined by paragraph 3d of article 43a, of Codified Law 2190/1290.
b) We confirm that the information given in the Director's Report is consistent with the accompanying separate and consolidated financial statements and complete in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1290.

Athens, 24 February 2011
The Certified Auditors Accountants

ERNST &YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
11th KM NATIONAL ROAD ATHENS-LAMIA
144 51 METAMORFOSI, ATTIKA
SOEL REG. No. 107

CHRIS PELENDRIDIS	GEORGE ANASTOPOULOS
R.N. ICA (GR) 17831	R.N. ICA (GR) 15451

IV. ANNUAL FINANCIAL STATEMENTS

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

ANNUAL FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF DECEMBER 31, 2010

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
as adopted by the European Union

(TRANSLATED FROM THE GREEK ORIGINAL)

The Annual Financial Statements presented on pages 36-100, were approved by the Board of Directors on February 24, 2011 and are signed by:

Chairman & Managing Director	Board Member & Group Chief Financial Officer	OTE Chief Financial Officer	Chief Accounting Officer
Michael Tsamaz	Kevin Copp	George Mavrakis	Konstantinos Vasilopoulos

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

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STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP 2010	GROUP 2009[1,2]	GROUP 1.1.2009[1]	COMPANY 2010	COMPANY 2009[1]	COMPANY 1.1.2009[1]
ASSETS							
Non-current assets							
Property, plant and equipment	4	5,061.9	5,596.2	5,872.8	1,864.0	2,026.7	2,191.5
Goodwill	5	572.4	577.4	525.1	-	-	-
Telecommunication licenses	6	331.9	365.0	329.5	2.1	2.5	3.0
Other intangible assets	7	455.5	523.5	550.7	-	-	-
Investments	8	156.5	157.0	156.6	4,778.2	4,777.4	4,890.0
Loans and advances to pension funds	18	126.2	154.5	194.5	126.2	154.5	194.5
Deferred tax assets	21	260.4	278.7	311.2	195.2	203.6	212.4
Other non-current assets	9	154.7	127.3	120.7	120.6	83.8	112.4
Total non-current assets		**7,119.5**	**7,779.6**	**8,061.1**	**7,086.3**	**7,248.5**	**7,603.8**
Current assets							
Inventories		160.8	229.1	201.3	27.9	31.1	32.2
Trade receivables	10	1,010.8	1,153.0	1,194.2	534.8	608.0	697.5
Other financial assets	11	12.5	35.4	135.9	2.1	16.3	119.6
Other current assets	12	229.9	255.6	261.6	108.6	108.7	99.8
Cash and cash equivalents	13	1,004.3	868.8	1,427.8	189.0	224.0	344.5
Total current assets		**2,418.3**	**2,541.9**	**3,220.8**	**862.4**	**988.1**	**1,293.6**
Assets classified as held for sale		-	-	167.7	-	-	-
TOTAL ASSETS		**9,537.8**	**10,321.5**	**11,449.6**	**7,948.7**	**8,236.6**	**8,897.4**
EQUITY AND LIABILITIES							
Equity attributable to owners of the Parent							
Share capital	14	1,171.5	1,171.5	1,171.5	1,171.5	1,171.5	1,171.5
Share premium	14	510.6	505.1	497.9	510.6	505.1	497.9
Statutory reserve	15	347.2	344.1	330.2	347.2	344.1	330.2
Foreign exchange and other reserves	15	(147.3)	(162.0)	(23.9)	(60.1)	(102.9)	(95.4)
Changes in non-controlling interests	8	(3,321.5)	(3,321.5)	(3,315.2)	-	-	-
Retained earnings		2,539.1	2,589.2	2,559.8	1,401.2	1,430.0	1,527.9
Total equity attributable to owners of the Parent		**1,099.6**	**1,126.4**	**1,220.3**	**3,370.4**	**3,347.8**	**3,432.1**
Non-controlling interests		553.0	757.7	861.3	-	-	-
Total equity		**1,652.6**	**1,884.1**	**2,081.6**	**3,370.4**	**3,347.8**	**3,432.1**
Non-current liabilities							
Long-term borrowings	17	3,211.4	5,385.7	5,409.6	1,715.4	2,930.1	3,288.2
Provision for staff retirement indemnities	18	306.6	316.8	310.2	273.6	293.0	289.4
Provision for voluntary leave scheme	18	29.9	109.9	107.2	29.9	109.9	107.2
Provision for youth account	18	301.4	361.9	342.4	301.4	361.9	342.4
Deferred tax liabilities	21	66.3	117.9	116.7	-	-	-
Other non-current liabilities	19	43.5	66.9	79.2	21.5	35.8	46.0
Total non-current liabilities		**3,959.1**	**6,359.1**	**6,365.3**	**2,341.8**	**3,730.7**	**4,073.2**
Current liabilities							
Trade accounts payable		695.2	813.2	943.9	351.5	373.1	526.1
Short-term borrowings	20	5.6	3.3	5.1	-	-	-
Short-term portion of long-term borrowings	17	2,082.8	32.9	633.0	1,119.1	-	18.9
Income tax payable	21	70.9	133.2	58.0	1.6	41.0	4.0
Deferred revenue		249.0	256.6	228.4	233.1	225.3	158.4
Provision for voluntary leave scheme	18	189.4	149.0	275.8	189.4	149.0	275.8
Dividends payable	16	2.3	4.2	3.8	2.3	4.2	3.8
Other current liabilities	22	630.9	685.9	838.2	339.5	365.5	405.1
Total current liabilities		**3,926.1**	**2,078.3**	**2,986.2**	**2,236.5**	**1,158.1**	**1,392.1**
Liabilities directly associated with the assets classified as held for sale		-	-	16.5	-	-	-
TOTAL EQUITY AND LIABILITIES		**9,537.8**	**10,321.5**	**11,449.6**	**7,948.7**	**8,236.6**	**8,897.4**

[1] Adjusted due to change in accounting policy (see Note 32).
As at December 31, 2009, the allocation of actuarial gains and losses resulted in an increase in "Provision for staff retirement indemnities" of Euro 50.3 for the Group and Euro 51.4 for the Company, an increase in "Provision for youth account" of Euro 79.6 for the Group and the Company and a decrease in "Other non-current liabilities" (provision for phone credits) of Euro 9.2 for the Group and the Company. The corresponding taxes recognized in "Deferred tax assets" amount to Euro 25.1 for the Group and the Company, resulting in a reduction in equity of Euro 95.6 for the Group and Euro 96.7 for the Company.
As at January 1, 2009, the allocation of actuarial gains and losses resulted in an increase in "Provision for staff retirement indemnities" of Euro 55.3 for the Group and Euro 55.6 for the Company, an increase in "Provision for youth account" of Euro 56.1 for the Group and the Company and a increase in "Other non-current liabilities" (provision for phone credits) of Euro 4.6 for the Group and the Company. The corresponding taxes recognized in "Deferred tax assets" amount to Euro 24.4 for the Group and the Company, resulting in a reduction in equity of Euro 91.6 for the Group and Euro 91.9 for the Company.
[2] Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

The accompanying notes on pages 44-100 form an integral part of these financial statements.

INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP 2010	GROUP 2009[1]	COMPANY 2010	COMPANY 2009[1]
Revenue					
Domestic telephony	23	1,394.1	1,619.6	1,037.9	1,223.4
International telephony	23	200.1	251.1	148.6	183.3
Mobile telephony	23	2,202.4	2,396.2	-	-
Other revenue	23	1,686.2	1,692.0	983.3	1,005.7
Total revenue		**5,482.8**	**5,958.9**	**2,169.8**	**2,412.4**
Other income/ (expense), net	24	**37.0**	**27.9**	**12.5**	**2.3**
Operating expenses					
Payroll and employee benefits		(1,128.3)	(1,190.8)	(679.2)	(712.6)
Provision for staff retirement indemnities and youth account	18	(38.8)	(53.4)	(35.2)	(51.0)
Cost of early retirement program	18	(171.5)	30.3	(144.7)	38.9
Charges from international operators		(190.3)	(184.0)	(109.7)	(129.4)
Charges from domestic operators		(414.6)	(516.3)	(178.2)	(227.6)
Depreciation, amortization and impairment	4,5,6,7	(1,363.0)	(1,155.3)	(374.2)	(424.4)
Cost of telecommunications equipment		(447.3)	(475.1)	(78.8)	(88.7)
Other operating expenses	25	(1,381.1)	(1,399.2)	(440.1)	(474.2)
Total operating expenses		**(5,134.9)**	**(4,943.8)**	**(2,040.1)**	**(2,069.0)**
Operating profit before financial activities		**384.9**	**1,043.0**	**142.2**	**345.7**
Income and expense from financial activities					
Interest expense		(308.2)	(358.0)	(199.1)	(256.8)
Interest income		25.7	61.6	8.4	17.4
Foreign exchange differences, net		(12.1)	10.2	(0.5)	2.7
Dividend income	8	14.2	9.6	206.1	312.1
Gains / (losses) from investments and financial assets	8,11	(4.6)	23.6	(2.3)	(0.1)
Impairment of investments	8	-	-	(2.4)	(0.7)
Total profit /(loss) from financial activities		**(285.0)**	**(253.0)**	**10.2**	**74.6**
Profit before tax		**99.9**	**790.0**	**152.4**	**420.3**
Income tax expense	21	(238.9)	(382.4)	(91.5)	(136.7)
Profit /(loss) for the year		**(139.0)**	**407.6**	**60.9**	**283.6**
Attributable to:					
Owners of the parent		39.6	410.9	60.9	283.6
Non-controlling interests		(178.6)	(3.3)	-	-
		(139.0)	**407.6**	**60.9**	**283.6**
Basic earnings per share	26	0.0808	0.8383		
Diluted earnings per share	26	0.0808	0.8383		

[1]Adjusted due to change in accounting policy (see Note 32).
The reversal of amortization of actuarial gains and losses resulted in a decrease in “Provision for staff retirement indemnities and youth account” of Euro 9.3 for the Group and Euro 8.2 for Company. The above resulted in an increase in “Income tax expense” of Euro 2.4 for the Group and Euro 2.1 for the Company. Interest cost of an amount of Euro 32.8 for the Group and Euro 31.0 for the Company arising from the relative plans is now classified under “Interest expense” rather than in “Provision for staff retirement indemnities and youth account” previously reported.

STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2010	2009[1]	2010	2009[1]
Profit/ (loss) for the year		**(139.0)**	**407.6**	**60.9**	**283.6**
Foreign currency translation		(45.4)	(178.4)	-	-
Net gain/ (loss) on cash flow hedge		6.8	(0.5)	-	-
Actuarial gains/ (losses)		57.7	(13.8)	60.1	(13.8)
Deferred taxes on actuarial (gains)/ losses		(12.9)	2.9	(12.5)	2.9
Net movement in available for sale financial assets	11	(5.0)	3.5	(4.8)	3.4
Other comprehensive income / (loss) for the year		**1.2**	**(186.3)**	**42.8**	**(7.5)**
Total comprehensive income/ (loss) for the year		**(137.8)**	**221.3**	**103.7**	**276.1**
Attributable to:					
Owners of the parent		54.3	272.8	103.7	276.1
Non-controlling interests		(192.1)	(51.5)	-	-
		(137.8)	**221.3**	**103.7**	**276.1**

[1]Adjusted due to change in accounting policy (see Note 32).

STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

	Attributed to equity holders of the parent								
(Amounts in millions of Euro)	Share capital	Share premium	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total	Non-controlling Interest	Total equity
Balance as at January 1, 2009[1]	**1,171.5**	**497.9**	**330.2**	**(23.9)**	**(3,315.2)**	**2,559.8**	**1,220.3**	**861.3**	**2,081.6**
Profit for the year[1]	-	-	-	-	-	410.9	**410.9**	(3.3)	**407.6**
Other comprehensive income / (loss)	-	-	-	(138.1)	-	-	**(138.1)**	(48.2)	**(186.3)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**(138.1)**	**-**	**410.9**	**272.8**	**(51.5)**	**221.3**
Transfer to statutory reserve	-	-	13.9	-	-	(13.9)	**-**	-	**-**
Dividends	-	-	-	-	-	(367.6)	**(367.6)**	-	**(367.6)**
Share-based payment	-	7.2	-	-	**-**	-	**7.2**	-	**7.2**
Net change of participation in subsidiaries	-	-	-	-	(4.7)	-	**(4.7)**	(43.7)	**(48.4)**
Obligation to acquire non-controlling interests	-	-	-	-	(1.6)	-	**(1.6)**	(8.4)	**(10.0)**
Balance as at December 31, 2009[1]	**1,171.5**	**505.1**	**344.1**	**(162.0)**	**(3,321.5)**	**2,589.2**	**1,126.4**	**757.7**	**1,884.1**
Balance as at January 1, 2010	**1,171.5**	**505.1**	**344.1**	**(162.0)**	**(3,321.5)**	**2,589.2**	**1,126.4**	**757.7**	**1,884.1**
Profit / (loss) for the year	-	-	-	-	**-**	39.6	**39.6**	(178.6)	**(139.0)**
Other comprehensive income / (loss)	-	-	-	14.7	-	-	**14.7**	(13.5)	**1.2**
Total comprehensive income / (loss)	**-**	**-**	**-**	**14.7**	**-**	**39.6**	**54.3**	**(192.1)**	**(137.8)**
Transfer to statutory reserve	-	-	3.1	-	**-**	(3.1)	**-**	-	**-**
Dividends	-	-	-	-	**-**	(93.1)	**(93.1)**	(12.6)	**(105.7)**
Withholding tax related to dividend paid out of dividend income subject to withholding tax	-	-	-	-	**-**	6.5	**6.5**	-	**6.5**
Share-based payment	-	5.5	-	-	-	-	**5.5**	-	**5.5**
Balance as at December 31, 2010	**1,171.5**	**510.6**	**347.2**	**(147.3)**	**(3,321.5)**	**2,539.1**	**1,099.6**	**553.0**	**1,652.6**

[1]Adjusted due to change in accounting policy (see Note 32).

STATEMENT OF CHANGES IN EQUITY (SEPARATE)

(Amounts in millions of Euro)	Share capital	Share premium	Statutory reserve	Foreign exchange and other reserves	Retained earnings	Total equity
Balance as at January 1, 2009[1]	**1,171.5**	**497.9**	**330.2**	**(95.4)**	**1,527.9**	**3,432.1**
Profit for the year [1]	-	-	-	-	283.6	**283.6**
Other comprehensive income / (loss)	-	-	-	(7.5)	-	**(7.5)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**(7.5)**	**283.6**	**276.1**
Transfer to statutory reserve	-	-	13.9	-	(13.9)	**-**
Dividends	-	-	-	-	(367.6)	**(367.6)**
Share-based payment	-	7.2	-	-	-	**7.2**
Balance as at December 31, 2009[1]	**1,171.5**	**505.1**	**344.1**	**(102.9)**	**1,430.0**	**3,347.8**
Balance as at January 1, 2010	**1,171.5**	**505.1**	**344.1**	**(102.9)**	**1,430.0**	**3,347.8**
Profit for the year	-	-	-	-	60.9	**60.9**
Other comprehensive income	-	-	-	42.8	-	**42.8**
Total comprehensive income	**-**	**-**	**-**	**42.8**	**60.9**	**103.7**
Transfer to statutory reserve	-	-	3.1	-	(3.1)	**-**
Dividends	-	-	-	-	(93.1)	**(93.1)**
Withholding tax related to dividend paid out of dividend income subject to withholding tax	-	-	-	-	6.5	**6.5**
Share-based payment	-	5.5	-	-	-	**5.5**
Balance as at December 31, 2010	**1,171.5**	**510.6**	**347.2**	**(60.1)**	**1,401.2**	**3,370.4**

[1]Adjusted due to change in accounting policy (see Note 32).

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2010	2009[1]	2010	2009[1]
Cash flows from operating activities					
Profit before tax		99.9	790.0	152.4	420.3
Adjustments for:					
Depreciation, amortization and impairment		1,363.0	1,155.3	374.2	424.4
Share-based payment	29	5.5	7.2	2.4	2.9
Cost of early retirement program	18	171.5	(30.3)	144.7	(38.9)
Provision for staff retirement indemnities and youth account	18	38.8	53.4	35.2	51.0
Provisions for doubtful accounts	25	125.6	107.0	25.9	28.0
Other provisions		(3.4)	-	(4.3)	-
Foreign exchange differences, net		12.1	(10.2)	0.5	(2.7)
Interest income		(25.7)	(61.6)	(8.4)	(17.4)
Dividend income	8	(14.2)	(9.6)	(206.1)	(312.1)
(Gains)/losses and impairments of investments	8,11	4.6	(23.6)	4.7	0.8
Release of EDEKT fund prepayment	18	35.2	35.2	35.2	35.2
Interest expense		308.2	358.0	199.1	256.8
Working capital adjustments:					
Decrease/ (increase) in inventories		68.3	(27.3)	3.2	1.1
Decrease / (increase) in accounts receivable		32.9	(75.7)	12.9	39.9
(Decrease) in liabilities (except borrowings)		(212.3)	(72.1)	(36.5)	(92.0)
Plus/(Minus):					
Payment for early retirement programs	18	(205.0)	(130.3)	(178.2)	(121.7)
Payment of staff retirement indemnities and youth account, net of employees' contributions	18	(85.4)	(88.3)	(83.9)	(87.1)
Interest and related expenses paid		(256.0)	(276.4)	(161.7)	(208.4)
Income taxes paid		(353.2)	(299.3)	(129.6)	(83.7)
Settlement of receivables due from disposed subsidiaries		-	16.6	-	-
Net cash flows from operating activities		**1,110.4**	**1,418.0**	**181.7**	**296.4**
Cash flows from investing activities					
Acquisition of non-controlling interest	8	(7.9)	(48.4)	-	-
Acquisition of subsidiary net of cash acquired	8	(2.0)	(197.8)	-	-
Purchase of financial assets	11	(69.8)	(308.0)	-	(290.6)
Sale or maturity of financial assets	11	84.0	412.2	7.1	397.3
Loans granted	18	(30.0)	-	(30.0)	-
Repayments of loans receivable		9.7	9.7	9.7	55.9
Loans proceeds in conjunction with disposal of subsidiaries		-	78.5	-	-
Purchase of property plant and equipment and intangible assets		(751.1)	(890.9)	(224.9)	(272.6)
Proceeds from disposal of subsidiaries		-	86.1	-	-
Interest received		23.5	61.6	6.5	14.6
Dividends received		10.1	6.9	203.0	308.4
Return of capital invested in subsidiary		-	-	-	116.2
Settlement of other current liabilities		-	(168.5)	-	-
Net cash flows from/(used in) investing activities		**(733.5)**	**(958.6)**	**(28.6)**	**329.2**
Cash flows from financing activities					
Proceeds from short-term borrowings	20	2.3	-	-	-
Repayment of loans	17	(139.7)	(637.1)	(99.6)	(378.9)
Dividends paid to Company's owners		(88.5)	(367.2)	(88.5)	(367.2)
Dividends paid to non-controlling interests		(12.6)	(1.2)	-	-
Net cash flows from/(used in) financing activities		**(238.5)**	**(1,005.5)**	**(188.1)**	**(746.1)**
Net increase/(decrease) in cash and cash equivalents		**138.4**	**(546.1)**	**(35.0)**	**(120.5)**
Cash and cash equivalents, at the beginning of the year		**868.8**	**1,427.8**	**224.0**	**344.5**
Net foreign exchange differences		(2.9)	(14.8)	-	-
Cash and cash equivalents classified as held for sale / disposed of		-	1.9	-	-
Cash and cash equivalents, at the end of the year	13	**1,004.3**	**868.8**	**189.0**	**224.0**

[1]Adjusted due to change in accounting policy (see Note 32).

1. CORPORATE INFORMATION

Hellenic Telecommunications Organization S.A. ("Company", "OTE" or "parent"), was incorporated as a société anonyme in Athens, Greece in 1949, and is listed in the Greek Register of Sociétés Anonymes (M.A.E.) with the unique number (AP. MAE) 347/06/B/86/10. The registered office is located at 99 Kifissias Avenue – 151 24 Maroussi Athens, Greece, and the website is www.ote.gr. The Company is listed on the Athens Exchange. Until September 19, 2010, OTE ADRs (American Depositary Receipts) were also listed on the New York Stock Exchange. Following OTE's delisting from NYSE, OTE ADRs now trade in the US OTC (Over the Counter) market. OTE GDRs (Global Depositary Receipts) are also listed on the London Stock Exchange.

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

Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and holds a 30.00% plus one share interest in OTE as of December 31, 2010.

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

The Annual Consolidated and Separate Financial Statements ("financial statements") as of December 31, 2010 and the year then ended, were approved for issuance by the Board of Directors on February 24, 2011, although they are subject to the final approval to OTE's General Assembly.

The total numbers of Group and Company employees as of December 31, 2010 and 2009 were as follows:

	GROUP	COMPANY
December 31, 2010	31,088	10,925
December 31, 2009	32,864	11,369

The consolidated financial statements include the financial statements of OTE and the following subsidiaries which OTE controls directly or indirectly:

COMPANY NAME	LINE OF BUSINESS	COUNTRY	2010	2009
			GROUP's OWNERSHIP INTEREST	
COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE")	Mobile telecommunications services	Greece	100.00%	100.00%
OTE INTERNATIONAL INVESTMENTS LTD	Investment holding company	Cyprus	100.00%	100.00%
HELLAS SAT CONSORTIUM LIMITED ("HELLAS-SAT")	Satellite communications	Cyprus	99.05%	99.05%
COSMO-ONE HELLAS MARKET SITE S.A. ("COSMO-ONE")	E-commerce services	Greece	61.74%	61.74%
VOICENET S.A. ("VOICENET")	Telecommunications services	Greece	100.00%	100.00%
HELLASCOM S.A. ("HELLASCOM")	Telecommunication projects	Greece	100.00%	100.00%
OTE PLC	Financing services	U.K.	100.00%	100.00%
OTE SAT-MARITEL S.A. ("OTE SAT – MARITEL")	Satellite telecommunications services	Greece	94.08%	94.08%
OTE PLUS S.A. ("OTE PLUS")	Consulting services	Greece	100.00%	100.00%
OTE ESTATE S.A. ("OTE ESTATE")	Real estate	Greece	100.00%	100.00%
OTE INTERNATIONAL SOLUTIONS S.A. ("OTE-GLOBE")	Wholesale telephony services	Greece	100.00%	100.00%
HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD. ("HATWAVE")	Investment holding company	Cyprus	52.67%	52.67%
OTE INSURANCE AGENCY S.A. ("OTE INSURANCE")	Insurance brokerage services	Greece	100.00%	100.00%
OTE ACADEMY S.A. ("OTE ACADEMY")	Training services	Greece	100.00%	100.00%
ROMTELECOM S.A. ("ROMTELECOM")	Fixed line telephony services	Romania	54.01%	54.01%
S.C. COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE ROMANIA")	Mobile telecommunications services	Romania	86.20%	86.20%
COSMO BULGARIA MOBILE EAD ("GLOBUL")	Mobile telecommunications services	Bulgaria	100.00%	100.00%
COSMO-HOLDING ALBANIA S.A. ("CHA")	Investment holding company	Greece	97.00%	97.00%
ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC")	Mobile telecommunications services	Albania	97.21%	95.03%
COSMOHOLDING CYPRUS LTD ("COSMOHOLDING CYPRUS")	Investment holding company	Cyprus	100.00%	100.00%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	100.00%
E-VALUE S.A.	Marketing Services	Greece	100.00%	100.00%
GERMANOS TELECOM ROMANIA S.A.	Retail services	Romania	100.00%	100.00%

COMPANY NAME	LINE OF BUSINESS	COUNTRY	2010	2009
			GROUP's OWNERSHIP INTEREST	
SUNLIGHT ROMANIA S.R.L. FILIALA	Retail services	Romania	100.00%	100.00%
GERMANOS TELECOM BULGARIA A.D.	Retail services	Bulgaria	100.00%	100.00%
MOBILBEEEP LTD	Retail services	Greece	100.00%	100.00%
OTE PROPERTIES	Real estate	Greece	100.00%	100.00%
HELLAS SAT S.A.	Satellite communications	Greece	99.05%	99.05%
OTE INVESTMENT SERVICES S.A.	Investment holding company	Greece	100.00%	100.00%
OTE PLUS BULGARIA [1]	Consulting services	Bulgaria	-	100.00%
COSMOHOLDING ROMANIA LTD	Investment holding company	Cyprus	100.00%	100.00%
TELEMOBIL S.A. ("ZAPP")	Mobile telecommunications services	Romania	100.00%	100.00%
E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD")	Overdue accounts	Greece	100.00%	100.00%

[1] The liquidation process of OTE-PLUS BULGARIA was finalized on January 11, 2010.

2. BASIS OF PREPARATION

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

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

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

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to legal contingencies, allowance for doubtful accounts, the estimated useful life of non financial assets, impairment of property, plant and equipment, impairment of goodwill and intangible assets, reserve for staff retirement indemnities and youth account, recognition of revenues and expenses and income taxes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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

Impairment of goodwill

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

Provision for income taxes

The provision for income taxes in accordance with IAS 12 "Income taxes", are the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported and the potential additional tax that may be imposed as a result of audits by the taxation authorities. Group entities are subject to income taxes in various jurisdictions and significant management judgment is required in determining provision for income taxes. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which the Group and the Company operate, or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on the Group's and the Company's financial position. Where the actual additional taxes payable are different from the amounts that were initially recorded, these differences will impact the income tax and deferred tax provisions in the period in which such a determination is made. Further details are provided in Note 21.

Deferred tax assets

Deferred income tax assets and liabilities have been provided for the tax effects of temporary differences between the carrying amount and tax base of such assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused losses can be utilized. The Group and the Company have considered future taxable income and followed ongoing feasible and prudent tax planning strategy in the assessment of the recoverability of deferred tax assets. The accounting estimate related to deferred tax assets requires management to make assumptions regarding the timing of future events, including the probability of expected future taxable income and available tax planning opportunities. Further details are provided in Note 21.

Allowance for doubtful trade receivables

The Group and the Company establish an allowance for doubtful accounts sufficient to cover reasonably estimable loss for these accounts. Because of the number of accounts, it is not practical to review the collectibility of each account; therefore, at each reporting date all accounts receivable are assessed based on historical trends, statistical information, future expectations regarding suspended or cancelled customers, reactivation rates for suspended customers and collection rates for amounts due from cancelled customers. Other operators are examined and assessed on an individual basis. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the income statement of the reporting period. Any amount written off with respect to customer account balances is charged against the existing allowance for doubtful accounts. Additional details are provided in Note 10 and Note 31.

Post retirement and other defined benefit plans

Staff Retirement Indemnities and Youth Account obligations are calculated at the discounted present value of the future retirement benefits and benefits to children of employees deemed to have accrued at year-end, based on the assumption that employees earn Retirement and Youth Account benefits uniformly throughout the working period. Retirement and Youth Account obligations are calculated on the basis of financial and actuarial assumptions that require management to make assumptions regarding discount rates, pay increases, mortality and disability rates, retirement ages and other factors. Changes in these key assumptions can have a significant impact on the obligation and pension costs for the period. Net pension costs for the period consist of the present value of benefits earned in the year, interest costs on the benefits obligation, prior service costs and actuarial gains or losses. The Staff Retirement Indemnities and Youth Account benefit obligations are not funded. Due to the long term nature of these defined benefit plans these assumptions are subject to a significant degree of uncertainty. Further details are provided in Note 18.

Estimating the useful life of non financial assets

The Group and the Company must estimate the useful life of property, plant and equipment and intangible assets recognized at acquisition or as a result of a business combination. These estimates are revisited at least on an annual basis taking into account new developments and market conditions.

Contingent liabilities

The Group and the Company are currently involved in various claims and legal proceedings. Periodically, the Group and the Company review the status of each significant matter and assess potential financial exposure, based in part on the advice of legal counsel. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reliably estimated, the Group and the Company recognize a liability for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. With respect to the retail customers, and because of uncertainties related to these matters, provisions are based only on the most accurate information available at the reporting date. As additional information becomes available, the Group and the Company reassess the potential liability related to pending claims and litigation and may revise assessments of the probability of an unfavorable outcome and the related estimate of potential loss. Such revisions in the estimates of the potential liabilities could have a material impact on the Group's or the Company's financial position and results of operations.

Impairment of property, plant and equipment

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the telecommunications industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions and other changes in circumstances that indicate an impairment exists. The recoverable amount is typically determined using a discounted cash flow method. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Customer activation fees

Installation and activation fees are received from new customers. These fees (and related directly attributable costs) are deferred and amortized over the expected duration of the customer relationship. If management estimates of the duration of the customer relationship are revised, significant differences may result in the timing of revenue for any period.

New pronouncements and amendments

The following new and amended IFRS and IFRIC interpretations have been issued but are not effective for the financial year beginning January 1, 2010. They have not been early adopted and the Group and the Company are in the process of assessing their impact, if any, on the financial statements:

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**: The interpretation is effective for annual periods beginning on or after July 1, 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability.

- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended):** The amendment is effective for annual periods beginning on or after January 1, 2011. The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions. Earlier application is permitted and must be applied retrospectively.

- **IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement:** The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU.

- **IAS 32 Classification on Rights Issues (Amended):** The amendment is effective for annual periods beginning on or after February 1, 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively.

- **IAS 24 Related Party Disclosures (Revised):** The revision is effective for annual periods beginning on or after January 1, 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively.

- In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning on July 1, 2010. Early application is permitted in all cases and this annual improvements project has not yet been endorsed by the EU.

- **IFRS 3 Business Combinations**, effective for annual periods beginning on or after July 1, 2010. This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Moreover, this improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets. Finally, it requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e. split between consideration and post combination expenses.

- **IFRS 7 Financial Instruments: Disclosures**, effective for annual periods beginning on or after January 1, 2011. This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

- **IAS 1 Presentation of Financial Statements**, effective for annual periods beginning on or after January 1, 2011. This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- **IAS 27 Consolidated and Separate Financial Statements**, effective for annual periods beginning on or after July 1, 2010. This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when IAS 27 is applied earlier.

- **IAS 34 Interim Financial Reporting**, effective for annual periods beginning on or after January 1, 2011. This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.

- **IFRIC 13 Customer Loyalty Programs**, effective for annual periods beginning on or after January 1, 2011. This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

- **IFRS 7 Financial Instruments**, effective for annual periods beginning on or after July 1, 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using accounting policies consistent with those of the previous year, except for:
- the change in accounting policy concerning provisions for pensions and other employee benefits (see Note 32)
- the adoption of the following new and amended IFRS and IFRIC interpretations which became effective for the accounting periods beginning on January 1, 2010:

- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
- IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items
- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)
- In May 2008, the Board issued its first omnibus of amendments to its standards. All amendments issued are effective as at December 31, 2009, apart from the amendment of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations which is applied prospectively.
- In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning on or after July 1, 2009.

The adoption of the above new and amended IFRS and IFRIC interpretations did not have an impact on the financial statements or performance of the Group or the Company, however IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after January 1, 2010. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

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

1. Basis of Consolidation and Investments

Subsidiaries

The consolidated financial statements are comprised of the financial statements of the Company and all subsidiaries controlled by the Company directly or indirectly. Control exists when the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared as of the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions and any intercompany profit or loss are eliminated in the consolidated financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. An inter company loan to a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future, is considered to be part of the net investment in that foreign operation. In the consolidated financial statements the foreign exchange gains and losses arising are recorded in other comprehensive income.

Associates

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

Transactions between companies under common control

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

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

2. Financial Assets – Investments

Financial assets are initially measured at their fair value, which is normally the acquisition cost, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. Financial assets are classified as being at fair value through profit and loss, held to maturity, or available-for-sale as appropriate. The Group and the Company determine classification of its financial assets at initial recognition. Financial assets at fair value through profit or loss are measured at fair value and gains or losses are recognized in the income statement. Held-to-maturity investments are measured at amortized cost using the effective interest method and gains or losses through the amortization process are recognized in the income statement. Available-for-sale financial assets are measured at fair value and gains or losses are recognized directly in other comprehensive income while upon sale or impairment gains or losses are recognized in the income statement. The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques, unless the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, where the entity is precluded from measuring these investments at fair value. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the settlement date (i.e. the date that the asset is transferred or delivered to the Group or the Company).

Offsetting of financial assets and liabilities

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

Impairment of financial assets

The Group and the Company assess at each reporting date, whether a financial asset or group of financial assets is impaired as follows:

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Group or the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Derecognition of financial liabilities

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

Non-current Assets Held for Sale

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

The basic preconditions to classify a non-current asset (or a disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or groups and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

3. Foreign Currency Translation

OTE's functional currency is the Euro. Transactions involving other currencies are translated into Euro at the exchange rates, ruling on the date of the transactions. At the reporting 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 the income statement.

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 the change in the fair value of these items are recognized in the income statement or directly in other comprehensive income depending on the underlying item.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. Assets and liabilities of these entities, including goodwill and the fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition, are translated into Euro using exchange rates ruling at the reporting date. Revenues and expenses are translated at rates prevailing at the date of the transaction. All resulting foreign exchange differences are recognized in other comprehensive income and are recognized in the income statement on the disposal of the foreign operation.

4. Goodwill and Business Combinations

Business combinations from January 1, 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to January 1, 2010

The acquisition of subsidiaries is accounted for using the acquisition method of accounting that measures the acquiree's assets and liabilities and contingent liabilities at their fair value at the date of acquisition. For business combinations occurring subsequent to the date of transition to IFRS, goodwill is the excess of the purchase price over the fair value of the net identifiable assets acquired. For business combinations occurring prior to the date of transition to IFRS, goodwill is recorded at the carrying value at the date of transition, based on previous GAAP. Goodwill is not amortized but is tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount for each cash generating unit to which goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount an impairment loss is recognized. Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognized for goodwill is not reversed in a subsequent period. Goodwill on acquisition of subsidiaries is presented as an intangible asset. Negative goodwill on acquisition of subsidiaries is recorded directly in the income statement. Goodwill recognized on acquisition of associates is included in the carrying amount of the investment. The difference between the cost of acquisition and the non-controlling interest acquired, arising on the acquisition of non-controlling interests in a subsidiary where control already exists, is recorded directly in equity. When non-controlling interests are disposed of, but control is retained, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

5. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost, net of subsidies received, plus interest costs incurred during periods of construction, less accumulated depreciation and any impairment in value.

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

Construction in progress is recorded as part of property, plant and equipment and depreciation on the self constructed assets commences when the asset is available for use. The cost of self-constructed assets includes the cost of materials, direct labor costs, borrowing costs capitalized and relevant general overhead costs. Investment supplies comprise of assets to be utilized in the construction of assets.

The present value of the expected retirement costs, for a relevant asset, is included in the cost of the respective asset if the recognition criteria for a provision are met and are depreciated accordingly.

Repairs and maintenance costs 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.

When significant parts of the property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation.

Investment property consists of all property held to earn rentals or for capital appreciation and not used in the production or for administrative purposes.

6. Depreciation

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

	Estimated Useful Life	Depreciation Rates
Buildings – building installations	20-40 years	2.5% - 5%
Telecommunication equipment and installations:		
Telephone exchange equipment	8-12 years	8.3% - 12.5%
Radio relay stations	8 years	12.5%
Subscriber connections	10 years	10%
Local and international network	8-17 years	6% - 12.5%
Other	5-10 years	10% - 20%
Transportation equipment	5-8 years	12.5% - 20%
Furniture and fixtures	3-5 years	20% - 33%

7. Employee Benefits

Defined Contribution Plans

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

Defined Benefit Plans

Obligations derived from defined 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 reporting date. These benefits are discounted to their present value after taking any adjustments for past service cost. The discount rate is the yield of high quality European corporate bonds with maturity that approximates the term of the obligations. These obligations are calculated on the basis of financial and actuarial assumptions which are carried out by independent actuaries using the Projected Unit Credit Method. Net pension cost for the period is recognized in the income statement and consists of the present value of the accrued benefits, interest cost on the benefits obligation, prior service cost and actuarial gains or losses. For post employment plans, prior service costs are recognized on a straight-line basis over the average period until the benefits become vested. Following the change in accounting policy as described in Note 32, actuarial gains or losses are recognized directly in other comprehensive income in the period in which they occur and are not reclassified to income statement in a subsequent period. For other long term benefits, actuarial gains and losses and past service costs are recognized immediately in the income statement.

8. Taxes

Income taxes include current and deferred taxes. Current tax is measured on the taxable income for the year using enacted or substantively enacted tax rates at the reporting date in the countries where the Group operates and generates taxable income.

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

Deferred tax liabilities are recognized for all taxable temporary differences except:

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

- in respect of taxable temporary differences associated with investment in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

9. Cash and Cash Equivalents

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

10. Advertising Costs

All advertising costs are expensed as incurred.

11. Research and Development Costs

Research costs are expensed as incurred. Development costs which do not fulfill the criteria for recognition as an asset are expensed as incurred.

12. Recognition of Revenues and Expenses

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

Connection charges

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

Monthly network service fees

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

Usage Charges and Value Added Services Fees

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

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

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

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. Airtime commissions due to the Group's master dealers for each subscriber acquired through their network 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.

Dividend income
Dividend income is 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.

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

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

14. Operating Segments
Operating segments are determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the Company and each of the consolidated subsidiaries or the sub-groups included in the consolidation. The reportable segments are determined using the quantitative thresholds required by the respective Standard. Information for operating segments that do not constitute reportable segments is combined and disclosed in the "All Other" category. The accounting policies of the segments are the same with those followed for the preparation of the financial statements. Management evaluates segment performance based on operating profit before depreciation, amortization, impairment and cost of early retirement program, operating profit and profit for the year.

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

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

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

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

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

20. Related Parties
Related party transactions and balances are disclosed separately in the financial statements based on the requirements of IAS 24 "Related Party Disclosures".

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

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

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

24. Other 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. The useful lives of intangible assets are reviewed on an annual basis, and adjustments, where applicable, are made prospectively.

25. Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

27. Provisions
Provisions are recognized when the Group or the Company have 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 reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses. Contingent assets and contingent liabilities are not recognized. Provisions for restructuring are recognized when the Group or the Company have 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. Contributions that are related to employees, who retire under voluntary retirement programs, are recognized when employees accept the offer and the amounts can be reasonably estimated.

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

recoverable amount does not exceed the carrying value of the asset that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

29. Share-Based Payment Transactions

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions"). The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined at the grant date, using an appropriate pricing model, and is allocated over the period in which the conditions are fulfilled. The cost of equity settled transactions is recognized, together with a corresponding increase to equity over the vesting period.

Where the terms of an equity settled transaction awards are modified, the minimum expense recognized is the expense as if terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

30. Derivative Financial Instruments and Hedging Instruments

Derivative financial instruments include interest rate swaps, currency swaps and other derivative instruments.

Derivatives for trading purposes

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

Hedging

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

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

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

31. Reclassifications

Certain reclassifications have been made to prior year balances to conform to current year classifications. In addition certain reclassifications have been made within the Notes for comparability purposes. These reclassifications did not have any impact on the Group's or the Company's equity or income statement. Further details of the nature of these reclassifications are disclosed in Note 32.

32. Financial Guarantee Contracts

Financial guarantee contracts issued by the Group or the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is analyzed as follows:

GROUP	LAND	BUILDINGS	TELECOM EQUIPMENT	TRANSPORTATION MEANS	FURNITURE & FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2008								
Cost	50.1	913.5	12,645.2	54.4	472.4	534.3	136.8	14,806.7
Accumulated depreciation	-	(311.1)	(8,254.5)	(36.8)	(331.5)	-	-	(8,933.9)
Net book value 31/12/2008	**50.1**	**602.4**	**4,390.7**	**17.6**	**140.9**	**534.3**	**136.8**	**5,872.8**
Additions	-	49.4	654.4	5.0	23.8	431.2	55.9	1,219.7
Acquisition of subsidiary - cost[1]	0.2	1.7	48.3	1.3	0.4	2.6	-	54.5
Disposals and transfers – cost	(1.0)	(0.1)	(136.1)	(7.6)	(12.3)	(447.0)	(84.9)	(689.0)
Disposals and transfers – accumulated depreciation	-	0.1	286.8	7.3	22.2	-	-	316.4
Exchange differences - cost	(0.3)	(31.6)	(276.5)	(2.5)	(10.0)	(11.3)	(2.1)	(334.3)
Exchange differences - accumulated depreciation	-	18.1	167.5	1.9	7.4	-	-	194.9
Depreciation charge for the year - impairment	-	(56.4)	(936.1)	(6.2)	(40.1)	-	-	(1,038.8)
Net book value 31/12/2009	**49.0**	**583.6**	**4,199.0**	**16.8**	**132.3**	**509.8**	**105.7**	**5,596.2**
31/12/2009								
Cost	49.0	932.9	12,935.3	50.6	474.3	509.8	105.7	15,057.6
Accumulated depreciation	-	(349.3)	(8,736.3)	(33.8)	(342.0)	-	-	(9,461.4)
Net book value 31/12/2009	**49.0**	**583.6**	**4,199.0**	**16.8**	**132.3**	**509.8**	**105.7**	**5,596.2**
Additions	0.6	32.9	609.8	1.8	3.5	362.7	41.3	1,052.6
Disposals and transfers - cost	-	7.8	(205.6)	(1.9)	(19.9)	(394.2)	(56.3)	(670.1)
Disposals and transfers - accumulated depreciation	0.4	1.4	334.0	4.8	20.0	-	-	360.6
Exchange differences - cost	(0.5)	(7.4)	(56.7)	(0.2)	(1.9)	(1.6)	-	(68.3)
Exchange differences - accumulated depreciation	-	5.2	40.4	0.3	1.6	-	-	47.5
Depreciation charge for the year - impairment	(0.4)	(84.5)	(1,141.9)	(5.9)	(23.9)	-	-	(1,256.6)
Net book value 31/12/2010	**49.1**	**539.0**	**3,779.0**	**15.7**	**111.7**	**476.7**	**90.7**	**5,061.9**
31/12/2010								
Cost	49.1	966.2	13,282.8	50.3	456.0	476.7	90.7	15,371.8
Accumulated depreciation	-	(427.2)	(9,503.8)	(34.6)	(344.3)	-	-	(10,309.9)
Net book value 31/12/2010	**49.1**	**539.0**	**3,779.0**	**15.7**	**111.7**	**476.7**	**90.7**	**5,061.9**

[1] Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8)

Property, plant and equipment includes investment property of Euro 86.0 as of December 31, 2010 (December 31, 2009: Euro 83.2), the fair value of which exceeds the above mentioned carrying amount.

Borrowing costs capitalized during the year ended December 31, 2010 and 2009 by the Group as part of the cost of qualifying assets amount to Euro 10.3 and Euro 10.0, respectively. The amounts were calculated based on an average rate of capitalization for the year ended December 31, 2010 and 2009 which was 5.5% and 5.9% respectively.

For the acquisition of the assets above, the Group has received government grants in the past the unamortized amount of which at December 31, 2010 is Euro 13.6 (December 31, 2009: Euro 22.9).

Impairment test of ROMTELECOM

As at December 31, 2010, an impairment test was performed by ROMTELECOM with respect to its property, plant and equipment as there were indications that its carrying value exceeds the recoverable amount. The impairment test was performed based on a discounted cash-flow model, using cash-flow projections from financial budgets approved by management and a discount rate of 9.75%. As a result of the impairment test mentioned above, an impairment loss of Euro 244.5 was charged in the 2010 consolidated income statement and is included in the line "Depreciation, amortization and impairment".

COMPANY	BUILDINGS	TELECOMMUNICATION EQUIPMENT	TRANSPORTATION MEANS	FURNITURE & FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2008							
Cost	44.4	7,654.5	39.1	155.5	293.1	101.5	8,288.1
Accumulated depreciation	(8.9)	(5,908.2)	(33.9)	(145.6)	-	-	(6,096.6)
Net book value 31/12/2008	**35.5**	**1,746.3**	**5.2**	**9.9**	**293.1**	**101.5**	**2,191.5**
Additions	9.3	230.8	3.3	2.2	259.5	40.9	546.0
Disposals and transfers – cost	-	(175.4)	(0.7)	(16.6)	(228.1)	(58.5)	(479.3)
Disposals and transfers – accumulated depreciation	-	175.2	0.7	16.5	-	-	192.4
Depreciation charge for the year	(3.2)	(413.3)	(2.0)	(5.4)	-	-	(423.9)
Net book value 31/12/2009	**41.6**	**1,563.6**	**6.5**	**6.6**	**324.5**	**83.9**	**2,026.7**
31/12/2009							
Cost	53.7	7,709.9	41.7	141.1	324.5	83.9	8,354.8
Accumulated depreciation	(12.1)	(6,146.3)	(35.2)	(134.5)	-	-	(6,328.1)
Net book value 31/12/2009	**41.6**	**1,563.6**	**6.5**	**6.6**	**324.5**	**83.9**	**2,026.7**
Additions	4.6	257.6	-	2.3	209.7	41.4	515.6
Disposals and transfers - cost	-	(248.7)	(1.3)	(7.1)	(249.9)	(53.9)	(560.9)
Disposals and transfers – accumulated depreciation	-	248.0	1.3	7.1	-	-	256.4
Depreciation charge for the year	(3.5)	(364.3)	(2.0)	(4.0)	-	-	(373.8)
Net book value 31/12/2010	**42.7**	**1,456.2**	**4.5**	**4.9**	**284.3**	**71.4**	**1,864.0**
31/12/2010							
Cost	58.3	7,718.8	40.4	136.3	284.3	71.4	8,309.5
Accumulated depreciation	(15.6)	(6,262.6)	(35.9)	(131.4)	-	-	(6,445.5)
Net book value 31/12/2010	**42.7**	**1,456.2**	**4.5**	**4.9**	**284.3**	**71.4**	**1,864.0**

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

Borrowing costs capitalized during the year ended December 31, 2010 and 2009 as part of the cost of qualifying assets amount to Euro 10.3 and Euro 10.0, respectively. The amounts were calculated based on an average rate of capitalization for the year ended December 31, 2010 and 2009 which was 5.5% and 5.9% respectively.

For the acquisition of the assets above, OTE has received government grants in the past the unamortized amount of which at December 31, 2010 is Euro 10.5 (December 31, 2009: Euro 18.4). There are no unfulfilled conditions or contingencies attached to these grants.

5. GOODWILL

Goodwill is analyzed as follows:

GROUP	2010	2009
Carrying value January 1	**577.4**	**525.1**
Foreign exchange differences	(4.6)	(6.8)
Acquisition of subsidiary - preliminary adjustment (see Note 8)	-	33.5
Acquisition of subsidiary - final adjustment (see Note 8)	(0.4)	25.6
Acquisition of subsidiary	1.5	-
Impairment	(1.5)	-
Carrying value December 31	**572.4**	**577.4**

The movement of the goodwill and its allocation to each cash generating unit is analyzed as follows:

COUNTRY	2009	Adjustments	2009 Adjusted[1]	Foreign exchange differences	Adjustments	2010
Greece	376.6	-	376.6	-	-	376.6
Albania	55.5	-	55.5	(0.5)	-	55.0
Romania	59.4	25.6	85.0	(4.1)	(0.4)	80.5
Bulgaria	60.3	-	60.3	-	-	60.3
TOTAL	**551.8**	**25.6**	**577.4**	**(4.6)**	**(0.4)**	**572.4**

[1] Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

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

The basic assumptions used in determining the value in use of the cash generating units as of December 31, 2010 are as follows:

Assumptions	Greece	Albania	Romania	Bulgaria
Discount rate	8.76%	9.88%	10.21%	8.08%
Rate of increase/(decrease) of revenue	(0.65)%	(1.87)%	4.86%	0.10%
EBITDA margin	36.1%-38.5%	53.5%-43.3%	15.9%-32.0%	39.9%-43.8%

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

The main assumptions used by management in projecting cash flows as part of the annual impairment test of goodwill are the following:

- Risk-free rate: The risk free rate was determined on the basis of external figures derived from the relevant market of each country.
- Budgeted profit margin: Budgeted operating profit and EBITDA were based on actual historical experience from the last few years adjusted to take into consideration expected variances in operating profitability.

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

Based on the results of the impairment test as of December 31, 2010, no impairment losses were identified in the recorded amounts of goodwill.

6. TELECOMMUNICATION LICENSES

Telecommunication licenses are analyzed as follows:

GROUP	2010	2009[1]
Net book value January 1	365.0	329.5
Additions	8.3	-
Acquisition of subsidiary (see Note 8)	-	76.2
Transfer from other intangible assets, cost	-	13.3
Transfers, cost	(1.6)	-
Exchange differences, cost	0.3	(7.5)
Exchange differences, accumulated amortization	(0.4)	6.4
Amortization charge for the year	(36.6)	(51.0)
Write-offs, cost	(37.4)	(1.9)
Write-offs, accumulated amortization	34.3	-
Net book value December 31	**331.9**	**365.0**
December 31		
Cost	580.7	611.1
Accumulated amortization	(248.8)	(246.1)
Net book value	**331.9**	**365.0**

[1] Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

COMPANY	2010	2009
Net book value January 1	2.5	3.0
Amortization charge for the year	(0.4)	(0.5)
Net book value December 31	**2.1**	**2.5**
December 31		
Cost	6.2	6.2
Accumulated amortization	(4.1)	(3.7)
Net book value	**2.1**	**2.5**

Telecommunication licenses comprise of licenses acquired primarily from the Group's mobile operations. These licenses are amortized on a straight line basis over their useful lives being between 5 and 25 years.

7. OTHER INTANGIBLE ASSETS

The movement of other intangible assets is as follows:

GROUP	2010	2009[1]
Net book value January 1	**523.5**	**550.7**
Additions	14.2	31.3
Acquisition of subsidiary (see Note 8)	-	24.9
Disposals, cost	(33.3)	(0.4)
Disposals, accumulated amortization	33.3	0.1
Transfer to telecommunication licenses, cost	-	(13.3)
Transfers, cost	(8.5)	-
Exchange differences, cost	(5.8)	(8.1)
Exchange differences, accumulated amortization	0.4	3.8
Amortization charge for the year	(68.3)	(65.5)
Net book value December 31	**455.5**	**523.5**
December 31		
Cost	682.5	715.9
Accumulated amortization	(227.0)	(192.4)
Net book value	**455.5**	**523.5**

[1] Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

Other intangible assets in the Group's statement of financial position are comprised mainly of the identifiable assets recognized as a result of the acquisition of GERMANOS during 2006. These identifiable assets recognized relate mainly to the GERMANOS brand name, but also include franchise agreements and customer relationships and computer software. The brand name was initially determined to have an indefinite useful life. During the fourth quarter of 2008, the Group revised its estimate of the GERMANOS brand name's useful life which it determined to be 15 years from the end of October 2008, the date of the reassessment. The related amortization charged to the 2010 and 2009 consolidated income statement amounted to Euro 27.5 and Euro 27.6, respectively, and the net book value of the GERMANOS brand name as of December 31, 2010 (considering also the effect of exchange differences of Euro 3.8), amounted to Euro 345.5 (December 31, 2009: Euro 376.8).

There are no intangible assets with indefinite useful life as of December 31, 2010 and 2009.

8. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
(a) Investments in subsidiaries	-	-	4,622.0	4,621.1
(b) Other investments	156.5	157.0	156.2	156.3
TOTAL	**156.5**	**157.0**	**4,778.2**	**4,777.4**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	2010	2009
COSMOTE	100.00%	Greece	3,513.3	3,510.1
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	483.9	483.9
HELLAS-SAT	99.05%	Cyprus	194.7	194.7
COSMO-ONE	30.87%	Greece	0.5	0.6
VOICENET	100.00%	Greece	3.1	3.7
HELLASCOM	100.00%	Greece	8.4	8.4
OTE SAT- MARITEL	94.08%	Greece	11.2	11.2
OTE PLC	100.00%	U.K.	-	-
OTE PLUS	100.00%	Greece	3.8	3.8
OTE ESTATE	100.00%	Greece	234.1	234.1
OTE GLOBE	100.00%	Greece	163.7	163.7
OTE INSURANCE	100.00%	Greece	0.6	0.6
OTE ACADEMY	100.00%	Greece	4.7	6.3
TOTAL			**4,622.0**	**4,621.1**

The movement of investments in subsidiaries is as follows:

	COMPANY	
	2010	2009
Balance at January 1	4,621.1	4,733.6
Share options granted to management of subsidiaries (see Note 29)	3.2	4.4
Impairment	(2.3)	(0.7)
Reduction of share capital of subsidiaries	-	(116.2)
Balance at December 31	**4,622.0**	**4,621.1**

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

COSMOTE

As described in Note 29, OTE has implemented a Share Option Plan for executives, including executives of COSMOTE Group. The Share Option Plan grants to these executives the opportunity, subject to vesting conditions, to purchase OTE's shares at a potentially preferential purchase price. COSMOTE's related expense for the Share Option Plan for 2010 is Euro 3.2 (2009: Euro 4.4) and in OTE's separate financial statements has been recorded in equity with an equal increase of the carrying value of OTE's investment in COSMOTE.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

During 2010, an impairment test was carried out on OTE's participation in COSMOONE, OTE ACADEMY and VOICENET as there were indications that the carrying values were not recoverable. The results of the impairment test showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 0.1, Euro 1.6 and Euro 0.6, respectively, was recognized in the 2010 separate income statement in the line "Impairment of investments" (2009: an impairment loss of Euro 0.1, Euro 0.3 and Euro 0.3 was recognized for COSMOONE, OTE ACADEMY and VOICENET respectively).

CAPITAL REDUCTION OF SUBSIDIARIES

In December 2010, OTE ESTATE's Extraordinary General Assembly of Shareholders approved the reduction of its share capital by Euro 40.9 as a result of a reduction in nominal amount of its shares from Euro 2.43 to Euro 2.23 (absolute amounts). As at December 31, 2010, the return of capital had not yet taken place.

In December 2010, HELLASCOM's Extraordinary General Assembly of Shareholders approved the reduction of its share capital by Euro 4.0 as a result of a reduction in nominal amount of its shares from Euro 9.5 to Euro 1.5 (absolute amounts). As at December 31, 2010, the return of capital had not yet taken place.

In December 2010, OTESAT-MARITEL's Extraordinary General Assembly of Shareholders approved the reduction of its share capital by Euro 7.0 as a result of a reduction in nominal amount of its shares from Euro 3.54 to Euro 1.55 (absolute amounts). As at December 31, 2010, the return of capital had not yet taken place.

In December 2010, OTE INSURANCE's Extraordinary General Assembly of Shareholders approved the reduction of its share by Euro 0.5 as a result of a reduction in nominal amount of its shares from Euro 2.93 to Euro 0.43 (absolute amounts). As at December 31, 2010, the return of capital had not yet taken place.

In November 2010, OTE INTERNATIONAL INVESTMENTS LTD's Extraordinary General Assembly of Shareholders approved the reduction of its share capital by Euro 31.5 as a result of a reduction in nominal amount of its shares from Euro 1.71 to Euro 1.58 (absolute amounts). As at December 31, 2010, the return of capital had not yet taken place.

The above mentioned capital reductions were completed after December 31, 2010 (see Note 33).

The following transactions occurred or completed during the current year which impacted the Group's participation in its subsidiaries:

AMC

As of December 31, 2010 COSMOTE, holds directly a 14.76% stake in AMC's share capital after buying a further 2.18% for an amount of approximately Euro 7.9. As a result of the above transaction, COSMOTE holds directly or indirectly 97.21% of AMC.

ZAPP

On July 1, 2009, OTE announced that its subsidiary COSMOTE (through its wholly owned subsidiary COSMOHOLDING ROMANIA LTD) had signed on June 30, 2009, a share purchase agreement for the acquisition of ZAPP in Romania. The acquisition which was subject, among other conditions, to the approval of the relevant Romanian authorities, was completed on October 31, 2009. The net assets recognized in the December 31, 2009 consolidated financial statements were based on a provisional assessment of fair value. The valuation of the net assets acquired was completed in June 2010. The adjustment to the provisional valuation is shown in the table below and the 2009 comparatives have been restated to reflect this information. The impact on the depreciation charge on the non-current assets from the acquisition date to December 31, 2009 was not significant.

	Book value	Preliminary adjustments	Preliminary fair value	Changes in adjustments due to final PPA	Final fair value
Assets					
Non-current assets					
Property, plant and equipment	83.4	-	83.4	(28.9)	54.5
Telecommunication licenses (see Note 6)	21.0	52.4	73.4	2.8	76.2
Intangible assets (see Note 7)	-	22.0	22.0	2.9	24.9
Other non-current assets	0.3	-	0.3	-	0.3
Total	**104.7**	**74.4**	**179.1**	**(23.2)**	**155.9**
Current assets					
Inventories	2.1	-	2.1	-	2.1
Trade receivables	2.4	-	2.4	-	2.4
Other current assets	2.9	-	2.9	-	2.9
Cash and cash equivalents	0.8	-	0.8	-	0.8
Total	**8.2**	**-**	**8.2**	**-**	**8.2**
TOTAL ASSETS	**112.9**	**74.4**	**187.3**	**(23.2)**	**164.1**
Liabilities					
Non-current liabilities					
Deferred tax liabilities	-	-	-	4.2	4.2
Borrowings	122.4	-	122.4	-	122.4
Other non-current liabilities	7.6	1.8	9.4	(1.8)	7.6
Total	**130.0**	**1.8**	**131.8**	**2.4**	**134.2**
Current liabilities					
Trade accounts payable	6.8	-	6.8	-	6.8
Borrowings	7.2	-	7.2	-	7.2
Other current liabilities	4.0	-	4.0	-	4.0
Total	**18.0**	**-**	**18.0**	**-**	**18.0**
TOTAL LIABILITIES	**148.0**	**1.8**	**149.8**	**2.4**	**152.2**
NET ASSETS ACQUIRED	**(35.1)**	**72.6**	**37.5**	**(25.6)**	**11.9**
Purchase price			67.5	(0.4)	67.1
Expenses of acquisition			3.5	-	3.5
Goodwill (see Note 5)			**33.5**	**25.2**	**58.7**

The adjustment to intangible assets of Euro 24.9 relates to the recognition of this company's customer base.

As of December 31, 2009, the outstanding amount relating to expenses of acquisition was Euro 2.0, which was fully paid within 2010.

Changes in non-controlling interests

The total difference arising from the acquisition of non-controlling interests in companies which the Group already controls and which have been recorded directly in equity are analyzed as follows:

	2010	2009
COSMOTE	3,132.2	3,132.2
GERMANOS	171.7	171.7
OTENET	12.3	12.3
HELLASCOM	(3.3)	(3.3)
HELLAS-SAT	1.2	1.2
VOICENET	1.1	1.1
AMC	6.3	6.3
TOTAL	**3,321.5**	**3,321.5**

(b) Other investments are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
TELEKOM SRBIJA	155.1	155.1	155.1	155.1
Other	1.4	1.9	1.1	1.2
TOTAL	**156.5**	**157.0**	**156.2**	**156.3**

Until December 31, 2009, with respect to its investment in TELEKOM SRBIJA, OTE had concluded that, primarily because of the 80% interest of the Serbian government, it did not exercise significant influence over TELEKOM SRBIJA. Furthermore, since TELEKOM SRBIJA's shares are not publicly traded and OTE did not have availability to timely updated financial information required for a reliable measurement of its investment in TELEKOM SRBIJA, such investment was carried at cost.

In 2010, OTE re-assessed its position as to whether it can exercise significant influence over TELEKOM SRBIJA and concluded that, for the same reasons referred to above, its position remained unchanged.

Furthermore, OTE re-assessed its position with respect to its ability to reliably measure the fair value of its investment in TELEKOM SRBIJA, considering all the developments that occurred during the year as described below.

During the third quarter of 2010, the Government of Serbia ("GoS") initiated the sale process of a 51% stake in TELEKOM SRBIJA, out of the GoS stake or jointly with OTE's 20% stake, if OTE would be interested. OTE's Board of Directors, on December 17, 2010, decided that it would agree to sell OTE's stake in TELEKOM SRBIJA, subject to a satisfactory price and certain other conditions. The process is on-going and the GoS is expecting to receive binding bids by March 21, 2011.

In the context of the above sale process, OTE has been allowed access to additional financial information relating to TELEKOM SRBIJA and, with the assistance of external advisors appointed by OTE to support it during the sale process, proceeded with evaluating such information for the purpose of inter alia, making a reliable measurement of TELEKOM SRBIJA's fair value. The outcome of this exercise so far has been a materially wide range of fair value estimates, primarily due to the significant variability in various market and economic assumptions and uncertainties on various parameters affecting the future performance of TELEKOM SRBIJA dependent on the GoS actions. Consequently, OTE concluded that it cannot, so far, reasonably assess probabilities on the derived fair value estimates and, therefore, as of December 31, 2010, its investment in TELEKOM SRBIJA remained at cost. It is noted that the lower end of the above mentioned fair value estimates exceeds the carrying amount of TELEKOM SRBIJA in OTE's financial statements.

In early January 2011, the GoS formally announced to OTE a "minimum reference price" based on which the GoS would be willing to sell a controlling stake in TELEKOM SRBIJA. On January 26, 2011, OTE's Board of Directors decided that, should the reference price as set by the GoS (or higher) be reached, then OTE would agree to sell its stake at that price. If the selling price were set at a lower level, OTE would re-consider its position.

Furthermore, OTE examined if, following the decision of its Board of Directors to sell its stake in TELEKOM SRBIJA as referred to above, the criteria for classifying its investment as held-for-sale were met. OTE, considering that the selling process and plan is driven by the GoS, concluded that it cannot reasonably assess if such sale meets the criterion of being highly probable, as required by IFRS 5 and, consequently, that the criteria for classifying TELEKOM SRBIJA as held-for-sale as of December 31, 2010, were not met.

The Group's dividend income is analyzed as follows:

GROUP	2010	2009
TELEKOM SRBIJA	14.1	9.3
Other available for sale investments	0.1	0.3
TOTAL	**14.2**	**9.6**

OTE's dividend income is analyzed as follows:

COMPANY	2010	2009
COSMOTE	151.2	282.2
OTE ESTATE	37.0	18.9
OTE SAT- MARITEL	1.7	1.0
OTE PLUS	-	0.4
OTE INTERNATIONAL INVESTMENTS LTD	2.0	-
TELEKOM SRBIJA	14.1	9.3
Other available for sale investments	0.1	0.3
TOTAL	**206.1**	**312.1**

Pursuant to Law 3697/2008, dividends approved by General Meetings convened after January 1, 2009 are subject to 10% withholding tax.

Movement in other investments is analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Balance at January 1	157.0	156.6	156.3	156.4
Impairment	-	-	(0.1)	-
Other movements through income statement	(0.5)	0.4	-	(0.1)
Balance at December 31	**156.5**	**157.0**	**156.2**	**156.3**

9. OTHER NON-CURRENT ASSETS

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Loans and advances to employees	119.7	82.8	119.6	82.7
Accrued income / Deferred expenses (long-term)	15.8	21.9	-	-
Derivative financial instruments (see Note 17)	6.8	7.4	-	-
Other	12.4	15.2	1.0	1.1
TOTAL	**154.7**	**127.3**	**120.6**	**83.8**

Loans and advances to employees are comprised mainly of loans granted to employees with service period exceeding 25 years against the accrued indemnity payable to them upon retirement. The effective interest rate on these loans is 1.67% and 1.79% for 2010 and 2009, respectively. The discount factor is the rate used for the actuarial valuation of staff retirement indemnities which is 4.6% for 2010 and 2009 (see Note 18).

10. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Subscribers	1,605.7	1,737.8	845.0	996.5
International traffic	52.2	85.5	38.3	68.7
Due from subsidiaries	-	-	128.7	100.1
Unbilled revenue	86.5	99.2	34.8	52.4
	1,744.4	**1,922.5**	**1,046.8**	**1,217.7**
Less:				
Allowance for doubtful accounts	(733.6)	(769.5)	(512.0)	(609.7)
TOTAL	**1,010.8**	**1,153.0**	**534.8**	**608.0**

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

	GROUP		COMPANY	
	2010	2009	2010	2009
Balance at January 1	(769.5)	(887.4)	(609.7)	(701.1)
Charge for the year (see Note 25)	(125.6)	(107.0)	(25.9)	(28.0)
Write-offs	159.9	228.8	123.6	119.4
Balance from newly acquired subsidiary	-	(7.7)	-	-
Foreign exchange differences	1.6	2.9	-	-
Reversal of provision	-	0.9	-	-
Balance at December 31	**(733.6)**	**(769.5)**	**(512.0)**	**(609.7)**

The aging analysis of trade receivables is as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Not impaired and not past due	624.5	634.8	405.1	333.0
Not impaired and past due:				
Less than 30 days	108.7	129.3	44.3	77.0
Between 31 and 180 days	126.2	216.4	55.6	135.2
More than 180 days	151.4	172.5	29.8	62.8
TOTAL	1,010.8	1,153.0	534.8	608.0

11. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Marketable securities:				
Held to maturity – Bonds	-	8.1	-	-
Held for trading - Bonds	3.5	3.2	-	-
Available for sale – Shares	0.1	14.3	-	14.0
Available for sale – Mutual funds	3.6	4.0	2.1	2.3
Non – marketable securities:				
Available for sale – Securities	5.3	5.8	-	-
TOTAL	12.5	35.4	2.1	16.3

The movement of other financial assets can be analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Balance at January 1	35.4	135.9	16.3	119.6
Additions	69.8	308.0	-	290.6
Sales – maturities	(84.0)	(412.2)	(7.1)	(397.3)
Foreign exchange differences	0.4	0.6	-	-
Realized loss from sales	(2.3)	-	(2.3)	-
Fair value adjustments through income statement	(1.8)	(0.4)	-	-
Fair value adjustments through equity	(5.0)	3.5	(4.8)	3.4
Balance at December 31	12.5	35.4	2.1	16.3

12. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Advances to EDEKT, short-term portion (see Note 18)	35.2	35.2	35.2	35.2
Loan to Auxiliary fund, short-term portion (see Note 18)	10.1	10.1	10.1	10.1
Due from OTE Leasing customers (see Note 30)	25.5	25.6	25.5	25.6
Loans and advances to employees	8.1	6.6	8.1	6.6
VAT recoverable	8.3	5.0	-	-
Income tax receivable	14.0	6.8	-	-
Other prepayments	48.7	52.4	22.1	21.9
Deferred expenses	18.2	10.0	1.5	1.6
Other	61.8	103.9	6.1	7.7
TOTAL	229.9	255.6	108.6	108.7

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Cash in hand	3.1	3.1	1.0	1.0
Short-term bank deposits	1,001.2	865.7	188.0	223.0
TOTAL	**1,004.3**	**868.8**	**189.0**	**224.0**

14. SHARE CAPITAL – SHARE PREMIUM

OTE's share capital as of December 31, 2010, amounted to Euro 1,171.5, divided into 490,150,389 registered shares, with a nominal value of Euro 2.39 (absolute amount) per share. The share premium as of December 31, 2010 and 2009 amounted to Euro 510.6 and Euro 505.1, respectively, the increase (Euro 5.5) being the amount charged to the 2010 consolidated income statement under the Group's Share Option Plan (see Note 29).

The following is an analysis of the ownership of OTE's shares as of December 31, 2010:

Shareholder	Number of shares	Percentage %
Greek State	63,371,292	12.93%
D.E.K.A. S.A.	15,052,773	3.07%
IKA–ETAM (see Note 18)	19,606,015	4.00%
DEUTSCHE TELEKOM AG	147,045,118	30.00%
Institutional investors	195,742,035	39.94%
Private investors	49,333,156	10.06%
TOTAL	**490,150,389**	**100.00%**

15. STATUTORY RESERVE – FOREIGN EXCHANGE AND OTHER RESERVES - RETAINED EARNINGS

Under Greek Corporate Law, entities are required to transfer on an annual basis a minimum of five percent of their annual profit (after income taxes) to a statutory reserve, until such reserve equals one-third of the issued share capital. As of December 31, 2010 and 2009, this reserve amounted to Euro 347.2 and Euro 344.1, respectively. This statutory reserve cannot be distributed to shareholders. Retained earnings include undistributed taxed profits as well as untaxed and specially taxed reserves which, upon distribution, will be subject to income tax.

The analysis of foreign exchange and other reserves is as follows:

	GROUP		COMPANY	
	2010	2009[1]	2010	2009[1]
Available for sale reserve	0.2	5.2	-	4.8
Net loss on cash flow hedge	-	(6.8)	-	-
Foreign currency translation	(85.3)	(51.7)	-	-
Cumulative amount of actuarial losses recognized in equity	(80.3)	(139.7)	(78.2)	(138.3)
Deferred taxes on cumulative amount of actuarial losses recognized in equity	18.1	31.0	18.1	30.6
Balance at December 31	**(147.3)**	**(162.0)**	**(60.1)**	**(102.9)**

[1]Adjusted due to change in accounting policy (see Note 32).

16. DIVIDENDS

Under Greek Corporate Law, each year companies are required to distribute to their owners dividends of at least 35% of net profits which result from their accounting books and records (published financial statements), after allowing for the statutory reserve. However, companies can waive such dividend payment requirement a) by a General Assembly decision with a majority of 65% of share capital, where the undistributed amount up to 35% of net profits is transferred to a special reserve or b) by a General Assembly decision with a majority of 70% of share capital without a requirement for establishing a special reserve.

According to the Company's Articles of Incorporation, the minimum dividend provided to shareholders (after allowing for the statutory reserve) is set to be the maximum amount of either thirty five percent (35%) of net profits or six percent (6%) of share capital, limited to the amount of the net profits of the year. In order not to distribute the excess amount (according to the Articles of Incorporation) over the 35% of net profits required by Law, the following is required a) either the amendment of the Articles of Incorporation by a General Assembly decision with increased quorum and majority, b) or a General Assembly decision with the consent of shareholders representing 100% of share capital.

On June 16, 2010, the General Assembly of OTE's Shareholders approved the distribution of a dividend from 2009 profits of a total amount of Euro 93.1 or Euro 0.19 (in absolute amount) per share. Pursuant to Law 3697/2008, dividends approved by General Meetings convened after January 1, 2009, are subject to 10% withholding tax which will be borne by the beneficiary, however, the related law provides for certain exceptions. The amount of dividends payable as of December 31, 2010, amounted to Euro 2.3 (December 31, 2009: Euro 4.2).

OTE's Board of Directors has not yet decided on the proposed dividend distribution from the 2010 profits.

17. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	2010	2009
(a) Syndicated loans	474.2	500.0
(b) Global Medium-Term Note Program	4,781.1	4,876.5
(c) Other bank loans	38.9	42.1
Total long-term debt	**5,294.2**	**5,418.6**
Short-term portion	(2,082.8)	(32.9)
Long-term portion	**3,211.4**	**5,385.7**

(a) Syndicated Loans

On September 2, 2005, OTE PLC signed a Euro 850.0 Syndicated Credit Facility with banks, guaranteed by OTE. The facility had a five year term with an extension option of 1+1 year subject to lenders' consent. The facility consists of: a) a Euro 500.0 Term Loan with floating interest of three month Euribor plus margin and b) a Euro 350.0 Revolving Credit Facility with a commitment fee for the undrawn amount. The loan bears a "margin adjustment clause" whereby the margin is adjustable based on OTE's long-term credit rating. The loan agreement includes a change of control clause which is triggered when there is a change of control in OTE which will result in a credit rating of OTE or the new legal entity at a level lower than BBB/Baa2. In the event this clause is triggered, OTE PLC is obliged to notify the banks, who can request the immediate repayment of the loan.

With OTE PLC's exercise of the extension option and following the consent of most of the banks, the maturity of the loan was adjusted as follows:
a) Euro 25.8 (Term Loan) and Euro 18.0 (Revolving Credit Facility) on September 2, 2010
b) Euro 29.0 (Term Loan) and Euro 20.3 (Revolving Credit Facility) on September 2, 2011 and
c) Euro 445.2 (Term Loan) and Euro 311.7 (Revolving Credit Facility) on September 2, 2012.

Following the repayment on September 2, 2010 of the above maturing portion of the Term Loan and the expiration of the respective undrawn portion of the Revolving Credit Facility, the nominal available amounts under the Term Loan and the Revolving Credit Facility amounted to Euro 474.2 and Euro 332.0, respectively. The outstanding amount drawn under the Term Loan at December 31, 2010 is Euro 474.2. Up to December 31, 2010, no draw-downs had been made from the Revolving Credit Facility, which was fully drawn on January 26, 2011 (see Note 33).

(b) Global Medium Term-Note Program

OTE PLC has a Global Medium-Term Note Program guaranteed by OTE.

As of December 31, 2010, the total nominal value of the outstanding bonds under the Global Medium-Term Note Program was Euro 4,793.4 and is analyzed as follows:

- Euro 1,400.4 notes (nominal value) at a fixed rate of 5.375%, issued in February 2008, maturing on February 14, 2011. As of December 31, 2010 the outstanding balance is Euro 1,400.2 (2009: Euro 1,496.8).
- Euro 650.0 notes (nominal value) at a fixed rate of 3.75%, issued in November 2005, maturing on November 11, 2011. As of December 31, 2010 the outstanding balance is Euro 645.1 (2009: Euro 639.7).
- Euro 1,243.0 notes (nominal value) at a fixed rate of 5.0%, issued in August 2003, maturing on August 5, 2013. As of December 31, 2010 the outstanding balance is Euro 1,244.9 (2009: Euro 1,250.8).

- Euro 600.0 notes (nominal value) at a fixed rate of 6.0%, issued in February 2008, maturing on February 12, 2015. As of December 31, 2010 the outstanding balance is Euro 597.4 (2009: Euro 596.7).
- Euro 900.0 notes (nominal value) at a fixed rate of 4.625%, issued in November 2006, maturing on May 20, 2016. As of December 31, 2010 the outstanding balance is Euro 893.5 (2009: Euro 892.5).

These bonds are listed on the Luxembourg Stock Exchange.

In February 2010, the Euro 1,500.0 (nominal value as of February 2010) 5,375% notes maturing in February 2011 were reclassified to the "Short-term portion of long-term borrowings" in the consolidated statement of financial position. In May and December 2010, OTE PLC proceeded with partial buybacks of notes of a total nominal amount of Euro 99.6 under the aforementioned notes. The repurchased notes have been cancelled.

In November 2010, the Euro 650.0 nominal value 3.75% notes maturing in November 2011 were reclassified to the "Short-term portion of long-term borrowings" in the consolidated statement of financial position.

With respect to the Notes maturing in 2011, the Group's refinancing strategy will combine the use the Group's excess liquidity, capital markets issuance or syndicated banks loan or a shareholder loan from DEUTSCHE TELEKOM AG (see Note 33).

In relation to the shareholder loan from DEUTSCHE TELEKOM AG, OTE's ordinary General Assembly has approved the granting of special permission pursuant to article 23a, paragraph 2 of C.L.2190/1920, for the conclusion of a loan offered by DEUTSCHE TELEKOM AG to OTE, under financial terms and conditions equal to or better than the financial terms and conditions offered by a third party.

On July 16, 2010, OTE PLC repurchased Euro 7.0 of the Euro 1,250.0 5.0% Notes due on August 5, 2013. The repurchased Notes have been cancelled.

The Euro 900.0, the Euro 1,400.4 and Euro 600.0 notes 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 downgraded to BB+/Ba1 or their respective equivalents (non-investment grade), within a specific period and under specific terms and conditions.

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

The terms of the abovementioned bonds of Euro 1,400.4 and Euro 600.0 include a step-up clause triggered by changes in the credit rating of OTE ("step up clause"). The bond coupon may be increased by 1.25% in the event that:
a) one or both of the two credit rating agencies (Moody's and Standard and Poor's) downgrades the rating to BB+ or Ba1 and under (sub-investment grade), or
b) both rating agencies (Moody's and Standard and Poor's) cease or are unable to perform the credit rating of OTE.

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

(c) Other bank loans

ROMTELECOM has obtained four long-term loans in Euro and Korea Won, with an outstanding balance of Euro 38.9 as of December 31, 2010 (December 31, 2009: 42.1). The first of these loans is in Euro, has an outstanding balance of Euro 8.0, and matures in 2012. The remaining three loans have outstanding balances of Euro 6.2, Euro 13.5, and Euro 11.2, are denominated in Korean Won and mature in 2014, 2018 and 2020, respectively. All loans have principal repayment schedules, according to which an amount of Euro 8.5 in total for all the loans will be repaid in 2011 (short-term portion). All loans bear a fixed interest rate. During 2010, ROMTELECOM repaid an amount of Euro 7.3 out of its long-term loans though the outstanding balance was affected by the Euro depreciation against the Korean Won during 2010.

The weighted average interest rate of the Group's long-term borrowings for the years ended December 31, 2010 and 2009 was approximately 4.8% and 4.7%, respectively.

Derivatives
On July 21, 2008, OTE PLC entered into an interest rate swap for Euro 65.0 maturing on August 5, 2013. The swap has been designated as the hedging instrument in the fair value hedge of a portion of OTE PLC's Euro 1,243.0 bond, which bears a fixed rate of 5.0% and matures in 2013. The gain from the change in the fair value of the swap is recorded in the line "Interest expense" in the 2010 consolidated income statement and is offset by the loss from the change in fair value of the loan. Any ineffectiveness arising is not material. The mark-to-market value of the swap was Euro 6.8 in favor for OTE PLC as of December 31, 2010 (see Note 9).

On October 1, 2008, the Group had designated a swap that already existed from COSMOTE, for Euro 200.0 and which matured on September 2, 2010 as the hedging instrument on Group level in a cash flow hedge for the cash flows of a portion of the syndicated loan of Euro 500.0 which was bearing a floating interest rate. From October 31, 2009 this swap did not meet the criteria for hedge accounting set out in IAS 39. As a result of the maturity of the above swap a loss of Euro 6.8 was transferred from other comprehensive income and recorded in the line "Interest expense" in the 2010 consolidated income statement.

In December 2010, ROMTELECOM proceeded with the conclusion of three Euro / Korean Won FX Non Deliverable Forward ("NDF") agreements with the purpose of hedging part of the exposure in Korean Won stemming from the ROMTELECOM outstanding loans in Korean Won. The notional amount of the above NDFs is equivalent to Euro 20.0. The mark-to-market value of the NDFs as of December 31, 2010 was Euro 0.3 negative for ROMTELECOM.

COMPANY	2010	2009
Intercompany loans from OTE PLC	2,834.5	2,930.1
Total long-term debt	**2,834.5**	**2,930.1**
Short-term portion	(1,119.1)	-
Long-term portion	**1,715.4**	**2,930.1**

Intercompany loans from OTE PLC

The intercompany loans from OTE PLC as of December 31, 2010 are analyzed as follows:

- Loan of nominal value Euro 970.4, with a fixed interest rate, granted in February 2008, maturing in February 2011. The outstanding balance as of December 31, 2010 is Euro 970.2 (2009: 1,067.6).
- Loan of nominal value Euro 150.0 with a fixed interest rate, granted in November 2005, maturing in November 2011. The outstanding balance as of December 31, 2010 is Euro 148.9 (2009: Euro 147.6).
- Loan of nominal value Euro 1,118.0 with a fixed interest rate, granted in August 2003, maturing in August 2013. The outstanding balance as of December 31, 2010 is Euro 1,118.0 (2009: Euro 1,118.1).
- Loan of nominal value Euro 600.0, with a fixed interest rate, granted in February 2008, maturing in February 2015. The outstanding balance as of December 31, 2010 is Euro 597.4 (2009: Euro 596.8).

In February 2010, OTE's intercompany loan of Euro 1,070.0 (nominal value as of February 2010) maturing in February 2011 was reclassified to the "Short-term portion of long-term borrowings" in the separate statement of financial position. In May and December 2010, OTE proceeded with partial repayments of a total nominal amount of Euro 99.6 under the aforementioned intercompany loan.

In November 2010, OTE's intercompany loan of nominal value Euro 150.0 maturing in November 2011 was reclassified to the "Short-term portion of long-term borrowings" in the separate statement of financial position.

The weighted average interest rate of the Company's long-term borrowings for the years ended December 31, 2010 and 2009, was approximately 5.5% for both years.

18. 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) / IKA-ETAM
The TAP-OTE Fund, a multi-employer fund to which OTE contributes, was the main fund providing pension and medical benefits to OTE employees. The employees of the National Railway Company and the Hellenic Post Office were also members of this Fund.

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

As a result of Law 3655/2008, the pension segment of TAP-OTE was incorporated into IKA-ETAM (the main social security of Greece) from August 1, 2008, with a gradual reduction of contributions from TAP-OTE to those of IKA, which is expected to commence in 2013 and conclude in 2023 in three equal installments. At the same time, the medical segment of TAP-OTE was incorporated from October 1, 2008 into TAYTEKO. In conjunction with the new Law, the shares of TAP-OTE in the share capital of EDEKT, are passed to IKA-ETAM from the date this Section was transferred to IKA-ETAM.

Furthermore, according to Law 3655/2008 (article 2, paragraph 8) the deficits of the pension segments which were incorporated into IKA-ETAM are covered by the Greek State.

(b) Auxiliary Pension Fund/ TAYTEKO

The Auxiliary Fund-Lump Sum segment provides members with a lump sum benefit upon retirement or death. 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. As a result of Law 3655/2008, the two segments of the Auxiliary fund (the Lump – Sum Payment segment and the Additional Pension segment) were incorporated from October 1, 2008 into TAYTEKO.

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

Loans and advances to pension funds are analyzed as follows:

	2010	2009
Loans and advances to:		
EDEKT	35.2	70.4
Auxiliary Fund	2.1	2.4
Interest bearing loan to Auxiliary Fund (L. 3371/2005)	122.2	127.0
Interest-free loan to Auxiliary Fund (L. 3762/2009)	12.0	-
TOTAL	**171.5**	**199.8**
Loans and advances to:		
EDEKT	35.2	35.2
Auxiliary Fund	0.5	0.5
Interest bearing loan to Auxiliary Fund (L. 3371/2005)	9.6	9.6
Short-term portion	**45.3**	**45.3**
Long-term portion	**126.2**	**154.5**

Loans to pension funds are reflected in the financial statements at amortized cost, having been discounted, using appropriate Greek market rates, on initial recognition to their present values. Based on article 74 of Law 3371/2005 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 due to participants of the Voluntary Leave Scheme. On October 23, 2006, the loan agreement was signed and its main terms are as follows: the total amount of the loan is up to Euro 180.0, which would 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 exceeded the amount of Euro 180.0, OTE would grant the additional amount, which could not exceed the amount of Euro 10.0. In this case, the above mentioned agreement would be amended in order to include the final amount of the loan and to update the repayment schedule.

Following the above mentioned terms, on October 30, 2007 and on May 21, 2008 two amendments to the loan agreement were signed based on which additional amounts of Euro 8.0 and Euro 1.3, respectively were granted and the repayment schedule was updated so that as of December 31, 2010, the total loan granted amounted to Euro 189.3. The loan is repayable in 21 years including a two year grace period, meaning that the repayment started on October 1, 2008 through monthly installments. The loan bears interest at 0.29%.

Based on L. 3762/2009 (Voluntary Leave Scheme program for 600 employees) OTE was required to grant an interest-free long-term loan to TAYTEKO for the Lump Sum benefits that TAYTEKO will be required to pay to these employees. The respective loan agreement was signed in June 2010 for a nominal amount of Euro 30.0, being an interest free loan with a duration of 22 years. At the date of the contractual commitment, the loan was discounted to its present value and as a result an amount of approximately Euro 18.6 was charged as a finance expense in the 2010 income statement, out of which Euro 0.6 was unwinded until December 31, 2010. As of December 31, 2010 the total amount of Euro 30.0 had been drawn down.

Defined Benefit Plans:

(a) Provision for Staff Retirement Indemnities

Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissal or retirement). Employees who resign (except those with over fifteen years of service) or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal. In the case of OTE employees, the maximum amount is limited to a fixed amount (Euro 0.02 and is adjusted annually according to the inflation rate), plus 9 months' salary. In practice, OTE employees receive the lesser amount between 100% of the maximum liability and Euro 0.02 plus 9 months' salary. Employees with service exceeding 25 years are entitled to draw loans against the indemnity payable to them upon retirement. The provision for staff retirement indemnity is reflected in the financial statements in accordance with IAS 19 "Employee Benefits" and is based on an independent actuarial study.

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

	GROUP		COMPANY	
	2010	2009[1]	2010	2009[1]
Current service cost	19.5	19.0	16.4	16.8
Amortization of past service cost	8.3	8.0	7.8	7.8
P&L effect recorded in "Provision for staff retirement indemnities and youth account "	**27.8**	**27.0**	**24.2**	**24.6**
P&L effect recorded in "Interest expense"	16.6	20.2	14.5	18.4
Total P&L effect	**44.4**	**47.2**	**38.7**	**43.0**

[1]Adjusted due to change in accounting policy (see Note 32).

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

	GROUP		COMPANY	
	2010	2009[1]	2010	2009[1]
Defined benefit obligation - beginning of the year	358.0	359.2	334.2	338.4
Current service cost	19.5	19.0	16.4	16.8
Interest cost	16.6	20.2	14.5	18.4
Actuarial loss/(gain)	(30.5)	(2.3)	(32.8)	(2.4)
Past service cost	-	0.7	-	-
Foreign exchange differences	(0.1)	(0.8)	-	-
Prior service cost arising during the year	3.7	0.2	-	-
Benefits paid	(26.8)	(38.2)	(25.3)	(37.0)
Defined benefit obligation - end of the year	**340.4**	**358.0**	**307.0**	**334.2**
Unrecognized past service costs	(33.8)	(41.2)	(33.4)	(41.2)
Liability in the statement of financial position	**306.6**	**316.8**	**273.6**	**293.0**

[1]Adjusted due to change in accounting policy (see Note 32).

The assumptions underlying the actuarial valuation of the staff retirement indemnities for the Group and the Company are as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Discount rate	4.6-8.7%	4.6-10.0%	4.6%	4.6%
Assumed rate of future salary increases	2.2-7.0%	3.5-4.5%	2.2-3.2%	4.5%-5.5%

(b) Youth Account

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

The provision for benefits under the Youth Account is based on an independent actuarial study. The total actuarial liability is split into two parts; one is treated as "post employment employee benefit" and the other as "other long-term employee benefit". The part of the total Youth Account liability that is being classified as "other long-term employee benefit" relates to employees who will still be active employees at the time when their children will be eligible for the lump sum benefit. The remaining part of the liability is being classified as "post employment benefit".

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

	2010			2009[1]		
COMPANY	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Current service cost	14.5	6.7	21.2	13.5	5.8	19.3
Actuarial (gain)/ loss	-	(12.4)	(12.4)	-	4.8	4.8
Amortization of past service cost	2.2	-	2.2	2.3	-	2.3
P&L effect recorded in "Provision for staff retirement indemnities and youth account "	**16.7**	**(5.7)**	**11.0**	**15.8**	**10.6**	**26.4**
P&L effect recorded in "Interest expense"	7.3	3.1	**10.4**	8.8	3.8	**12.6**
Total P&L effect	**24.0**	**(2.6)**	**21.4**	**24.6**	**14.4**	**39.0**

[1]Adjusted due to change in accounting policy (see Note 32).

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

	2010			2009[1]		
COMPANY	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Projected benefit obligation - beginning of the year	207.0	87.3	**294.3**	194.4	83.3	**277.7**
Service cost-benefits earned during the year	14.5	6.7	**21.2**	13.5	5.8	**19.3**
Interest cost on projected benefit obligation	7.3	3.1	**10.4**	8.8	3.8	**12.6**
Actuarial (gain) / loss	(19.5)	(12.4)	**(31.9)**	30.0	4.8	**34.8**
Benefits paid	(46.8)	(11.8)	**(58.6)**	(39.7)	(10.4)	**(50.1)**
Projected benefit obligation - end of the year	**162.5**	**72.9**	**235.4**	**207.0**	**87.3**	**294.3**
Unrecognized past service costs	(1.5)	-	**(1.5)**	(3.7)	-	**(3.7)**
Benefit liability	**161.0**	**72.9**	**233.9**	**203.3**	**87.3**	**290.6**
Employee's accumulated contributions			**67.5**			**71.3**
Liability in the statement of financial position			**301.4**			**361.9**

[1]Adjusted due to change in accounting policy (see Note 32).

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

	2010	2009
Discount rate	3.7%	3.9%
Assumed rate of future salary increases	2.5%	4.5%

Voluntary Leave Scheme

On May 25, 2005, the management of OTE and OME-OTE (the personnel union body) signed a Collective Labor Agreement which stipulates the staff hiring procedures. In accordance with this agreement, all new recruits by OTE will be covered with indefinite service agreements. The agreement became effective from the date the relevant law for the voluntary leave of OTE staff came into force.

The enactment of Article 74 of Law 3371/2005 and the Collective Labor Agreement signed between OTE and OME-OTE on July 20, 2005, instituted the framework for the voluntary retirement scheme. Pursuant to this Law and the collective labor agreement, the voluntary retirement scheme was applicable to permanent employees who would complete the number of years of service required for retirement up to December 31, 2012 would be entitled to full pension and other benefits. Employees that desired to come under the provisions of the above mentioned Law, with the decision of TAP OTE, such fictitious time insured as the one required for the vesting of the retirement right was recognized. The same decision for the recognition of fictitious time was also taken by the Auxiliary Fund.

The cost components of the Voluntary Leave Scheme were as follows:

- The cost of employer's and employees' contributions to TAP-OTE for the period required for the employees to be entitled to pension

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

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

Based on the provisions of Law 3371/2005, the Greek State would 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 would be required to prepay, subject to EU approval.

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

On March 4, 2009, the Greek State and IKA-ETAM (general successor of TAP-OTE) signed a transfer agreement of 19,606,015 ordinary shares held by the Greek State to IKA-ETAM without cash consideration. These shares represent 4% of OTE's share capital, in accordance with articles 74 par. 4a of L.3371/2005 and articles 1 and 2 par. 4 and 5 of L.3655/2008, in combination with the decision of May 10, 2007 of the European Community Committee (C 2/2206). The fair value of the transaction was set at Euro 10.30 (closing price of the OTE's share on the Athens Exchange the date the transfer was signed) per share.

The above transfer is subject to the following terms:

- The Greek State retains the option to repurchase a part or the total of the transferred shares. This option can be exercised at any time, following a written declaration to IKA-ETAM, stating at a minimum the number of shares that will be repurchased and the time period, as one or a series of transactions.
- If IKA-ETAM, for any reason, decides to sell all or a part of the shares, it is obliged to communicate this intention in writing to the Greek State. The Greek State retains the right to repurchase part or the whole of the shares that IKA-ETAM intends to sell. To exercise this right, the Greek State must provide written notice of its intentions within one month from notification. If the Greek State does not wish to exercise its right or does not exercise its rights within one month, then IKA-ETAM can sell freely those shares.
- The Greek State has the exclusive obligation to repurchase the shares that IKA-ETAM intends to sell if the reason for the sale is to fund the pensions of the participants in OTE's Voluntary Leave Scheme based on article 74 of L.3371/2005. In this instance, IKA-ETAM must provide specific economic analysis that evidences its inability to fulfill its obligation to disburse pensions to the above mentioned participants without the sale of the shares.
- In all the afore-mentioned cases (call option and/or put option) the value of the total of the transferred shares will be calculated based on the closing price of the share of OTE at the signing date (i.e. Euro 10.30 (in absolute amount) per share).
- If IKA-ETAM sells the shares to a third party without complying with all the afore-mentioned terms, IKA-ETAM is obliged to pay to the Greek State an amount equal to 10 times the consideration received from the sale to the third party as a financial penalty and compensation which is agreed as fair.
- If OTE decides to increase its share capital with a preference right in favor of the existing owners, or issues convertible bonds and IKA-ETAM decides to exercise these rights, IKA-ETAM is required to inform the Greek State in writing. The Greek State retains the right to request IKA-ETAM to transfer, through an over the counter transaction, the additional shares obtained. In this case IKA-ETAM is obliged to transfer the shares obtained at the price obtained, otherwise it is obliged to pay compensation equal to 10 times the consideration invested for participating in the share capital increase and terms mentioned in the preceding paragraph will apply.
- IKA-ETAM undertakes to exercise its voting rights corresponding to the above shares, in coordination with the Greek State and has to instruct individuals who will be authorized to exercise the voting rights at any General Assembly of OTE's shareholders on its behalf in the same way the Greek State does. Otherwise, IKA-ETAM has to pay to the Greek State a penalty equal to the listed price of the transferred shares at the date of the General Assembly of OTE's shareholders as well as any other compensation for any consequential loss the Greek State suffers.

On May 15, 2009, Law 3762/2009 was enacted providing the following:

- OTE's employees who: (i) have submitted a written application to participate in the Voluntary Leave Scheme, within the deadlines defined in par.2, article 74 of Law 3371/2005 and, (ii) do not submit an irrevocable application within one (1) month from the law's enactment that would recall the initial application submitted, are considered to be retired based on the article 74 of Law 3371/2005 within three (3) months from the expiration of the deadline described in ii) above.
- The cost that will arise from a) the employer's and the employee's contributions to IKA-ETAM (both for the sections of pensions and medical benefits) for the fictitious time recognized to these employees and b) the pensions that IKA-ETAM's pension section will be required to pay to these employees based on the above, will be covered by OTE.
- The cost that will arise from the employer's and the employee's contributions to TAYTEKO for the fictitious time recognized to these employees as well as the pensions that TAYTEKO (Auxiliary Insurance Sector for OTE Personnel) will be required to pay to these employees based on the above, will be covered by OTE.
- The cost that will arise from the employer's and the employee's contributions to TAYTEKO (Health Insurance Sector for OTE Personnel) for the fictitious time recognized to these employees, will be covered by OTE.
- For the Lump Sum benefits that TAYTEKO will be required to pay to these employees, OTE should grant a long-term loan to TAYTEKO.

Based on the recent developments and the new Law 3845/2010 "Measures for the application of the support scheme of the Greek Economy by the Members of the Euro Zone and the International Monetary Fund", certain changes have been made to the assumptions used in the calculation of OTE's outstanding liability for the Voluntary Leave Scheme programs. The adjustment was estimated to be approximately Euro 21.6 positive and is included in the line "Cost of early retirement program", in the income statement of 2010. The movement of the provision for the cost of the Voluntary Leave Scheme is as follows:

	2010	2009
Balance at January 1	**258.9**	**383.0**
Payments during the year	(154.0)	(96.1)
Release of liability due to transfer of 4% to IKA-ETAM	-	(201.9)
Voluntary Leave Scheme cost	-	152.0
Payments related to provision for staff retirement indemnities	-	(13.9)
Adjustments due to changes in assumptions	(21.6)	-
Adjustment due to time value of money	6.2	35.8
Obligation arising from the actuarial study of IKA-ETAM (see below)	129.8	-
Balance at December 31	**219.3**	**258.9**

The table below describes the components included in the line "Cost of early retirement program" of the income statement relating to the Voluntary Leave Scheme and the early retirement programs described above:

	GROUP		COMPANY	
	2010	2009	2010	2009
Release of liability due to transfer of 4% to IKA-ETAM	-	201.9	-	201.9
Voluntary Leave Scheme cost	-	(152.0)	-	(152.0)
Other early retirement programs' cost	(63.3)	(19.6)	(36.5)	(11.0)
Adjustments due to changes in assumptions	21.6	-	21.6	-
Obligation arising from the actuarial study of IKA-ETAM (see below)	(129.8)	-	(129.8)	-
TOTAL	**(171.5)**	**30.3**	**(144.7)**	**38.9**

Based on the estimated period of payment, the provision relating to the Voluntary Leave Scheme is classified as follows:

	2010	2009
Short-term portion	189.4	149.0
Long-term portion	29.9	109.9
TOTAL	**219.3**	**258.9**

IKA-ETAM

By his letter dated January 19, 2010, the Minister of Labor and Social Security informed OTE that IKA-ETAM has incurred significant deficits attributable to the incorporation of the pension segment of TAP-OTE from August 1, 2008 into IKA-ETAM, and that further deficits are also anticipated for 2010. In his letter the Minister further explained that such deficits are currently covered primarily by the Greek State and partially absorbed by IKA-ETAM, he indicated that OTE should also contribute funds towards these deficits and requested a meeting with OTE's Chief Executive Officer in order to discuss the relevant issues. The meeting was held on January 26, 2010 where the two parties agreed to establish a committee to discuss the issues raised. A first meeting of this committee took place on February 11, 2010 and OTE requested the Ministry of Labor and Social Security's ("Ministry") official positions in writing. On February 23, 2010, the Ministry formally advised OTE that as a result of the Voluntary Leave Scheme it has estimated that IKA-ETAM has foregone contributions and pensions of approximately Euro 340.0. Furthermore, it also noted that the relevant outstanding contributions currently paid by OTE on a monthly basis, should be settled in full.

OTE examined the Ministry's position, however, its view is that this position is unsubstantiated, given that OTE has fulfilled and continues to fulfill in their totality all the financial obligations it has towards all social security funds, paying all contributions, as they are due, both in the context of its normal course of business, as well as the ones related to the company's voluntary retirement plans, strictly following all relevant laws, rules and regulations.

Therefore, in reply to the above mentioned letter, on March 9, 2010, OTE, in a letter to the Ministry, responded to all the specific issues included therein and reiterated its position that OTE fulfils in their totality all the financial obligations arising from L. 3371/2005 and the relevant Ministerial Decision, and requested that the Ministry address the pending issue regarding the issuance of the necessary decisions by the pension funds, in order to enable the participants of the Voluntary Leave Scheme of L. 3762/2009 to receive their pension entitlements.

Based on article 3 of the F/10051/27177/2174 Ministerial Decision issued at the end of March 2010, the additional financial burden of the Pension Sector of IKA-ETAM, the Auxiliary Insurance Sector for OTE personnel of TAYTEKO and the Medical Segment of TAYTEKO as derives from articles 2 and 4 of the Collective Labor Agreement signed between OTE and OME-OTE on July 20, 2005, should be paid for by OTE in a lump-sum to the above sectors by the last working day of September 2010. The amount of this additional financial burden would be determined by an actuarial study that would be performed by the Directorate of Actuarial Studies of the General Secretariat for Social Security in conjunction with the Directorate of Actuarial Studies and Statistics of IKA-ETAM by August 31, 2010.

On May 11, 2010 OTE filed an appeal against this Ministerial Decision before the Administrative Court of First Instance of Athens, requesting the annulment of article 3 as based on the Legal Department's assessment, it is in contravention of article 34 of L. 3762/2009 and consequently, there are valid grounds for the annulment of this article. On May 15, 2010 OTE also filed an appeal requesting the suspension of enforcement of this Ministerial Decision before the same Court. The hearing for the suspension of enforcement was held on June 8, 2010, before the Athens Administrative Court and the Court with its decision dated September 16, 2010 rejected OTE's request. Following this decision, subject to a positive outcome of a second request for suspension of enforcement that is OTE's right after the announcement of the actuarial study, OTE will be legally obliged to pay the disputed amount of the actuarial study in advance of legal proceedings, irrespective of the fact that the Company's position is that there are good grounds that OTE will finally win this case in court.

By its letter dated January 21, 2011 and received by OTE on January 28, 2011, the Ministry notified OTE of the completion of the actuarial studies and handed over to OTE a copy of such actuarial studies, pursuant to article 3 of the Ministerial Decision 10051/27177/2174, for the estimation of the additional financial burden of the pension funds, incurred by OTE's Voluntary Leave Scheme based on L. 3371/2005, stating that additional studies will follow for the estimation of the additional financial burden of the pension funds, incurred by OTE's Voluntary Retirement Scheme based on L. 3762/2009. The additional financial burden that the above mentioned actuarial studies state that incurred based on L. 3371/2005, amounts to Euro 129.8.

OTE has a legal right and considers the option to file a new petition requesting suspension of enforcement of article 3 of the Ministerial Decision based on new legal grounds, once it has received a payment demand from the pension funds. At this stage, no reliable estimate can be made whether the suspension (fully or partially) will be granted or not.

The fact that the announcement of the results of the actuarial study eliminates the uncertainty regarding the amount of the obligation, together with the above mentioned inability to assess whether it is probable to take the suspension (given the first rejection) led to the conclusion that at this stage the existing contingent liability has crystallized. Furthermore, based on the provisions of IAS 10, this development should be treated as an adjusting subsequent event and therefore the amount of the actuarial study should be recorded in the 2010 financial statements. With respect to the additional studies that will be performed (based on the Ministry's notification), OTE has not recorded any provision in its financial statements, as the amount cannot be reliably estimated until the announcement of such studies. As a result of all the above, the amount of Euro 129.8 was recorded in the consolidated and separate income statement of 2010 and is included in the line "Cost of early retirement program".

Early Retirement Programs

On December 23, 2009, the management of OTE approved an early retirement program according to which employees who would complete the number of years required for retirement by December 29, 2010, would be entitled to benefits in order to retire by December 30, 2010. The deadline for the applications for participating in this early retirement program was due on January 15, 2010. The respective cost amounted to Euro 36.5 and is included in the line "Cost of early retirement program" in the consolidated and separate income statement for the year 2010. Amounts paid during the year 2010 in relation to the above program and prior years' early retirement programs were Euro 24.2 and are fully provided for.

ROMTELECOM's and ZAPP's restructuring plans

By virtue of decisions by ROMTELECOM's CEO, dated February and April 2010, ROMTELECOM announced the restructuring of specific departments within the company. During 2010, 1,136 employees voluntarily terminated their employment contracts and an amount of Euro 24.2, which was fully paid, is included in the line "Cost of early retirement program" in the consolidated income statement for the year 2010.

A total of 350 employees of ZAPP (COSMOTE's subsidiary) voluntarily terminated their employment contracts and an amount of Euro 2.6, representing the relative costs, which was fully paid, is included in the line "Cost of early retirement program" in the consolidated income statement for 2010.

19. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2010	2009[1,2]	2010	2009[1]
Asset retirement obligation	9.1	8.5	-	-
Provision for obligation of phone credits	17.7	26.9	17.7	26.9
Deferred revenue (long-term)	6.9	8.0	-	-
Unpaid balance of 3G license	5.0	6.9	-	-
Derivative financial instrument	-	4.3	-	-
Other	4.8	12.3	3.8	8.9
TOTAL	**43.5**	**66.9**	**21.5**	**35.8**

[1]Adjusted due to change in accounting policy (see Note 32).
[2]Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

20. SHORT-TERM BORROWINGS

The outstanding balance of short-term borrowings as of December 31, 2010 for the Group amounted to Euro 5.6 (December 31, 2009: Euro 3.3), and is analyzed as follows:

- Loan of E-VALUE S.A. of Euro 2.0, with a floating interest rate. The outstanding balance of this loan as of December 31, 2010 amounts to Euro 2.0 (December 31, 2009: Euro 2.0).
- Loan of OTE PLUS of Euro 3.0 with a floating interest rate and loan of OTE PLUS of Euro 0.6 with a floating interest rate. The outstanding balance of these loans as of December 31, 2010 amounts to Euro 3.6 (December 31, 2009: Euro 1.3).

The weighted average interest rate of the short-term borrowings for the years ended December 31, 2010 and 2009, was approximately 2.9% and 2.8%, respectively.

21. INCOME TAXES – DEFERRED TAXES

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

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.

New tax law

The new Law 3842/23-4-2010 introduces two separate corporate income tax rates for distributed and undistributed profits of legal entities. More specifically:

- Non-distributed profits are taxed at a tax rate of 24% (reduced annually by 1 percentage point until it reaches 20% by 2014).
- Distributed profits are taxed at a tax rate of 40%.
- No further withholding tax is imposed on dividends.

The new tax law applies to profits arising from the fiscal year 2010 onwards or to the profits of previous accounting periods distributed after December 31, 2010. The distribution of profits of previous accounting periods within 2010 is still taxed under the current regime (i.e. withholding tax of 10% is applicable).

Taxation of 40% on distributed profits of the legal entities exhausts the tax liability in case the beneficiaries are legal entities. In cases where such legal entities proceed to the distribution of profits, in which dividends from other legal entities are included, the part of tax already paid for those dividends is deducted from the 40% tax imposed on distributed profits.

Special contribution Law 3808/2009

Following the enactment of Law 3808/2009, a special, one time contribution of social responsibility was charged to the Greek profitable entities calculated on their total net income of the fiscal year 2008, if it exceeded the amount of Euro 5.0, based on a progressive scale. Therefore income tax payable as of December 31, 2009 for the Group and the Company (Euro 133.2 and Euro 41.0 respectively) included the liability arising from the special one off contribution of social responsibility (Euro 113.1 and Euro 51.6 respectively). These amounts were paid to the Greek authorities in January 2010.

Special contribution Law 3845/2010

According to Law 3845/2010 "Measures for the application of the support scheme of the Greek Economy by the Members of the Euro Zone and the International Monetary Fund" a special contribution was imposed on Greek profitable entities calculated on their total net income for the fiscal year 2009 based on a progressive scale up to 10% of their total net income. The contribution was initially estimated to approximately Euro 99.4 and Euro 46.0 for the Group and the Company, respectively and it was charged to the consolidated and separate income statement in the second quarter of 2010. The amount would be finalized after the receipt of the respective notifications by the tax authorities. The Company evaluated the possibility (after the payment of the above mentioned contribution) of requesting a refund of approximately Euro 30.1 of such special contribution relating to dividend income derived from its subsidiaries' 2008 profits, on which a special contribution has already been imposed based on the requirements of L. 3808/2009. Based on the instructions/clarifications given in December 2010 from the Ministry of Finance with respect to the special contribution imposed with L. 3845/2010, the amount of the special contribution which derives from the dividend income received from a subsidiary from profits of this subsidiary on which a special contribution has been paid (either from L. 3845/2010 or L. 3808/2009) is refunded to the Company. As a result, the amount of Euro 30.1 was deducted from the special contribution of the Group and the Company, and the total charge for the year 2010 amounted to Euro 69.3 for the Group and Euro 15.9 for the Company. The special contribution will be paid in 2011 in twelve monthly installments.

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

COMPANY	Open Tax Years
OTE	From 2009
COSMOTE	From 2009
OTE INTERNATIONAL INVESTMENTS LTD	From 2003
HELLAS SAT	From 2008
COSMO-ONE	From 2010
VOICENET	From 2004
HELLASCOM	From 2010
OTE PLC	From 2005
OTE SAT-MARITEL	From 2007
OTE PLUS	From 2008
OTE ESTATE	From 2008
OTE GLOBE	From 2007
OTE INSURANCE	From 2010
OTE ACADEMY	From 2007
HATWAVE	From 1996
OTE INVESTMENTS SERVICES S.A.	From 2005
ROMTELECOM	From 2006
AMC	From 2008
GLOBUL	From 2005
COSMOTE ROMANIA	From 2007
GERMANOS	From 2008
E-VALUE S.A.	From 2010
GERMANOS TELECOM ROMANIA S.A.	From 2003
SUNLIGHT ROMANIA S.R.L. -FILIALA	From 2005
GERMANOS TELECOM BULGARIA A.D.	From 2010
MOBILBEEEP LTD	From 2005
HELLAS SAT S.A.	From 2008
CHA	From 2007
COSMO-HOLDING CYPRUS	From 2006
COSMOHOLDING ROMANIA LTD	From 2009 (incorporation)
ZAPP	From 2009
OTE PROPERTIES	From 2008 (incorporation)
E-VALUE LTD	From 2010 (incorporation)

- The tax audit of the Company for the fiscal years 2006-2008 was completed in early May 2010 and the tax authorities imposed additional taxes amounting to Euro 57.7. The Company has accepted a partial settlement for an amount of Euro 37.7. Furthermore, based on the findings of the tax audit, the Company has reassessed the income tax expense for the year 2009 and an additional tax expense of Euro 6.3 was required. The amount settled with the tax authorities, the additional estimate for 2009, less the previously established provision for open tax years of Euro 14.0 resulted in an amount of Euro 30.0 being charged to the income statement of 2010. The remaining amount of taxes imposed (Euro 20.0) relates to costs associated with OTE's Voluntary Leave Scheme and the early retirement programs. OTE decided not to include this particular item in the partial settlement and has appealed against the tax authorities' position before the administrative courts. Based on the respective law, the Company was required to pay an advance of approximately Euro 5.0 (25% of the assessed taxes and penalties) in order to appeal, which will be reimbursed to the Company in the event of a favorable court outcome. Based on the management's assessment, OTE considers there are good grounds to believe that OTE will win this case in court. The amount was partially offset with claims from tax authorities of Euro 4.4 and as a result OTE paid Euro 0.6.
- The tax audit of COSMOTE for the fiscal years 2006 – 2008 was completed in May 2010, without any significant impact for the Group. The tax audit for the fiscal year 2009 is in progress.
- The tax audit of OTE SAT - MARITEL for the fiscal years 2004 - 2006 was completed in June 2010 without any significant impact for the Group.
- E-VALUE S.A. has settled the unaudited years 2003-2009 according to L. 3888/2010 without any significant impact for the Group.
- HELLASCOM has settled the unaudited years 2006-2009 according to L. 3888/2010 without any significant impact for the Group.
- The tax audit of GERMANOS TELECOM BULGARIA A.D. for the fiscal years 2005-2009 was completed in June 2010, without any significant impact for the Group.
- COSMOONE has settled the unaudited years 2007-2009 according to L. 3888/2010 without any significant impact for the Group.
- OTE INSURANCE has settled the unaudited years 2007-2009 according to L. 3888/2010 without any significant impact for the Group.

The major components of income tax expense for the years ended December 31, 2010 and 2009 are as follows:

	GROUP		COMPANY	
	2010	2009[1]	2010	2009[1]
Current income tax	168.1	203.1	30.7	43.2
Special contribution (Law 3845/2010)	69.3	-	15.9	-
Special contribution (Law 3808/2009)	-	113.1	-	51.6
Tax on dividends (Law 3697/2008)	19.0	30.3	19.0	30.3
Differences arising from tax audits	30.0	-	30.0	-
Reversal of provision (Law 3888/2010)	(5.5)	-	-	-
Deferred income tax	(42.0)	35.9	(4.1)	11.6
Total income tax	**238.9**	**382.4**	**91.5**	**136.7**

[1]Adjusted due to change in accounting policy (see Note 32).

Considering the impact of the special contribution described above, income tax payable for the Group and the Company as of December 31, 2010 amounted to Euro 70.9 and Euro 1.6, respectively.

During 2008 the tax authorities imposed to OTE ESTATE taxes of Euro 4.5 and penalties of Euro 9.4 relating to the share capital increase in 2001. The company has set up a provision of Euro 10.0 which was charged to the 2008 income statement against the amount of penalties imposed. The company has filed a lawsuit against the tax authorities' decision before the administrative courts. The new tax Law (3888/2010) covers tax settlements for the unaudited years, settlements of unpaid taxes from already audited years, as well as settlements of cases that are pending before the administrative courts. On October 22, 2010, OTE ESTATE's Board of Directors decided to use the provisions of L.3888/2010 for the above mentioned dispute and as a result, OTE ESTATE paid the amount of taxes (Euro 4.5) and has been released from the total amount of penalties imposed. Since the case meets all the criteria that the Law sets, the unused portion of the established provision (Euro 5.5) was reversed.
A reconciliation between the income tax expense and the accounting profit multiplied by tax rates in force (2010:24%, 2009:25%) is as follows:

	GROUP		COMPANY	
	2010	2009[1]	2010	2009[1]
Profit before tax	99.9	790.0	152.4	420.3
Statutory tax rate	24%	25%	24%	25%
Tax at statutory rate	24.0	197.5	36.6	105.1
Non-taxable and specially taxed income	-	-	(46.1)	(75.7)
Effect of different rates in different countries	16.9	(17.3)	-	-
Effect of changes to tax rates	5.1	12.6	4.7	11.2
Expenses non-deductible for tax purposes	53.5	29.9	26.1	4.0
Losses from consolidated subsidiaries not deductible	15.1	11.6	-	-
Special contribution (Law 3808/2009)	69.3	113.1	15.9	51.6
Tax on dividends (Law 3697/2008)	19.0	30.3	19.0	30.3
Differences arising from tax audits	30.0	-	30.0	-
Reversal of provision (Law 3888/2010)	(5.5)	-	-	-
Other	11.5	4.7	5.3	10.2
Income tax	**238.9**	**382.4**	**91.5**	**136.7**

[1]Adjusted due to change in accounting policy (see Note 32).

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

	Statement of financial position		Income statement	
GROUP	2010	2009[1,2]	2010	2009[1]
Voluntary leave scheme	52.3	61.2	(8.9)	(34.4)
Staff retirement indemnities	56.7	57.0	7.0	3.1
Youth account	49.2	63.3	(10.0)	(4.5)
Employee benefits	16.9	20.4	(2.0)	(22.7)
Property, plant and equipment	82.0	81.5	0.5	(2.4)
Provisions	86.2	92.3	(6.1)	13.1
Carry forward tax losses	21.5	20.9	0.6	0.5
Deferred income	5.7	8.3	(2.6)	2.9
Fair value adjustment on acquisitions	-	24.2	(24.4)	(17.2)
Other	21.2	22.0	(0.8)	7.9
Deferred tax asset (before offset)	**391.7**	**451.1**		
Offset of deferred tax liabilities	(131.3)	(172.4)		
Deferred tax asset (after offset)	**260.4**	**278.7**		
Deferred tax liabilities (before offset)				
Property, plant and equipment	(91.1)	(166.9)	75.4	(0.6)
Capitalized interest	(20.6)	(22.1)	1.5	5.0
Unbilled revenue	(0.2)	(0.2)	-	5.4
Loan fees	(1.1)	(2.3)	1.2	1.2
Fair value adjustment on acquisition	(80.9)	(83.5)	(0.4)	9.7
Other	(3.7)	(15.3)	11.0	(2.9)
	(197.6)	**(290.3)**		
To be offset against deferred tax asset	131.3	172.4		
Deferred tax liabilities (after offset)	**(66.3)**	**(117.9)**		
Deferred tax income/(expense)			**42.0**	**(35.9)**
Deferred tax assets, net	**194.1**	**160.8**		

[1]Adjusted due to change in accounting policy (see Note 32).
[2]Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

COMPANY	Statement of financial position		Income statement	
	2010	2009[1]	2010	2009[1]
Voluntary leave scheme	52.3	61.2	(8.9)	(34.4)
Staff retirement indemnities	54.3	55.0	6.2	5.2
Youth account	49.2	63.3	(10.0)	(4.5)
Employee benefits	16.9	18.0	0.4	(24.6)
Provisions	75.9	74.1	1.8	23.1
Deferred income	5.0	5.4	(0.4)	1.0
Other	0.2	-	0.2	-
Deferred tax assets (before offset)	**253.8**	**277.0**		
Offset of deferred tax liabilities	(58.6)	(73.4)		
Deferred tax assets (after offset)	**195.2**	**203.6**		
Property, plant and equipment	(38.4)	(50.9)	12.5	13.6
Capitalized interest	(19.6)	(21.1)	1.5	4.8
Unbilled revenue	-	-	-	3.3
Loan fees	(0.6)	(1.4)	0.8	0.9
Deferred tax liabilities	**(58.6)**	**(73.4)**		
To be offset against deferred tax assets	58.6	73.4		
Deferred tax income/(expense)			**4.1**	**(11.6)**
Deferred tax assets, net	**195.2**	**203.6**		

[1]Adjusted due to change in accounting policy (see Note 32).

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

	GROUP		COMPANY	
	2010	2009[1,2]	2010	2009[1]
Deferred tax (net) – beginning of the year	160.8	194.5	203.6	212.3
Deferred tax charged to the income statement	42.0	(35.9)	4.1	(11.6)
Deferred tax through equity	(12.9)	2.9	(12.5)	2.9
Foreign exchange differences	4.2	3.5	-	-
Acquisition of subsidiary	-	(4.2)	-	-
Deferred tax (net)- end of the year	**194.1**	**160.8**	**195.2**	**203.6**

[1]Adjusted due to change in accounting policy (see Note 32).
[2]Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

The Group does not recognize deferred tax asset on the following accumulated tax losses due to the uncertainty of the timing of available taxable profits against which these losses could be offset. The accumulated tax losses expire as follows:

Year	Amount
2011	49.5
2012	84.3
2013	57.8
2014	-
2015 and onwards	88.5
TOTAL	**280.1**

22. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Employer contributions	70.4	63.8	53.1	43.8
Payroll	48.9	47.6	24.9	21.6
Other taxes - duties	98.3	111.9	36.3	34.5
Interest payable	153.4	158.2	103.5	108.1
Provisions for litigation and other liabilities	92.3	109.8	91.3	108.8
Customer advances	29.2	46.9	22.1	40.2
Liability of acquiring non-controlling interests	-	10.0	-	-
Accrued expenses	77.1	81.2	3.1	3.0
Other	61.3	56.5	5.2	5.5
TOTAL	**630.9**	**685.9**	**339.5**	**365.5**

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

	GROUP		COMPANY	
	2010	2009	2010	2009
Balance at January 1	109.8	110.5	108.8	109.4
Addition during the year	2.8	-	2.8	-
Foreign exchange differences	-	(0.1)	-	-
Utilized	(16.0)	(0.6)	(16.0)	(0.6)
Unused amounts reversed	(4.3)	-	(4.3)	-
Balance at December 31	**92.3**	**109.8**	**91.3**	**108.8**

23. REVENUE

Revenue is analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
DOMESTIC TELEPHONY				
Monthly network service fees	751.2	845.9	500.9	566.9
Local and long-distance calls				
-Fixed to fixed	401.9	461.9	357.1	415.7
-Fixed to mobile	170.9	249.5	120.0	174.8
	572.8	711.4	477.1	590.5
Other	70.1	62.3	59.9	66.0
	1,394.1	**1,619.6**	**1,037.9**	**1,223.4**
INTERNATIONAL TELEPHONY				
International traffic	70.9	84.9	46.1	58.3
Dues from international operators	89.2	113.3	62.1	75.7
Dues from mobile operators	40.0	52.9	40.4	49.3
	200.1	**251.1**	**148.6**	**183.3**
MOBILE TELEPHONY	**2,202.4**	**2,396.2**	**-**	**-**
OTHER REVENUE				
Prepaid cards	24.2	37.3	23.8	33.2
Leased lines and Data ATM communications	295.5	319.4	138.8	179.5
Integrated Services Digital Network (ISDN)	130.8	141.7	118.5	128.3
Sales of telecommunication equipment	412.0	438.0	36.3	42.8
Internet/ ADSL	311.6	297.7	222.6	210.9
Co-location/ Local Loop	170.5	122.1	164.8	116.4
Metro Ethernet & IP CORE	42.5	31.9	34.7	24.9
Provision for services	124.9	116.4	137.0	150.9
Interconnection charges	80.2	88.9	72.7	87.6
Miscellaneous	94.0	98.6	34.1	31.2
	1,686.2	**1,692.0**	**983.3**	**1,005.7**
TOTAL REVENUE	**5,482.8**	**5,958.9**	**2,169.8**	**2,412.4**

24. OTHER INCOME/ (EXPENSE), NET

Other income/ (expense), net is analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Forfeiture of letters of guarantee	13.9	-	13.9	-
Rents	10.7	10.7	0.5	0.4
Income from penalties	6.8	9.2	-	-
Other	5.6	8.0	(1.9)	1.9
TOTAL	**37.0**	**27.9**	**12.5**	**2.3**

The Board of Directors on April 23, 2010 declared one of OTE's suppliers to be in breach of its contractual obligations relating to prior years. As a result, OTE called in guarantees, amounting to Euro 12.6, which have been recorded in "Other income/ (expense), net".

25. OTHER OPERATING EXPENSES

Other operating expenses are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Third party fees	251.8	234.2	113.5	127.0
Cost of telecommunication materials, repairs and maintenance	156.1	182.2	63.2	73.5
Advertising and promotion costs	175.7	216.8	37.8	47.2
Utilities	185.7	163.7	82.9	70.8
Provision for doubtful accounts (see Note 10)	125.6	107.0	25.9	28.0
Travel costs	15.2	18.0	7.0	8.7
Commissions to independent commercial distributors	233.3	238.4	-	-
Payments to Audiotex providers	4.0	9.5	3.1	6.8
Rents	110.7	101.8	72.3	72.7
Taxes, other than income tax	54.9	56.2	14.4	13.6
Transportation costs	11.3	11.2	6.2	5.5
Other	56.8	60.2	13.8	20.4
TOTAL	**1,381.1**	**1,399.2**	**440.1**	**474.2**

26. EARNINGS PER SHARE

Earnings per share (after income taxes,) are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares outstanding during the year, excluding the average number of own shares that the Company possessed during the year and including (for the diluted earnings per share) the number of share options outstanding at the end of the year that have a dilutive effect on earnings per share.

Earnings per share are analyzed as follows:

GROUP	2010	2009[1]
Profit attributable to owners of the parent	39.6	410.9
Weighted average number of shares for basic earnings per share	490,150,389	490,150,389
Share options	-	-
Weighted average number of shares adjusted for the effect of dilutions	490,150,389	490,150,389
Basic earnings per share	0.0808	0.8383
Diluted earnings per share	0.0808	0.8383

(Earnings per share are in absolute amounts)

[1]Adjusted due to change in accounting policy (see Note 32).

For 2010 and 2009 the outstanding options did not have a dilutive effect on earnings per share and, therefore, are not included in the earnings per share calculation.

27. OPERATING SEGMENT INFORMATION

The following information is provided for the reportable segments, which are separately disclosed in the financial statements and which are regularly reviewed by the Group's chief operating decision makers. Segments were determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the parent company and each of the Group's consolidated subsidiaries, or the sub groups included in the consolidation.

Using the quantitative thresholds OTE, COSMOTE group and ROMTELECOM have been determined to be reportable segments. Information about operating segments that do not constitute reportable segments has been combined and disclosed in an "All Other" category. The types of services provided by the reportable segments are as follows:

- OTE is a provider of local, long-distance and international fixed-line voice telephony and internet access services in Greece.
- COSMOTE group is a provider of mobile telecommunications services in Greece, Albania, Bulgaria and Romania (and in FYROM until May 2009).
- ROMTELECOM is a provider of local, long-distance and international fixed-line voice telephony and internet access services in Romania.

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements. Intersegment revenues are generally reported at values that approximate third-party selling prices. Management evaluates segment performance based on operating profit before depreciation, amortization, impairment and cost of early retirement program; operating profit and profit for the year.

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

2010	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	1,978.9	2,626.8	694.7	182.4	5,482.8	-	5,482.8
Intersegment revenue	190.9	170.4	22.2	266.7	650.2	(650.2)	-
Interest income	8.4	6.6	6.8	250.3	272.1	(246.4)	25.7
Interest expense	(199.1)	(94.6)	(1.1)	(257.2)	(552.0)	243.8	(308.2)
Depreciation, amortization and impairment	(374.2)	(492.0)	(446.8)	(52.5)	(1,365.5)	2.5	(1,363.0)
Dividend income	206.1	-	-	14.8	220.9	(206.7)	14.2
Income tax expense	(91.5)	(149.0)	19.4	(17.8)	(238.9)	-	(238.9)
Operating profit/ (loss)	142.2	479.9	(292.1)	54.8	384.8	0.1	384.9
Profit / (loss) for the year	60.9	232.2	(263.5)	46.5	76.1	(215.1)	(139.0)
Operating profit before depreciation, amortization, impairment and cost of early retirement program	661.1	974.5	178.9	107.3	1,921.8	(2.4)	1,919.4
Segment assets	7,948.7	4,303.9	1,399.9	6,892.1	20,544.6	(11,006.8)	9,537.8
Segment liabilities	4,578.3	3,315.5	219.1	5,659.2	13,772.1	(5,886.9)	7,885.2
Expenditures for segment assets	224.9	372.8	126.1	27.3	751.1	-	751.1

2009[1,2]	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	2,204.8	2,843.3	765.1	145.7	5,958.9	-	5,958.9
Intersegment revenue	207.6	192.6	17.4	271.0	688.6	(688.6)	-
Interest income	17.4	24.5	15.4	283.7	341.0	(279.4)	61.6
Interest expense	(256.8)	(115.8)	(1.8)	(263.1)	(637.5)	279.5	(358.0)
Depreciation, amortization and impairment	(424.4)	(458.3)	(227.9)	(45.5)	(1,156.1)	0.8	(1,155.3)
Dividend income	312.1	-	-	-	312.1	(302.5)	9.6
Income tax expense	(136.7)	(180.9)	(31.4)	(33.4)	(382.4)	-	(382.4)
Operating profit	345.7	611.9	24.6	61.4	1,043.6	(0.6)	1,043.0
Profit /(loss) for the year	283.6	377.7	(18.4)	50.4	693.3	(285.7)	407.6
Operating profit before depreciation, amortization, impairment and cost of early retirement program	731.2	1,070.2	261.1	106.9	2,169.4	(1.4)	2,168.0
Segment assets	8,236.6	4,362.9	1,737.2	6,955.9	21,292.6	(10,971.1)	10,321.5
Segment liabilities	4,888.8	3,440.4	261.3	5,765.6	14,356.1	(5,918.7)	8,437.4
Expenditures for segment assets	272.6	399.2	187.2	31.9	890.9	-	890.9

[1]Adjusted due to change in accounting policy (see Note 32).
[2]Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

GEOGRAPHIC INFORMATION

Geographic information for the Group's revenues from external customers and non-current assets is as follows:

	Revenues from external customers		Non-current assets	
	2010	2009[1]	2010	2009[1]
Greece	3,819.1	4,189.6	3,952.1	4,075.5
Albania	106.9	125.3	156.2	160.6
Bulgaria	388.4	423.9	538.7	644.8
Romania	1,146.3	1,181.2	1,689.3	2,086.1
Other	22.1	38.9	85.4	95.1
TOTAL	**5,482.8**	**5,958.9**	**6,421.7**	**7,062.1**

[1]Adjusted due to finalization of ZAPP's purchase price allocation (see Note 8).

The revenue information presented above is based on the location of the entity. Non-current assets for this purpose consist of property, plant and equipment, goodwill, telecommunication licenses and other intangible assets.

28. RELATED PARTY DISCLOSURES

OTE's related parties have been identified based on the requirements of IAS 24 "Related Party Disclosures".

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

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

	2010		2009	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	140.9	105.6	162.4	116.1
OTE INTERNATIONAL INVESTMENTS LTD	0.5	4.1	0.6	4.3
HELLAS-SAT	0.5	2.0	0.5	1.6
COSMO-ONE	-	0.5	0.1	0.8
VOICENET	3.8	3.4	5.3	4.2
HELLASCOM	0.2	8.5	0.2	8.3
OTE SAT – MARITEL	1.2	2.0	1.1	2.0
OTE PLUS	0.4	33.7	0.4	34.8
OTE ESTATE	2.5	61.5	2.0	61.9
OTE-GLOBE	40.8	84.1	35.0	84.3
OTE ACADEMY	0.1	4.8	-	5.0
ROMTELECOM	-	0.4	-	-
HT HRVATSKE	-	-	0.1	0.6
TOTAL	**190.9**	**310.6**	**207.7**	**323.9**

Purchases and sales of the Group with related parties which are not eliminated in the consolidation are analyzed as follows:

	2010		2009	
	Group's Sales	Group's Purchases	Group's Sales	Group's Purchases
TELEKOM DEUTSCHLAND	16.0	10.4	12.6	9.1
HT HRVATSKE	0.2	0.1	0.3	0.6
COMBRIDGE	3.1	0.2	4.5	0.1
DETEKON	-	-	-	0.6
ORBITEL	0.1	0.4	-	0.5
T-SYSTEMS	-	0.1	1.2	-
T-MOBILE CZECH	0.3	0.1	0.3	0.1
T-MOBILE UK	1.0	0.5	0.8	0.4
T-MOBILE AUSTRIA	0.4	0.5	0.2	0.1
T-MOBILE NETHERLANDS	0.5	0.1	0.4	0.1
T-MOBILE USA	0.3	0.3	0.3	0.4
T-MOBILE HUNGARY	0.6	0.2	0.1	0.1
T-MOBILE HRVASKA	0.2	0.4	0.1	0.1
T-MOBILE TELEKOMUNIKASYON	-	0.4	-	-
T-MOBILE SLOVENSKO	0.1	-	-	-
PCT POLSKA TELEFONIA	0.7	0.5	0.4	-
TOTAL	**23.5**	**14.2**	**21.2**	**12.2**

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

	2010		2009	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
COSMOFON	-	-	1.1	-
OTE PLC	-	161.0	-	179.6
TOTAL	**-**	**161.0**	**1.1**	**179.6**

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

	2010	2009
COSMOTE	151.2	282.2
OTE ESTATE	37.0	18.9
OTE SAT – MARITEL	1.7	1.0
OTE PLUS	-	0.4
OTE INTERNATIONAL INVESTMENTS LTD	2.0	-
TOTAL	**191.9**	**302.5**

Amounts owed to and by the related parties as a result of OTE's transactions with them are analyzed as follows:

	2010		2009	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	61.2	59.9	47.2	52.5
OTE INTERNATIONAL INVESTMENTS LTD	0.2	1.1	0.1	1.2
HELLAS-SAT	0.2	0.9	0.4	0.4
COSMO-ONE	-	0.2	0.1	0.2
VOICENET	0.9	0.6	1.1	0.9
HELLASCOM	-	2.0	-	1.8
OTE SAT – MARITEL	2.6	4.5	2.2	2.0
OTE PLUS	0.2	15.6	0.1	12.3
OTE ESTATE	1.3	13.7	1.2	0.7
OTE-GLOBE	61.5	96.3	47.3	71.5
OTE ACADEMY	0.4	0.5	0.4	-
ROMTELECOM	0.2	0.1	-	-
TOTAL	**128.7**	**195.4**	**100.1**	**143.5**

Amounts owed to and by the related parties as a result of the Group's transactions with them, which are not eliminated in the consolidation, are analyzed as follows:

	2010		2009	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
TELEKOM DEUTSCHLAND	5.3	8.2	6.9	0.6
DETEKON	-	-	-	0.1
COMBRIDGE	0.3	-	0.6	-
ORBITEL	-	-	-	0.1
T-SYSTEMS	0.1	-	0.1	-
T-MOBILE HUNGARY	0.1	0.1	0.1	0.2
T-MOBILE CZECH	0.1	0.1	0.1	0.2
T-MOBILE UK	0.3	0.9	0.1	0.7
T-MOBILE AUSTRIA	0.1	0.1	-	0.3
T-MOBILE NETHERLANDS	-	0.2	-	0.3
T-MOBILE USA	0.6	1.7	1.9	3.8
PCT POLSKA TELEFONIA	0.1	0.3	-	-
T-MOBILE HRVATSKA	-	0.1	-	-
T-MOBILE INTERNATIONAL	-	1.0	-	-
TOTAL	**7.0**	**12.7**	**9.8**	**6.3**

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

	2010		2009	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	2,938.0	-	3,038.2
TOTAL	**-**	**2,938.0**	**-**	**3,038.2**

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

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 4.3 and Euro 5.0 for the years 2010 and 2009, respectively.

As of December 31, 2010, 2,462,489 options under OTE's share based payment plan have been granted to the Company's key management personnel.

The main transactions between the Group companies are described below:

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

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

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

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

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

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

OTE PLUS
OTE PLUS provides consulting services to OTE.

COSMOTE
OTE invoices COSMOTE with commissions for mobile connections made through OTE.
OTE invoices COSMOTE for leased lines.
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.
COSMOTE provides OTE with mobile equipment.

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

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

HELLAS- SAT
HELLAS SAT invoices OTE for transmitter's rental and the provision of satellite capacities.
OTE invoices HELLAS SAT with a commission on the rental of satellite capacities.

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

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

29. SHARE OPTION PLAN

On July 9, 2008, OTE's 56th Repeating Ordinary General Assembly approved the adoption of a Share Option Plan for executives of OTE and of other entities of the Group, in accordance with article 42e of the Codified Law 2190/1920. This plan replaced the pre-existing Share Option Plan of OTE. In addition, basic and additional share options already granted by COSMOTE in 2005, 2006 and 2007 under COSMOTE's existing share option plans were replaced by options on OTE's shares under the modified plan. The reason for the replacement of COSMOTE's plans was the delisting of COSMOTE's shares from the Athens Exchange on April 1, 2008. The modification of OTE's Plan and the replacement of COSMOTE's plans took place on the same date.

The nature and the main terms of the Modified Share Option Plan are as follows:

- The Modified Share Option Plan is comprised of Basic options (i.e. those granted when a participant first enters the scheme) and Additional options (i.e. those granted on an annual basis to participants). The Share options are granted by the Board of Directors.
- Options under the Modified Share Option Plan are granted at a preferential price. For options granted for year 2009 the preferential price is Euro 19.49 (absolute amount).
- The executives of the Group, to whom Share options are granted, may acquire the shares at the preferential grant price or at a discount (percentage) on the preferential grant price, depending on the executive's hierarchical level at the time of exercising the Rights, and (i) the achievement of certain targets of both the entity employing them and the Group and (ii) high individual performance by the eligible executive.
- For top level management, the potential discount is 15%, 20% or 25% if the targets have been achieved (otherwise no discount) and for middle level management, the potential discount is 10%, 15% or 20% if the targets have been achieved (otherwise no discount).

On January 28, 2010, OTE's Board of Directors decided on and approved granting 1,259,078 Additional Options to the executives of OTE and its subsidiaries, 672,018 Basic Options to the executives of OTE and 336,780 Basic and 2,403,560 Additional Options to the executives of COSMOTE group for the year 2009. The preferential purchase price is equal to Euro 11.26 (absolute amount).

The Options vest as follows:

- The Basic options vest gradually (40% upon the completion of the year of the grant, 30% upon the completion of the second year and 30% upon the completion of the third year). Following a modification to the plan on July 10, 2009, Basic vested Rights may be exercised by the eligible executive in their entirety or partially during April and October of each calendar year following the vesting year (and up to October of the 7th calendar year (instead of the 4th) from the date of their grant).
- Following a modification to the plan on July 10, 2009 the Additional vested Rights may be exercised by the eligible executive in their entirety or partially during April and October of up to the 3rd calendar year (instead of the first calendar year) following the vesting year.
- In case the above vested Rights are not exercised within the aforementioned time frames they are lost. According to the terms of the plan, vesting of the options depends on the participant remaining in the service of the company. The total number of Share Option Rights, which may be granted under the Modified Share Option Plan, cannot exceed 15,500,000 Rights, which corresponds to approximately 3.16% of OTE's shares outstanding at the time of its approval.

The range of exercise prices of all the options granted assuming the minimum discount at least is achieved is Euro 8.44-19.49 (absolute amount).

The fair value of the options is reflected in the income statement during the vesting period. The amounts are recorded in the line "Payroll and employee benefits" with a corresponding entry in the Share Premium.

	GROUP		COMPANY	
	2010	2009	2010	2009
Expense arising from share-based payment transactions	5.5	7.2	2.4	2.9

Further details of the plan are as follows:

	2010		2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	8,674,600	15.59	6,008,060	15.66
Granted	4,671,436	9.32	3,225,670	16.21
Forfeited	(665,549)	12.57	(559,130)	16.23
Outstanding at the end of the year	12,680,487	13.44	8,674,600	15.59
Exercisable at the end of the year	6,712,896	15.00	4,485,370	15.05

Plan	Year of issuance	Options granted	Share price at grant date	Comments
Plans of COSMOTE group	Original grant dates range from 27/10/05-31/10/07	3,440,290	15.48	modified on 09/07/08 and on 10/07/09
2008 OTE plan	06/02/08	3,141,620	21.38	modified on 09/07/08 and on 10/07/09
2009 OTE plan	06/03/09	3,225,670	10.40	modified on 10/07/09
2010 OTE plan	28/01/2010	4,671,436	9.90	

The weighted average remaining contractual term outstanding as of December 31, 2010 and 2009 is 3.5 years and 3.9 years, respectively.

The options granted are measured at fair value at the grant date. At the date of modification of July 10, 2009 the fair value of the options before and after the modification was calculated. The modification increased the fair value of the options by increasing the exercise period, therefore, the difference (being the incremental fair value or the difference between the fair value of the modified plan and that of the original plan, both estimated as at the date of the modification) is attributed as an expense in the period from the modification date up to the vesting date.

The fair values were determined by using a Monte Carlo simulation option pricing model taking into account the effects of early exercise. Key inputs determined at each grant date and calculations results of the model are presented below:

	2010	2009
Weighted average share price	9.90	10.40
Weighted average exercise price	9.57	16.57
Weighted average expected volatility	25.6%	24.0%
Weighted average exercise period	4.7 years	3.5 years
Weighted average risk free rate	2.25%	2.5%
Weighted average expected dividend	0.50 - 0.75	0.75
Weighted average option value	1.65	0.28

30. LITIGATION AND CLAIMS – COMMITMENTS

A. OUTSTANDING LEGAL CASES

The most significant outstanding legal cases as at December 31, 2010, are as follows:

CIVIL PROCEEDINGS

Lease agreements (OTE Leasing): On December 11, 2001, OTE disposed of its wholly owned subsidiary, OTE Leasing, to Piraeus Financial Leasing S.A., a subsidiary of Piraeus Bank S.A. for a consideration of Euro 21.0. From the sale proceeds, Euro 5.9 was collected in cash and the balance of Euro 15.1 in the form of shares in Piraeus Bank S.A., based on their fair value at that date. As prescribed in the agreements signed for the sale of OTE Leasing, OTE is committed to indemnify Piraeus Financial Leasing S.A. up to an amount of approximately Euro 28.0, for possible losses to be incurred from the non-performance of lessees for contracts signed through to the date of sale of OTE Leasing. The conditions under which a lessee's contract will be characterized as non-performing are described in detail in the sale agreements. OTE's obligation is in force for a period between 3-5.5 years, depending on the nature of the lease contracts. On September 28, 2007, Piraeus Financial Leasing S.A filed a law suit against OTE, claiming Euro 3.4 from OTE. The hearing which had been scheduled for February 26, 2009 in the Athens Multi-Member Court was postponed. The hearing is rescheduled for February 21, 2013.

Hellenic Radio and Television S.A. ("ERT"): During May 2002, ERT filed a lawsuit against OTE before the Athens Multi-Member Court, claiming an amount of Euro 42.9 plus interest for damages incurred by it as a result of an alleged infringement by OTE of the terms of a memorandum of understanding signed by the two parties. The Court judged in 2005 that the case should be referred to arbitration. In November 2003 ERT filed a lawsuit against OTE claiming Euro 1.5 for restitution of moral damage which was scheduled to be heard by the Athens Multi-Member Court on June 3, 2010 but the hearing was postponed and a new hearing is scheduled for December 13, 2012. On January 28, 2011, ERT announced to OTE the withdrawal from both its lawsuits and its claims.

Forthnet S.A.: In 2002, Forthnet S.A. filed a civil claim, claiming an amount of Euro 26.7 plus interest for damages incurred by it due to loss of customers as a result of OTE's allegedly discriminatory policy in favor of OTENET. The hearing which was scheduled for April 19, 2007, was suspended and rescheduled for June 5, 2008 and was again suspended and rescheduled for January 28, 2010, when was again suspended and rescheduled for February 28, 2013. Furthermore, Forthnet S.A. filed a lawsuit against OTE before the Athens Multi-Member court of First Instance, claiming Euro 4.1 for economic and moral damages, due to suspension of its subscriber's number portability. The hearing scheduled for May 3, 2006 was suspended.

Teledome S.A.: Teledome S.A. filed five lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 8.1 plus interest for alleged damages incurred by it as a result of OTE's delay in delivering to it leased lines and the application of non cost oriented interconnection charges by OTE. The hearings of the above lawsuits were scheduled for various dates in 2007. The first lawsuit (Euro 1.6) was heard before the Court on June 6, 2007 and the hearing was postponed, the second lawsuit (Euro 1.0) was rejected, regarding the third lawsuit (Euro 0.3) the Court postponed the hearing, the fourth lawsuit (Euro 1.6) was heard on February 7, 2007 and the Court rejected it and for the fifth lawsuit (Euro 3.6) the Court ordered factual investigation. The investigator has already been appointed and the completion of the factual investigation is expected. Furthermore, Teledome S.A. filed six lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming approximately Euro 11.0 plus interest in damages, due to suspension of its subscriber's number portability and due to alleged breach of contractual obligations arising out of disconnection of telecommunication services. For two lawsuits of Euro 4.6, the Court rejected Teledome's claims. Teledome appealed the decision before the Court of Appeals, which rejected it on January 25, 2007. Teledome S.A. appealed against this adverse decision and its appeal was discussed on November 27, 2008 by the Court of Appeals and it was rejected. A lawsuit of Euro 0.9 was rejected by the Court on January 25, 2007. Teledome appealed against it and its appeal was heard on November 26, 2009 but no decision was issued and the hearing was rescheduled for November 4, 2010, when it was rejected. The lawsuit of Euro 4.4 was heard on March 6, 2008 and was rejected by the court. Regarding the lawsuit of Euro 0.5, the Court ordered factual investigation. The factual investigation was filed and after the hearing on December 9, 2009 at the same Court, the appeal was partially accepted for an amount of Euro 0.1. The lawsuit of Euro 0.6 was heard on September 26, 2007 and the Court concluded that the claim up to an amount of Euro 0.3 was valid. However, both OTE and Teledome S.A. have appealed against the decision, which appeal, was heard on December 4, 2008 and the Court accepted OTE's appeal and rejected Teledome's appeal. Finally, Teledome filed a law suit against OTE before the Athens Multi Member Court claiming Euro 54.1 plus interest for damages for so called unlawful termination of its leased lines by OTE which resulted in Teledome S.A.'s bankruptcy. This claim was heard on March 18, 2009 and March 26, 2009. According to Court's decision the hearing was postponed and Teledome S.A. is required to deposit a guarantee amounting Euro 1.1 for court expenses. Teledome S.A. has appealed against this decision and the appeal was heard before the Athens Multi Member of First Instance Court on September 29, 2010 and the decision is pending. Because of Teledome S.A.'s denial to deposit the guarantee, OTE applied for withdrawal of Teledome S.A.'s order. Finally, Bank of Cyprus has appealed additional intervention in favor of Teledome S.A. before the Athens Multi Member Court of First Instance. Both appeals were heard on September 29, 2010. For these cases a decision was issued, by which the appeal of Teledome S.A. and the additional intervention of Bank of Cyprus were rejected, while the appeal of OTE was accepted.

TELLAS S.A.: TELLAS S.A. filed three lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 16.6 plus interest in damages due to suspension of its subscriber's number portability. The hearings were heard on May 2, 2007 and were rejected. TELLAS filed two new claims against OTE totaling Euro 6.2 for the triggering of penalty clauses for the loss suffered for the delayed delivery of leased lines and for claims relating to non compliance of OTE with costing obligations. The cases were scheduled to be heard by the Athens Multi Member Court on September 16, 2010 but were postponed for March 7, 2013.

LAN-NET S.A.: LAN-NET S.A. filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an amount of approximately Euro 0.7 plus interest in damages due to suspension of its subscriber's number portability. The lawsuit was heard on March 21, 2007 and was rejected by the Court. In May 2009, LAN-NET filed a claim against OTE before the Court of First Instance for an aggregate amount of Euro 175.6, claiming restitution for alleged illegal termination of services. The hearing of this case was scheduled for February 17, 2011, when it was postponed and rescheduled for May 30, 2013.

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

FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A.: FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A. filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 9.1 plus interest for breach of contract. The hearing was scheduled for November 8, 2007. Subsequently, the company filed with the Multi Member Court of First Instance a new lawsuit against OTE for Euro 8.7 plus interest withdrawing its previous lawsuit. The hearing by the Court, initially scheduled for November 8, 2007 was rescheduled to October 23, 2008, when the case was heard and a decision was issued rejecting the lawsuit. FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A. appealed against this decision and the hearing was scheduled for November 3, 2011.

Franchisees lawsuits:

1. Helias Koutsokostas & Company Limited Partnership filed a lawsuit against OTE claiming alleged damages for an amount of Euro 7.9. OTE filed a lawsuit against this company before the Multi-Member Court of First Instance for an amount for Euro 0.7.

The hearing, initially scheduled for October 13, 2005 was suspended and a new hearing was scheduled for February 21, 2008, but was adjourned. The applicant has not performed any action since then.

2. K. Prinianakis S.A. filed a lawsuit against OTE claiming Euro 10.9 in damages. The case was heard on November 15, 2007 and the Court partially accepted the claim for the amount of Euro 0.1. Against this decision OTE has filed an appeal which is scheduled for September 29, 2011. OTE filed a counterclaim against K. Prinianakis for an amount of Euro 0.3 in damages. This claim was heard on November 13, 2008 and the Court partially accepted it. Against this decision K. Prinianakis S.A. has filed an appeal which is scheduled for September 29, 2011.
3. DEP INFO Limited filed a lawsuit against OTE claiming Euro 7.0 for damages. OTE has filed its own lawsuit against this company claiming Euro 1.7 in damages. Both hearings were held on March 9, 2006 and the court rejected DEP INFO Limited lawsuit, while it accepted OTE's lawsuit. DEP INFO Limited filed an appeal against this decision which was heard on January 24, 2008 and the court rejected the company's appeal and ordered a factual investigation for the accurate determination of OTE's claim.
4. Infoshop S.A. filed a lawsuit against OTE claiming alleged damages for the amount of Euro 7.0. A hearing scheduled for November 15, 2007 was suspended and a new hearing was scheduled for November 13, 2008 and the decision of the Court rejected the entire claim.
5. S.P. COM S.A. filed a lawsuit against OTE before the Athens Multi-Member Court of First Instance requesting the annulment of the termination from OTE of their franchise contract, claiming an amount of Euro 7.3 in damages plus interest. The hearing of this case is scheduled for March 14, 2012.

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

Payphones Duties: From 1999 to 2007, the Municipality of Thessaloniki charged OTE with duties and penalties of a total amount of Euro 15.0 for the installation and operation of payphones within the area of its responsibility. OTE strongly disputed the above assessments and filed appeals before the competent administrative courts 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. OTE's appeals for years 1999-2000 were rejected. The courts held in OTE's favor for the year 2001 in the first and second instance. The Municipality of Thessaloniki has filed appeals before the Council of State, which are pending. No duties and penalties have been charged for 2008-2009. For 2010 duties and penalties amounting to Euro 1.9 were charged, against which OTE intends to appeal.

Timeapply Ltd: Timeapply Ltd, has filed a claim against OTE in the Court of First Instance for Euro 17.3 for restitution due to damage caused by alleged patent infringement, as a result of our sale and advertisement of a prepaid telephone card called "Promocard". The case was heard on January 22, 2009 and the Court concluded that it was not authorized to issue a decision. Timeapply Ltd came back with the claim which was scheduled to be heard on April 14, 2010 but was cancelled and rescheduled for October 26, 2011. In addition, Timeapply filed a claim against OTE in the Court of First Instance for Euro 68.4 for alleged breach of a decision of the Court of First Instance granting an injunction prohibiting distribution of "Promocard". The Court of First Instance rejected the claim and Timeapply filed an appeal, which was heard on May 12, 2009 and rejected.

KONSTANTZA S.A.: KONSTANTZA S.A. filed a claim against OTE before the Athens Court of First Instance alleging Euro 1.3 plus interest. The amicable resolution of the dispute which was scheduled for June 11, 2009 failed and the hearing was scheduled for March 18, 2010 but was cancelled and is rescheduled for September 20, 2012.

Athanasios Fekas: Athanasios Fekas filed a claim against OTE before the Court of First Instance of Lamia alleging Euro 1.2 plus interest. The hearing was scheduled for February 20, 2009 but was adjourned for November 20, 2009 when the case was heard and rejected. On January 18, 2011, Athanasios Fekas has appealed against this decision and the hearing is scheduled for May 10, 2011.

FLT HELLAS METAFORIKH S.A: FLT HELLAS METAFORIKH S.A filed a lawsuit against OTE before the Multi-Member Court of First Instance claiming an amount of Euro 12.4 plus interest for alleged damages caused by OTE from breach of contract and reputational damage. The hearing of this case is scheduled for February 8, 2012.

PAN DACOM HELLAS S.A.: PAN DACOM HELLAS S.A. filed a lawsuit against OTE Athens Multi-Member Court of First Instance claiming an amount of Euro 1.9 for alleged illegal termination of the contract from OTE and for moral damages. The hearing of this case is scheduled for December 6, 2012.

ROMTELECOM'S CUSTOM AUTHORITIES AUDIT

ROMTELECOM is currently subject to a custom authorities' audit focusing on import transactions during 2007-2009. A final decision of the customs authorities on this issue is expected within 2011.

The most significant lawsuits and administrative disputes regarding COSMOTE and its subsidiaries, as of December 31, 2010 are the following:

COSMOTE

COSMOTE is a party to various lawsuits and administrative disputes the majority of which are related to the operation of base stations. The most significant disputes of the rest are the following:

Hellenic Telecommunications and Post Commission ("HTPC") has summoned COSMOTE as well as WIND (former TIM) and VODAFONE to a hearing on May 18, 2005, to investigate whether the announced increases on tariffs for the SMS service are contrary to the provisions of telecommunication law and law for the protection of free competition. The hearing was held on May 23, 2005 and a new hearing took place on November 3, 2005 due to the change of the members of HTPC. The HTPC issued the decision which imposed a fine of Euro 1.0 on each company (COSMOTE, WIND (former TIM) and VODAFONE) for concerted practice contrary to competition law. COSMOTE appealed against this decision before the Administrative Court of Appeals. The hearing initially scheduled for September 27, 2006, after postponements, was held on October 17, 2007 and a decision was issued which accepted COSMOTE's appeal and annulled HTPC's decision, saying that COSMOTE has not proceeded to concerted practice contrary to competition law. The HTPC has appealed against this decision before the Council of State which is scheduled for March 29, 2011.

HTPC imposed a fine against COSMOTE of Euro 2.0 for violation of the law in relation to the information of subscribers of the increase of the minimum airtime. COSMOTE has appealed against this decision before the Athens Administrative Court of Appeals.

GLOBUL

In December 2009, OFFICEL, former agent of GLOBUL, filed a lawsuit against GLOBUL claiming an amount of Euro 2.0 for unpaid airtime, bonus etc. for the period May 2007 – September 2009. The same agent in March 2010 filed a lawsuit against GLOBUL arguing that the agency contract was terminated by the fault of GLOBUL and claiming compensation of approximately Euro 10.0. The next hearing is scheduled for March 1, 2011.

TELECOM SLOVENIJE NOTICES OF CLAIMS

On May 12, 2010 Telecom Slovenije, the purchaser of COSMOFON, sent to COSMOTE notices of claims relating to alleged breaches of warranties and indemnity provisions under the Share Purchase Agreement concluded on March 30, 2009, for an amount of approximately Euro 9.3. On November 10, 2010, Telecom Slovenije appealed before the High Court of Justice in London asking for compensation of Euro 2.5. COSMOTE will take all necessary actions to oppose eventual unsubstantiated and unfounded claims.

AMC

On December 12, 2005 the Albanian Competition Commission imposed a fine on AMC of approximately Euro 1.4 (1% of the company's turnover for 2004) on the grounds of allegedly delaying a response to a request for information and provision of documents. On January 4, 2006 AMC filed two lawsuits before the Tirana District Court against the Competition Authority, demanding the annulment of the decision requesting information and opening of investigation procedure as well as of the decision imposing the fine, since the requested information had timely been dispatched to the Competition Authority. On July 7, 2006, the Tirana District Court rejected the requests of AMC and AMC presented an appeal regarding the decision imposing the fine. The Appeal Court has annulled the decision of the Tirana District Court and ordered that the case should be examined again. AMC has also submitted recourse to the Supreme Court. The case is ongoing.

On November 9, 2007 the Albanian Competition Authority imposed to AMC a fine amounting to approximately Euro 1.7 for an alleged breach of the competition legislation during the period 2004-2005. AMC considers the Albanian Competition Authority's decision unfounded and has appealed before the Courts in order to protect its legal rights. Tirana District Court has ruled to reject AMC's claim. AMC has appealed against this decision before the Tirana Appeal Court, which validated the decision of the district court, which is final. AMC has appealed before the Supreme Court for the suspension of this decision and its appeal is ongoing.

GERMANOS

GERMANOS is a party to certain lawsuits before the Court of First Instance regarding franchise agreements between GERMANOS and the franchisees of the chain GERMANOS. The applicants claim an amount of approximately Euro 35.4. The hearings of these cases are scheduled within 2010 and 2011 except for one case which was heard in January 2009 and the Court rejected the claim.

In April 2009, the claim of a former agent of GERMANOS of Euro 1.1 plus interest, regarding breach of conditions of payment of airtime commissions following the termination of the contract between GERMANOS and VODAFONE, was rejected by the Court. The applicant appealed against this decision and the appeal was be heard in January 2011 and a decision is pending.

CRIMINAL PROCEEDINGS

GERMANOS acquisition case. In 2007, the District Attorney of Athens commenced a preliminary investigation with respect to the propriety of the acquisition of GERMANOS by COSMOTE following the submission of a report by a number of members of the opposition party of the Hellenic Parliament, which claimed among other things that the acquisition was not in the business interest of COSMOTE and that the price paid for the acquisition was too high. During the course of the preliminary investigation, members of the board of directors of COSMOTE at the time of the acquisition of GERMANOS were called and requested to submit explanations in connection with this case. Following the completion of the preliminary investigation, an investigating judge (the 20th Investigating Judge of Athens) was appointed to lead a formal criminal investigation in connection with the potential perpetration of offences. The investigating judge initiated criminal proceedings against the members of the board of directors of COSMOTE at the time of the acquisition of GERMANOS, investigating alleged abuse of trust ("Apistia"). Three of the then members of the board of directors of COSMOTE, are still members of the current board of COSMOTE and two of them are currently senior executives of the Group. The former Chairman and CEO of OTE was also a member of the board of directors of COSMOTE at the time. In addition, the investigating judge ordered the appointment of two independent accounting firms to conduct an expert investigation in order to assess whether the consideration for the acquisition of GERMANOS (of approximately Euro 1.5 billion for 99.03% of the share capital of GERMANOS) was reasonable in view of business judgment and internationally accepted and customary financial and contractual practices, and whether the acquisition resulted in financial detriment to COSMOTE, and, in that event, to assess the amount of such detriment. The Group has cooperated fully in relation to this investigation.

As part of the investigation process, the expert's report prepared by the independent accounting firms was submitted to the Investigating Judge on March 17, 2010 and concluded that the price paid by COSMOTE for the acquisition of GERMANOS was fair and that COSMOTE did not suffer loss or damage as a result of the acquisition (rather the acquisition was to the corporate benefit of COSMOTE). Within 2011, the investigation process was completed and the District Attorney's decision is pending. It is estimated that the case will be dismissed given that the investigation process has indicated that the acquisition of GERMANOS was in favor of COSMOTE.

Siemens AG case. The District Attorney of Athens has conducted a preliminary investigation in connection with allegations of bribery, money laundering and other criminal offences committed in Germany and Greece by employees of Siemens AG and a number of Greek government officials and other individuals, relating to the award of supply contracts to Siemens AG. In connection with the investigation, the District Attorney has investigated, among other matters, the propriety of, and allegations of criminal conduct in connection with, a framework contract 8002/1997 with Siemens AG, and various equipment orders pursuant to that framework contract in the period following its signing and up to 2004. The substance of these allegations, is that certain individuals, including employees of OTE, were given corrupt payments, in exchange for failing to carry out appropriate benchmarking of the price paid by OTE for equipment supplied under this contract. Framework contract 8002/1997 was signed on December 12, 1997 and related to the supply to OTE by Siemens AG of equipment for the digitalization of the network. In connection with this preliminary investigation, the Company has provided to the investigating authorities certain documents requested. Following the conclusion of the preliminary investigation, criminal charges were filed and an investigating judge was appointed to lead a formal criminal investigation. To the extent so requested, the Group has cooperated and intends to continue to cooperate with the competent authorities in relation to this investigation. The Group has also taken the necessary legal action before the investigating judge in order to assert the Group's civil rights with respect to any damages the Group may have incurred as a result of any criminal offences committed by either third parties, or former and current employees of the Group. It is understood that, as part of the same investigation, a former senior executive of OTE, was charged for certain criminal offences, including receipt of bribes, and that in May 2009, was remanded in custody pending his trial for the same charge, until September 2009 when he was released. The allegations concerned relate to this former senior executive of OTE in his personal capacity, and OTE is not subject to any civil or criminal proceedings against it in connection with these allegations. As a result, OTE was recently permitted access to the documents relating to the case, which it is in the process of reviewing. OTE has also instructed independent accountants to carry out a analysis of the amount of any possible claim, and is awaiting the results of their report. In connection with the same matter, OTE has also commenced an action for damages before German Courts and (following OTE's evaluation of information and documents disclosed by Siemens), an oral hearing is expected to occur in mid February 2011 to determine the merits of OTE's claim.

Maintenance contracts case. Following the conclusion of a preliminary investigation on the matter, an investigating judge (the 2nd Investigating Judge of Athens) was appointed to lead a formal criminal investigation into the potential perpetration of offences in connection with the propriety of a technical maintenance contract with three of OTE's suppliers. In June 2009, the investigating judge initiated criminal proceedings against members of OTE's Board of Directors and a member of OTE's senior management serving at the time of signing of the relevant contract, in 2004 and 2005, investigating alleged abuse of trust ("Apistia"). On December 27, 2009, the District Attorney of Athens proposed to the Judicial Council that, among others, OTE's former CEO and the Chairman of OTE's Audit Committee shall be heard from a court.

The Judicial Council of Athens accepted the proposal of the District Attorney of Athens and by the 1693/2010 ruling, referred the former CEO of OTE (acting in this position until November 3, 2010), and the CEO of ROMTELECOM (acting in the past as OTE's General Director of Technology) to a first instance hearing before the Three Member Court of Appeal of Athens. Furthermore, for the rest of the accused ordered the cessation of the prosecution. The date of the trial has not yet been confirmed.

OTE has instructed an independent accountant's report into the pricing of the relevant contracts, and based on the accountant's findings, remains confident that the allegations are without merit.

FINES OF HTPC AGAINST OTE:

On November 29, 2006, HTPC imposed a fine against OTE of total amount of Euro 3.0, due to violation of Number Portability Rules and Competition Rules. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 1.0. OTE has appealed against this decision before the Council of State which will be heard on November 8, 2011.

On July 26, 2007 HTPC imposed a fine amounting Euro 20.1, for alleged abuse of its dominant position in broadband market in the form of margin squeeze. OTE has filed an appeal before the Athens Court of Appeals against this fine which was partially accepted reducing the fine to Euro 10.1. Against this decision both OTE and HTPC have appealed before the Council of State which will be heard on November 22, 2011.

On July 26, 2007, HTPC imposed a fine amounting Euro 4.0, for violations of the existing legislation concerning compliance with HTPC's cost control decisions for the year 2003, having as proof wholesale leased lines (including interconnection leased lines). OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 2.5. OTE has appealed against this decision before the Council of State, which will be heard on May 10, 2011.

On July 26, 2007, HTPC imposed a fine amounting Euro 1.0 for violations in the existing legislation concerning breaches in the obligation to pay penalties for delivery delays and repair of leased lines. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 0.7. OTE has appealed against this decision before the Council of State, which will be heard on September 20, 2011.

On July 26, 2007, HTPC imposed a fine amounting Euro 1.2, for non-compliance with regard to OTE's obligations relating to the Local Loop Unbundling (L.L.U). OTE has filed an appeal before the Athens Court of Appeals against this fine which was heard on March 18, 2009, and a decision was issued reducing the fine to Euro 0.5. OTE has appealed against this decision before the Council of State.

On October 5, 2007, HTPC imposed a fine for a total amount of Euro 3.0 for alleged non-compliance with regard to OTE's obligations relating to the Local Loop Unbundling (L.L.U). Against this decision OTE has filed an appeal demanding its annulment which was heard before the Athens Administrative Court of Appeals on January 20, 2009 but no decision was issued and the hearing was rescheduled for April 12, 2011. The payment to the fine has been suspended by a ruling of the Athens Administrative Court of Appeals pending the court's decision on OTE's appeal.

On July 4, 2008, HTPC with its relevant decisions imposed a fine, aggregating to Euro 1.0, for alleged late and improper provision of necessary information related to the combined service "All in 1". OTE appealed against these decisions before the Athens Administrative Court of Appeals requesting their annulment which appeal was accepted and the fine was cancelled.

On July 4, 2008, HTPC imposed a fine, aggregating to Euro 2.0, for denial of providing information asked by HTPC. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 0.1.

On July 25, 2008, HTPC imposed a fine on OTE for an amount of Euro 9.0 for alleged obstacles to the business promotion of the "Double play" service by TELLAS S.A. (fixed telephony with fast Internet combination). OTE appealed against this decision before the Athens Administrative Court of Appeals which was partially accepted reducing the fine to Euro 5.7. OTE has appealed against this decision before the Council of State.

On October 3, 2008, HTPC imposed a series of fines to OTE amounting to approximately Euro 11.0, alleging that OTE has only partially conformed with regard to its obligations relating to the Local Loop Unbundling (L.L.U). OTE appealed against this decision before the Athens Administrative Court of Appeal demanding its suspension, which was accepted by the Court and the fine was cancelled.

On February 3, 2009, HTPC imposed a fine of Euro 2.0 to OTE, for the alleged refusal to provide the information requested for the purpose of price squeezing control over the price margins for voice telephony. OTE has appealed against this decision, before the Athens Administrative Court of Appeals and the appeal was partially accepted reducing the fine to Euro 0.8. OTE intends to appeal against this decision before the Council of State.

On March 17, 2009, HTPC imposed a fine of Euro 7.0 to OTE for allegedly delayed delivery of lease lines to Hellas On Line S.A. OTE has appealed against this decision, before the Athens Administrative Court of Appeals and the hearing was rescheduled for April 14, 2011.

On March 17, 2009, HTPC imposed a fine of Euro 0.5 to OTE for non-compliance with its decision of provisional measures, regarding the delivery of leased circuits to Hellas On Line S.A. OTE has appealed against this decision, before the Athens Administrative Court of Appeals and the hearing was rescheduled for April 14, 2011..

On April 8, 2009, HTPC imposed a fine of Euro 1.5 to OTE for allegedly delaying the provision of information requested from OTE for the purpose of the cost audit. OTE has appealed against this decision, before the Athens Administrative Court of Appeals. On March 23, 2010 a decision was issued reducing the fine to Euro 1.0.

On May 5, 2009, HTPC imposed a fine of Euro 2.0 to OTE for violation of telecommunications law and specifically on the Company's obligation, as a company with significant market power (SMP) in the relevant market, to maintain maximum price level at the retention fee for calls from subscribers of its network to subscribers of mobile network providers. OTE has appealed against this decision, before the Athens Administrative Court of Appeals. The appeal has been postponed and was heard on May 13, 2010. Similarly, the above mentioned decision was announced to OTE again and OTE has appealed against it, before the Athens Administrative Court of Appeals and the appeal will be heard after postponement on May 11, 2011.

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

B. COMMITMENTS

Capital commitments for the acquisition of property, plant and equipment and operating commitments for rentals, rights of use, repair and maintenance services and other services are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Capital commitments	163.8	305.5	59.0	44.2
Operating commitments	854.9	721.6	211.3	189.7
TOTAL	**1,018.7**	**1,027.1**	**270.3**	**233.9**

Further to the above, the Company has operating commitments for rental with its wholly owned subsidiary OTE ESTATE maturing in September 2013 with an annual rental rate of Euro 61.3, adjustable according to the contractual provisions.

The maturity of these commitments per year are analyzed as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Up to 1 year	319.0	416.8	87.8	66.4
1 to 5 years	461.3	399.7	151.4	125.1
Over 5 years	238.4	210.6	31.1	42.4
TOTAL	**1,018.7**	**1,027.1**	**270.3**	**233.9**

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

a) Credit risk
b) Liquidity risk
c) Market risk

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

	Carrying Amount		Fair value	
GROUP	2010	2009	2010	2009
Financial Assets				
Available-for-sale	9.0	24.1	9.0	24.1
Held for trading	3.5	3.2	3.7	3.2
Held to maturity	-	8.1	-	8.1
Trade receivables	1,010.8	1,153.0	1,010.8	1,153.0
Loans to Auxiliary Fund	136.3	129.4	150.0	132.3
Other loans	127.8	89.4	127.8	89.4
Cash and cash equivalents	1,004.3	868.8	1,004.3	868.8
Derivative financial instruments	6.8	7.4	6.8	7.4
Financial Liabilities				
Long-term borrowings	3,211.4	5,385.7	3,001.3	5,520.0
Short-term borrowings	2,088.4	36.2	2,081.9	35.5
Trade accounts payable	695.2	813.2	695.2	813.2
Derivative financial instruments	0.3	4.3	0.3	4.3

COMPANY	Carrying Amount		Fair value	
	2010	2009	2010	2009
Financial Assets				
Available-for-sale	2.1	16.3	2.1	16.3
Trade receivables	534.8	608.0	534.8	608.0
Loans to Auxiliary Fund	136.3	129.4	150.0	132.3
Other loans	127.7	89.3	127.7	89.3
Cash and cash equivalents	189.0	224.0	189.0	224.0
Financial Liabilities				
Long-term borrowings	1,715.4	2,930.1	1,639.8	3,035.1
Short-term borrowings	1,119.1	-	1,117.7	-
Trade accounts payable	351.5	373.1	351.5	373.1

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

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

As at December 31, 2010, the Group and the Company held the following financial instruments measured at fair value:

GROUP	Fair value		Fair value hierarchy
	2010	2009	
Financial Assets			
Available-for-sale shares	0.1	14.3	Level 1
Available-for-sale mutual funds	3.6	4.0	Level 1
Available-for-sale securities	5.3	5.8	Level 3
Held for trading bonds	3.7	3.2	Level 1
Other loans	127.8	89.4	Level 2
Derivative financial instruments	6.8	7.4	Level 2
Financial Liabilities			
Derivative financial instruments	0.3	4.3	Level 2

COMPANY	Fair value		Fair value hierarchy
	2010	2009	
Financial Assets			
Available-for-sale shares	-	14.0	Level 1
Available-for-sale mutual funds	2.1	2.3	Level 1
Other loans	127.7	89.3	Level 2

a) Credit risk

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

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

Trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and the diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is considered to exist for amounts receivable from the telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Group and the Company. For this category the Group and the Company assess the credit risk following the established policies and procedures and make the appropriate provision for impairment (see Note 10).

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

Cash and cash equivalents are considered to be exposed to a high level of credit risk, in light of the macroeconomic conditions placing significant pressure on the banks. The Group and the Company follow cash management guidelines, while both country and counterparty exposures are centrally monitored. Most of the Group's cash is invested in highly rated counterparties and with a very short term tenor.

Financial instruments classified as available-for-sale and held-for-trading include listed shares, mutual funds and other securities. The financial asset categories are not considered to expose the Group and the Company to a significant credit risk.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities (see Notes 9, 12 and 18) and loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme (see Note 18). The above mentioned loans are not considered to expose the Group and the Company to a significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and credit facilities to meet the financial obligations when due. The Group's and the Company's cash and cash equivalents as at December 31, 2010 amounts to Euro 1,004.3 and Euro 189.0 respectively and their debt amounts to Euro 5,299.8 and Euro 2,834.5, respectively. With respect to the Notes maturing in 2011, the Group's refinancing strategy will combine the use the Group's excess liquidity, capital markets issuance or syndicated banks loan or a shareholder loan from DEUTSCHE TELEKOM AG (see Note 33).

For the monitoring of the liquidity risk, the Group prepares forecasted cash flows on a frequent basis.

The analysis of the undiscounted contractual payments of the Group and the Company is as follows:

GROUP					
December 31, 2010	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Medium term bonds OTE PLC	2,290.2	140.1	2,138.4	941.6	5,510.3
Syndicated loan OTE PLC	34.4	450.0	-	-	484.4
Borrowings - ROMTELECOM	9.8	9.5	12.4	11.3	43.0
Other borrowings	5.6	-	-	-	5.6
Trade accounts payable	695.2	-	-	-	695.2
TOTAL	**3,035.2**	**599.6**	**2,150.8**	**952.9**	**6,738.5**
December 31, 2009	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Medium term bonds OTE PLC	245.1	2,395.1	1,607.9	1,619.3	5,867.4
Syndicated loan OTE PLC	30.8	33.8	448.7	-	513.3
Borrowings - ROMTELECOM	8.4	9.1	16.9	12.6	47.0
Other borrowings	3.3	-	-	-	3.3
Trade accounts payable	813.2	-	-	-	813.2
TOTAL	**1,100.8**	**2,438.0**	**2,073.5**	**1,631.9**	**7,244.2**

The Group has excluded derivative financial instruments from the above analysis.

Guarantees

OTE has guaranteed the borrowings of its subsidiary, OTE PLC as follows:

- As at December 31, 2010: Euro 5,267.6
- As at December 31, 2009: Euro 5,400.0

COMPANY					
December 31, 2010	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Intercompany loans (OTE PLC)	1,273.1	94.5	1,884.7	-	3,252.3
Trade accounts payable	351.5	-	-	-	351.5
TOTAL	**1,624.6**	**94.5**	**1,884.7**	**-**	**3,603.8**
December 31, 2009	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Intercompany loans (OTE PLC)	158.1	1,378.0	1,343.1	636.1	3,515.3
Trade accounts payable	373.1	-	-	-	373.1
TOTAL	**531.2**	**1,378.0**	**1,343.1**	**636.1**	**3,888.4**

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will result in fluctuations of the value of the Group's and the Company's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

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

i. Interest rate risk

Interest rate risk is the risk that payments for interest on loans fluctuate due to changes in interest rates.

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

As of December 31, 2010, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 91%/9% (2009: 91%/9%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Floating interest rate	479.8	503.3	-	-
Fixed interest rate	4,820.0	4,918.6	2,834.5	2,930.1
TOTAL	**5,299.8**	**5,421.9**	**2,834.5**	**2,930.1**

As of December 31, 2010, one interest rate swap agreement was outstanding, namely a fixed-to-floating swap with a notional amount of Euro 65.0 used by OTE PLC. The post hedging fixed to floating ratio is 90%/10%.

The following table demonstrate the sensitivity to a reasonable possible change in interest rates on loans, deposits and derivatives to the income statement.

Sensitivity to an interest rates increase of 1%:

	GROUP		COMPANY	
	2010	2009	2010	2009
Profit before tax	5.2	4.7	1.9	2.2

If interest rates were to decrease by 1%, the impact would be similar and opposite to the analysis above.

ii. Foreign currency risk

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

The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies. The main currencies within the Group are the Euro, Ron (Romania) and the Lek (Albania). The following table demonstrates the sensitivity to a reasonably possible change in the functional currency exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

	Effect on profit before tax	
Change in functional currency exchange rate	**2010**	**2009**
+10%	32.5	12.4
-10%	(32.5)	(12.4)

As of December 31, 2010, COSMOTE ROMANIA had Euro 590.0 loans payable to COSMOTE (December 31, 2009: Euro 500.0) which are treated as part of the net investment of the foreign operation as settlement is neither planned nor probable in the foreseeable future.

Capital Management

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

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

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

The table below shows an increase in the gearing ratio in 2010 compared to 2009 mainly due to a decrease in equity, partially offset by a decrease in net debt:

GROUP	December 31	
Net debt	**2010**	**2009[1]**
Borrowings	5,299.8	5,421.9
Cash and cash equivalents	(1,004.3)	(868.8)
Other financial assets	(12.5)	(35.4)
Net debt	4,283.0	4,517.7
Equity	1,652.6	1,884.1
Gearing ratio	**2.59x**	**2.40x**

[1] Adjusted due to change in accounting policy (see Note 32).

32. CHANGE IN ACCOUNTING POLICY AND RECLASSIFICATIONS

Effective January 1, 2010 OTE changed its accounting policy concerning provisions for pensions and other employee benefits and adopted the third option available under IAS 19.93A, which allows for actuarial gains and losses to be recognized directly in equity. This step is a voluntary change in accounting policies (IAS 8.14). OTE believes that fully recognizing actuarial gains and losses when they occur results in a better presentation of the financial position, since hidden reserves and liabilities are realized and the financial statements thus provide more relevant information. The corresponding prior-year comparatives have been adjusted accordingly.

In addition, interest cost arising from the benefit plans will be classified in "Interest expense" rather than in "Provision for staff retirement indemnities and youth account" as inclusion in finance costs better reflects the nature of that component of pension cost.

The impact of the change in accounting policies on profit for the year, equity, and provisions for pensions in prior years is analyzed as follows:

	2009	
PROFIT FOR THE YEAR	GROUP	COMPANY
Profit before change in accounting policy	400.7	277.5
Reversal of actuarial (gains) / losses previously recognized in the income statement	9.3	8.2
Adjustment of income taxes	(2.4)	(2.1)
Profit after change in accounting policy	**407.6**	**283.6**

	GROUP		COMPANY	
EQUITY	31/12/2009	1/1/2009	31/12/2009	1/1/2009
Equity before change in accounting policy	1,979.7	2,173.2	3,444.5	3,524.0
Allocation of unrecognized actuarial gains /(losses) to retained earnings	(130.0)	(124.2)	(130.0)	(122.7)
Reversal of actuarial gains / (losses) recognized in the income statement	9.3	8.2	8.2	6.4
Change in deferred tax assets recognized in retained earnings	27.5	26.4	27.2	25.9
Change in deferred tax assets recognized in the income statement	(2.4)	(2.0)	(2.1)	(1.5)
Equity after change in accounting policy	**1,884.1**	**2,081.6**	**3,347.8**	**3,432.1**

	GROUP		COMPANY	
PROVISION FOR STAFF RETIREMENT INDEMNITIES	31/12/2009	1/1/2009	31/12/2009	1/1/2009
Provision before change in accounting policy	266.5	254.9	241.6	233.8
Allocation of unrecognized actuarial gains /(losses) to retained earnings	53.1	58.1	53.1	56.6
Reversal of actuarial gains / (losses) recognized in the income statement	(2.8)	(2.8)	(1.7)	(1.0)
Provision after change in accounting policy	**316.8**	**310.2**	**293.0**	**289.4**

	GROUP		COMPANY	
PROVISION FOR YOUTH ACCOUNT	**31/12/2009**	**1/1/2009**	**31/12/2009**	**1/1/2009**
Provision before change in accounting policy	282.3	286.3	282.3	286.3
Allocation of unrecognized actuarial gains /(losses) to retained earnings	86.1	61.5	86.1	61.5
Reversal of actuarial gains / (losses) recognized in the income statement	(6.5)	(5.4)	(6.5)	(5.4)
Provision after change in accounting policy	**361.9**	**342.4**	**361.9**	**342.4**

	GROUP		COMPANY	
PROVISION FOR PHONE CREDITS	**31/12/2009**	**1/1/2009**	**31/12/2009**	**1/1/2009**
Provision before change in accounting policy	36.1	37.0	36.1	37.0
Allocation of unrecognized actuarial gains /(losses) to retained earnings	(9.2)	4.6	(9.2)	4.6
Provision after change in accounting policy	**26.9**	**41.6**	**26.9**	**41.6**

In the consolidated income statement for 2009, an amount of Euro 25.2 which was included in “Other revenue” and an amount of Euro 2.7 which was included in “Other operating expenses” were reclassified to the new line “Other income/ (expense), net”. In the separate income statement for 2009, an amount of Euro 2.3 which was included in “Other operating expenses” was reclassified to the new line “Other income/ (expense), net”.

33. EVENTS AFTER THE FINANCIAL POSITION DATE

The most significant events after December 31, 2010 are as follows:

DEBT REFINANCING

Drawdown of existing Euro 332.0 Revolving Credit Facility

On January 26, 2011 OTE PLC drew in full the Euro 332.0 Revolving Credit Facility under the Euro 850.0 Syndicated Facility. The facility bears floating interest rate.

Intercompany loans from OTE PLC

On January 26 2011, OTE proceeded with the full drawdown of the amount of Euro 332.0 under the intercompany loan from OTE PLC.

New Euro 150.0 Revolving Credit Facility granted by DEUTSCHE TELEKOM AG

On January 31, 2011 OTE PLC signed a Euro 150.0 Revolving Credit Facility with DEUTSCHE TELEKOM AG with the guarantee of OTE, maturing on January 31, 2012 which remains undrawn as a liquidity reserve.

New Euro 900.0 Revolving Credit Facility (Bond Loan)

On February 9, 2011, OTE signed a Euro 900.0 Revolving Credit Facility (Bond Loan) with a consortium of banks. The facility has a tenor of 2 years with a 1-year extension option at the discretion of the banks. The facility bears floating interest rate where the margin is dependent on OTE credit rating assigned by Moody’s and Standard & Poor’s as well as on the facility’s utilization. Any undrawn amounts will bear a commitment fee.
On February 10, 2011, OTE drew Euro 600.0 and used the proceeds for the repayment of the loan from OTE PLC maturing on February 13, 2011. The remaining undrawn amount Euro 300.0 serves as a liquidity reserve.

The facility contains a change of control clause which is triggered if an entity (other than DEUTSCHE TELEKOM AG, DEUTSCHE TELEKOM AG together with the Hellenic Republic, or any telecommunication operator based in Greece or abroad with rating equivalent or better than DEUTSCHE TELEKOM AG) gains control of OTE.

The facility also includes two financial covenants, namely:

- The ratio of Group Net Borrowings to Group EBITDA should not exceed 3:1 at all times and
- The ratio of Group EBITDA to Group Net Interest Payable should exceed 5:1 at all times.

Repayments of intercompany loans granted from OTE PLC

- In January and February 2011, OTE proceeded with the gradual repayment of the remaining outstanding balance of Euro 970.4 under the intercompany facility maturing on February 13, 2011, along with accrued interest due.
- On February 11, 2011 OTE proceeded with a partial prepayment of Euro 88.0 under the intercompany loan maturing in August 2013, along with accrued interest.

Bonds issued by OTE PLC

In February 2011, the following bonds were issued by OTE PLC under its Global Medium-Term Note Program with the guarantee of OTE, amounting to Euro 146.0 and subscribed by the following Group companies:

- On February 2, 2011, Euro 42.1 bond subscribed by HELLAS-SAT, maturing in September 2011,
- On February 7, 2011, Euro 53.9 bond subscribed by OTE INTERNATIONAL INVESTMENTS LTD, maturing in September 2011, and
- On February 9, 2011 Euro 50.0 bond subscribed by ROMTELECOM, maturing in November 2011.

Redemption of Euro 1,400.4 Notes due February 2011

In January 2011 and February 2011, OTE PLC proceeded with partial repurchases of total nominal amount of Euro 29.7 under the notes due February 2011. The total amount paid including accruals amounts to Euro 31.2. On February 14, 2011, OTE PLC proceeded with the full redemption of the remaining outstanding amount of Euro 1,370.7 notes along with the payment of accrued interest.

DERIVATIVES

In January 2011, ROMTELECOM proceeded with the conclusion of two additional Euro / Korean Won FX Non Deliverable Forward (NDF) agreements with the purpose of hedging the remaining exposure in Korean Won currency stemming from its outstanding loans in Korean Won. The notional amount of the above NDFs was equivalent to Euro 10.6.

BOND BUYBACK BY OTE PLC

On February 21, 2011, OTE PLC repurchased Euro 5.0 of the Euro 900.0 4.625% Notes due on May 20, 2016. The repurchased Notes have been cancelled.

CAPITAL REDUCTION OF SUBSIDIARIES

In January 2011 OTE received from its subsidiaries the amounts arising from their share capital reduction reducing the carrying value of its investments by the equivalent amounts. Specifically, OTE received from HELLASCOM Euro 4.0, from OTE ESTATE Euro 40.9, from OTESAT-MARITEL Euro 6.6, from OTE INSURANCE Euro 0.5 and from OTE INTERNATIONAL INVESTMENTS LTD Euro 30.0.

OTE PROPERTIES DISSOLUTION AND LIQUIDATION

In February 2011, the Extraordinary General Assembly of Shareholders of OTE PROPERTIES (OTE ESTATE's wholly-owned subsidiary) has decided to proceed with the dissolution and liquidation of OTE PROPERTIES.

V. FINANCIAL DATA AND INFORMATION

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

AR.MAE 347/06/B86/10

REGISTERED OFFICE: 99 KIFFISIAS AVE - 15124 MAROUSI, ATHENS

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2010

(Published in accordance with law 2190/1920, art.135 for Companies preparing annual consolidated and separate financial statements, in accordance with I.F.R.S.)

The purpose of the following information and financial data is to provide users with general financial information about the financial position and the results of operations of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A ("Company") and the OTE Group ("Group"). Therefore, we recommend the users of the financial data and information, before making any investment decision or proceeding to any transaction with the Group or the Company, to obtain the necessary information from the website, where the consolidated and separate financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the E.U., are available, together with the auditors' report, when required.

Supervising Authority : Ministry of Development, Societe Anonyme and Credit Division
Company's Web Site : www.ote.gr
Date of approval of financial statements from the Board of Directors: February 24, 2011
The Certified Auditors : Chris Pelendridis RN ICA(GR): 17831- George Anastopoulos RN ICA(GR): 15451
Auditing Company : ERNST & YOUNG (HELLAS) Certified Auditors Accountants S.A. SOEL RGG: No 107
Type of Auditor's Opinion : Unqualified

Composition of the Board of Directors:

1. Michael Tsamaz, Chairman and Managing Director, Executive Member
2. Dimitrios Tzouganatos,Vice-Chairman,Independent Non-Executive Member
3. Kevin Copp, Executive Member
4. Guido Kerkhoff, Non - Executive Member
5. Rainer Martin Maximilian Rathgeber, Non - Executive Member
6. Eustathios Anestis, Non - Executive Member
7. Nikolaos Karamouzis, Non - Executive Member
8. Michael Bletsas, Independent, Non - Executive Member
9. Panagiotis Tabourlos, Independent, Non - Executive Member
10.Vasileios Fourlis, Independent, Non - Executive Member

DATA FROM STATEMENT OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
ASSETS				
Property, plant and equipment	5,061.9	5,596.2	1,864.0	2,026.7
Intangible assets	1,359.8	1,465.9	2.1	2.5
Other non current assets	697.8	717.5	5,220.2	5,219.3
Inventories	160.8	229.1	27.9	31.1
Trade receivables	1,010.8	1,153.0	534.8	608.0
Other current assets	242.4	291.0	110.7	125.0
Cash and cash equivalents	1,004.3	868.8	189.0	224.0
TOTAL ASSETS	**9,537.8**	**10,321.5**	**7,948.7**	**8,236.6**
EQUITY AND LIABILITIES				
Share capital	1,171.5	1,171.5	1,171.5	1,171.5
Other equity items	(71.9)	(45.1)	2,198.9	2,176.3
Equity attributable to shareholders of the parent (a)	1,099.6	1,126.4	3,370.4	3,347.8
Non-controlling interests (b)	553.0	757.7	-	-
Total equity (c) = (a) + (b)	**1,652.6**	**1,884.1**	**3,370.4**	**3,347.8**
Long-term borrowings	3,211.4	5,385.7	1,715.4	2,930.1
Provisions / Other non current liabilities	747.7	973.4	626.4	800.6
Short-term borrowings	2,088.4	36.2	1,119.1	-
Other current liabilities	1,837.7	2,042.1	1,117.4	1,158.1
Total liabilities (d)	**7,885.2**	**8,437.4**	**4,578.3**	**4,888.8**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**9,537.8**	**10,321.5**	**7,948.7**	**8,236.6**

DATA FROM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-31.12.2010	01.01-31.12.2009	01.01-31.12.2010	01.01-31.12.2009
Total revenue	5,482.8	5,958.9	2,169.8	2,412.4
Profit before taxes, investment and financial activities	**384.9**	**1,043.0**	**142.2**	**345.7**
Profit before tax	99.9	790.0	152.4	420.3
Profit / (loss) after tax (A)	**(139.0)**	**407.6**	**60.9**	**283.6**
Attributable to:				
- Owners of the parent	39.6	410.9	60.9	283.6
- Non controlling interests	(178.6)	(3.3)	-	-
Other comprehensive income / (loss) after tax (B)	**1.2**	**(186.3)**	**42.8**	**(7.5)**
Total comprehensive income / (loss) after tax (A)+(B)	**(137.8)**	**221.3**	**103.7**	**276.1**
Attributable to:				
- Owners of the parent	54.3	272.8	103.7	276.1
- Non controlling interests	(192.1)	(51.5)	-	-
Basic earnings per share (in €)	**0.0808**	**0.8383**		
Proposed dividend per share (in €)			Not available	0.19
Profit before taxes, investment, financial activities and depreciation, amortization and impairment	**1,747.9**	**2,198.3**	**516.4**	**770.1**

DATA FROM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Total equity at the beginning of the year (01.01.2010 and 01.01.2009)	1,884.1	2,081.6	3,347.8	3,432.1
Total comprehensive income / (loss) after tax	(137.8)	221.3	103.7	276.1
Share-based payments	5.5	7.2	5.5	7.2
Dividends	(105.7)	(367.6)	(93.1)	(367.6)
Withholding tax related to dividend paid out of dividend income subject to withholding tax	6.5	-	6.5	-
Net change of participation in subsidiaries	-	(48.4)	-	-
Obligation to acquire non-controlling interests	-	(10.0)	-	-
Total equity at the end of the year (31.12.2010 and 31.12.2009)	**1,652.6**	**1,884.1**	**3,370.4**	**3,347.8**

DATA FROM STATEMENT OF CASH FLOWS (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-31.12.2010	01.01-31.12.2009	01.01-31.12.2010	01.01-31.12.2009
Cash flows from operating activities				
Profit before tax	99.9	790.0	152.4	420.3
Adjustments for:				
Depreciation, amortization and impairment	1,363.0	1,155.3	374.2	424.4
Share-based payment	5.5	7.2	2.4	2.9
Cost of early retirement program	171.5	(30.3)	144.7	(38.9)
Provisions for staff retirement indemnities and youth account	38.8	53.4	35.2	51.0
Provisions for doubtful accounts	125.6	107.0	25.9	28.0
Other provisions	(3.4)	-	(4.3)	-
Foreign exchange differences, net	12.1	(10.2)	0.5	(2.7)
Interest income	(25.7)	(61.6)	(8.4)	(17.4)
Dividend income	(14.2)	(9.6)	(206.1)	(312.1)
(Gains) / losses and impairments of investments	4.6	(23.6)	4.7	0.8
Release of EDEKT fund prepayment	35.2	35.2	35.2	35.2
Interest expense	308.2	358.0	199.1	256.8
Working capital adjustments:				
Decrease / (increase) in inventories	68.3	(27.3)	3.2	1.1
Decrease / (increase) in accounts receivable	32.9	(75.7)	12.9	39.9
(Decrease) in liabilities (except borrowings)	(212.3)	(72.1)	(36.5)	(92.0)
Plus/ (Minus):				
Payment of early retirement programs	(205.0)	(130.3)	(178.2)	(121.7)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(85.4)	(88.3)	(83.9)	(87.1)
Interest and related expenses paid	(256.0)	(276.4)	(161.7)	(208.4)
Income taxes paid	(353.2)	(299.3)	(129.6)	(83.7)
Settlement of receivables due from disposed subsidiaries	-	16.6	-	-
Net cash flows from operating activities (a)	**1,110.4**	**1,418.0**	**181.7**	**296.4**
Cash flows from investing activities				
Acquisition of non-controlling interest	(7.9)	(48.4)	-	-
Acquisition of subsidiary net of cash acquired	(2.0)	(197.8)	-	-
Purchase of financial assets	(69.8)	(308.0)	-	(290.6)
Sale or maturity of financial assets	84.0	412.2	7.1	397.3
Loans granted	(30.0)	-	(30.0)	-
Repayments of loans receivable	9.7	9.7	9.7	55.9
Loans proceeds in conjunction with disposal of subsidiaries	-	78.5	-	-
Purchase of property, plant and equipment and intangible assets	(751.1)	(890.9)	(224.9)	(272.6)
Proceeds from disposal of subsidiaries	-	86.1	-	-
Interest received	23.5	61.6	6.5	14.6
Dividends received	10.1	6.9	203.0	308.4
Return of capital invested in subsidiary	-	-	-	116.2
Settlement of other current liabilities	-	(168.5)	-	-
Net cash flows from / (used in) investing activities (b)	**(733.5)**	**(958.6)**	**(28.6)**	**329.2**
Cash flows from financing activities				
Proceeds from short-term borrowings	2.3	-	-	-
Repayment of loans	(139.7)	(637.1)	(99.6)	(378.9)
Dividends paid to Company's owners	(88.5)	(367.2)	(88.5)	(367.2)
Dividends paid to non-controlling interests	(12.6)	(1.2)	-	-
Net cash flows from / (used in) financing activities (c)	**(238.5)**	**(1,005.5)**	**(188.1)**	**(746.1)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**138.4**	**(546.1)**	**(35.0)**	**(120.5)**
Cash and cash equivalents at the beginning of the year	**868.8**	**1,427.8**	**224.0**	**344.5**
Net foreign exchange differences	(2.9)	(14.8)	-	-
Cash and cash equivalents classified as held for sale/disposed of	-	1.9	-	-
Cash and cash equivalents at the end of the year	**1,004.3**	**868.8**	**189.0**	**224.0**

ADDITIONAL DATA AND INFORMATION

1) The companies which are included in the annual financial statements (consolidated and separate), their country, the Group's participating interest (direct and indirect) and the method of consolidation, are presented in Notes 1 and 8 of the financial statements.

2) The fiscal years that are unaudited by the tax authorities for the Company and the Group's subsidiaries and the results of the tax audits completed, are presented in Note 21 of the financial statements.

3) The main restructuring events concerning the Group and the Company that occurred during 2010 are presented below:

a. In July 2010, COSMOTE acquired a further 2.18% of AMC for an amount of approximately Euro 7.9 million. As a result of the above transaction, as of December 31, 2010, COSMOTE holds directly a 14.76% stake in AMC's share capital, and directly or indirectly 97.21% of AMC.

4) The outcome of pending litigation and claims is not expected to have a material impact on the financial statements. The amount of provisions that have been established as of December 31, 2010 for litigations and other risks, as well as for unaudited tax years are as follows: a) for the Group € 92.3 million and € 23.4 million respectively and b) for the Company € 91.3 million and € 12.0 million respectively.

5) Number of employees at the end of the year: Group 31,088 (31.12.2009: 32,864), Company 10,925 (31.12.2009: 11,369).

6) Other comprehensive income / (loss) after tax for the year 2010 which was recognized directly in equity for the Group, relates to foreign currency translation € (45.4) million, actuarial gains € 44.8 million (net of deferred taxes), net movement of available for sale investments € (5.0) million and the impact of cash flow hedge € 6.8 million. As for the Company, it relates to actuarial losses € 47.6 million (net of deferred taxes) and the net movement of available for sale securities € (4.8) million.

7) Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and holds a 30.00% plus one share interest in OTE as of December 31, 2010.

8) The Company's transactions with its related parties as defined in IAS 24, are analyzed as follows: Sales and purchases of goods and services for the year 2010, amounted to € 190.9 million and € 310.6 million, respectively. Interest expense for the year 2010 amounted to € 161.0 million. The outstanding balance of receivables and payables from/to related parties as of December 31, 2010 derived from current transactions amounted to € 128.7 million and € 195.4 million, respectively. The outstanding balance of payables to related parties from the loans granted amounted to € 2,938.0 million. Fees paid to the members of the Board of Directors of the Company and the Company's key management personnel compensation charged to the Income Statement for the year 2010, amount to € 4.3 million. Based on OTE's share option plan, until December 31, 2010, 2,462,489 stock options have been granted to key management personnel. At Group level sales and purchases of goods and services, between related parties which are not eliminated, or the year 2010 amounted to € 23.5 million and € 14.2 million, respectively. The outstanding balance of receivables and payables, between related parties which are not eliminated, as of December 31, 2010 derived from operating transactions amounted to € 7.0 million and € 12.7 million, respectively.

9) Basic earnings per share were calculated based on the weighted average number of shares outstanding.

10) Effective January 1, 2010 OTE changed its accounting policy concerning provisions for pensions and other employee benefits and adopted the third option available under IAS 19.93A, which allows for actuarial gains and losses to be recognized directly in equity. The corresponding prior-year comparatives have been adjusted accordingly. In addition interest cost arising from the benefit plans are classified in "interest expense" rather than in "provision for staff retirement indemnities and youth account" as this better reflects the nature of that component of pension cost. The impact of the change in accounting policy is presented in Note 32 of the financial statements. In June 2010 the valuation of the net assets of ZAPP, which has been acquired on October 31, 2009 was completed. The impact of the adjustment due to the finalization of the purchase price allocation of ZAPP is presented in Note 8 of the financial statements.

11) OTE's Board of Directors has not yet decided on the proposed dividend distribution from the 2010 profits.

12)The most signicant events that have occurred after December 31, 2010 are presented in the Note 33 of the financial statements.

Athens, February 24, 2011

CHAIRMAN AND MANAGING DIRECTOR	BOARD MEMBER AND GROUP CHIEF FINANCIAL OFFICER	OTE CHIEF FINANCIAL OFFICER	CHIEF ACCOUNTING OFFICER
MICHAEL TSAMAZ I.D. Number AB 516212	KEVIN COPP I.D. Number 446059212	GEORGE MAVRAKIS I.D. Number T 004893	KONSTANTINOS VASILOPOULOS I.D.Number Π 529399 License Number 032033

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

The table below incorporates by reference the information of Article 10 of Law 3401/2005 regarding the Company, its shares and the securities market, which have been published and made available to the public during year 2010, as well as during the first months of 2011, in compliance with its obligations under Community and National Legislation.

Resolutions of General Assemblies of Shareholder	
23/12/2010	Extraordinary General Assembly Resolutions.
23/07/2010	Extraordinary General Assembly EGM Resolutions.
28/06/2010	Repeated Annual Ordinary General Assembly Resolutions.
16/06/2010	Annual Ordinary General Assembly Resolutions.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	
Invitations to General Assemblies of Shareholder	
02/12/2010	Invitation for Extraordinary General Assembly to be held on December 23, 2010.
30/06/2010	Invitation for Extraordinary General Assembly to be held on July 23, 2010.
25/05/2010	Invitation for Annual Ordinary General Assembly to be held on June 16, 2010.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	
Dividend	
06/07/2010	Dividend Payment.
17/06/2010	Dividend Information.
07/06/2010	OTE's Board of Directors dividend proposition to the Annual Ordinary General Assembly.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	
Corporate Actions	
11/02/2011	Announcement of Regulated Information: Mr Nikolaos Karamouzis, member of the Board of Directors of OTE, on February 9, 2011 sold 70,000 shares of OTE.
10/02/2011	Announcement of Regulated Information: OTE announces that, it signed an agreement for a 900 million Euros Revolving Credit Ordinary Bond Loan facility with a consortium of 8 Greek and 8 International Banks.
07/12/2010	Announcement of Regulated Information: Mr Nikolaos Karamouzis, member of the Board of Directors of OTE, on December 3, 2010 sold 30,000 shares of OTE.
06/12/2010	Announcement of Regulated Information: Mr Nikolaos Karamouzis, member of the Board of Directors of OTE, on December 1, 2010 purchased 30,702 shares of OTE and on December 2, 2010 purchased 80,000 shares of OTE.
06/12/2010	Announcement of Regulated Information: Mr Michael Tsamaz, Chairman of the Board of Directors and CEO of OTE, on December 3, 2010 purchased 10,000 shares of OTE.
02/12/2010	Announcement of Regulated Information: Mr Nikolaos Karamouzis, member of the Board of Directors of OTE, on November 30, 2010 purchased 49,710 shares of OTE.
01/12/2010	Announcement of Regulated Information: Mr Nikolaos Karamouzis, member of the Board of Directors of OTE, on November 29, 2010 purchased 30,000 shares of OTE.
30/11/2010	Announcement of Regulated Information: Mr Nikolaos Karamouzis, member of the Board of Directors of OTE, on November 25, 2010 purchased 41,683 shares of OTE and on November 26, 2010 purchased 27,905 shares of OTE.
03/11/2010	Announcement of Regulated Information- The Board of Directors during its meeting on November 3, 2010 elected Michael Tsamaz as member in replacement of Panagis Vourloumis.
27/10/2010	Announcement of Regulated Information: Mr Nikolaos Karamouzis, member of the Board of Directors of OTE, on October 25, 2010 sold 265,000 shares of OTE.
31/08/2010	Announcement of Regulated Information: Mr Panagis Vourloumis, Chairman of the Board of Directors and CEO of OTE, on August 27, 2010 purchased 10,000 shares of OTE.
14/06/2010	Announcement of Regulated Information: Mr Konstantinos Christopoulos, member of management of OTE, on June 10, 2010 purchased 2,000 shares of OTE.
10/06/2010	Announcement of Regulated Information: Mr Panagis Vourloumis, Chairman of the Board of Directors and CEO of OTE, on June 9, 20210 purchased 45,580 shares of OTE.
04/06/2010	Announcement of Regulated Information: Mr Konstantinos Christopoulos, member of management of OTE, on May 21, 2010 purchased 7,500 shares of OTE and on May 25, 2010 purchased 4,500 shares of OTE.
25/05/2010	Announcement of Regulated Information: Mr Dimitrios Vasileiou, member of management of OTE, on May 19, 2020 purchased 8,000 shares of OTE.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	

Press Releases	
21/02/2011	Financial Calendar 2011
16/02/2011	Announcement of Regulated Information: The Hellenic Telecommunications Organization SA (OTE SA) announces organizational changes effective February 17, 2011.
11/02/2011	Q4 2010 Financial Results announcement - Conference call details.
10/02/2011	OTE SA announces that, it signed an agreement for a 900 million Euros Revolving Credit Ordinary Bond Loan facility with a consortium of 8 Greek and 8 International Banks.
09/02/2011	The Extraordinary General Meeting of Shareholders of OTE Properties REIC, subsidiary of OTE Estate decided to proceed with its dissolution and liquidation.
31/01/2011	The Ministry of Labor and Social Insurance notified OTE on 28.1.2011 that the results of the actuarial studies conducted with the purpose of estimating the additional burden of the Pension Funds of OTE's 2005-2006 voluntary retirement programs concluded at 129.8 million Euros. The company evaluates the new data, without prejudice to exercising any legal right in order to defend its interest.
19/01/2011	Announcement of Regulated Information: Mrs Irini Nikolaidi assumes the new position of OTE Group Legal Counsel-Executive Director of Legal and Regulatory Affairs of OTE Group. She also assumes the position Legal Counsel of OTE and General Director of Legal Affairs. She will continue to hold the position of Legal Counsel, Competition and Legal Affairs Director at Cosmote. Mr Paraskevas Passias who held the position of Legal Counsel of OTE left the Company.
14/01/2011	Announcement of Regulated Information: Mr Iordanis Aivazis, who held the position of Chief Operating Officer of OTE SA left the company on December 31, 2010.
27/01/2011	2010 Fourth Quarter Results under IFRS to be released on February 25, 2011.
02/12/2010	Mr Dimitris Blatsios was appointed CEO of AMC, COSMOTE Group's subsidiary in Albania.
29/11/2010	The State Secretary of the Romanian Ministry of Communications & Information Society informed CEOs of OTE, and Romtelecom as well as the member of the BoD of Deutsche Telekom responsible for Europe, for the intention of the Romanian government to sell the 46% of shares that the Romanian State holds in Romelecom.
03/11/2010	Announcement of Regulated Information: Mr Michael Tsamaz was elected as member of the Board of Directors in replacement of Mr Panagis Vourloumis.
22/10/2010	Q3 2010 financial results announcement - Conference call details.
22/10/2010	Mr Michael Tsamaz will assume the position of Chairman and CEO of OTE.
11/10/2010	Announcement of the Q3 2010 financial results under IFRS.
30/08/2010	Notice to NYSE-OTE announced its intention to delist its ADSs from the New York Stock Exchange.
05/08/2010	Q210 Financial Results under IFRS.
27/07/2010	Thomson Reuters Extel Award: OTE won the award " Best Firm for Investor Relations in Greece" for the year 2010.
16/07/2010	Announcement of the Q2 2010 Financial Results under IFRS.
23/06/2010	New Board of Directors members: Five new Board of Directors members in replacement of five resigned.
07/06/2010	OTE announces its estimate of the one-off special contribution for FY 2009.
04/06/2010	Two awards for the OTE Investor Relations at Capital Link's Annual Greek IR Awards Ceremony.
12/05/2010	OTE announces intention to delist from the NYSE.
04/05/2010	Q110 Results announcement details.
20/04/2010	2010 First Quarter Results under IFRS to be released on May 12, 2010.
03/03/2010	OTE wins award for best corporate governance in Greece. OTE won the award for best corporate governance in Greece, in 2010 by the World Finance Magazine.
25/02/2010	Financial Calendar 2010.
19/02/2010	New member in OTE Board of Directors: Mr Hamid Akhavan, member of OTE Board of Directors submitted his resignation and Mr Rainer Rathgeber was elected in replacement.
18/02/2010	Q409 Results announcement details.
04/02/2010	2009 Fourth Quarter Results under IFRS to be released on February 25, 2010.
28/01/2010	Chief Compliance Officer in OTE Group: Mr Aristodimos Dimitriadis assumed the position of Chief Compliance Officer in OTE Group, on January 18, 2010.
20/01/2010	Response to ASE's Question concerning obligations of OTE towards the IKA pension fund.
13/01/2010	New CEO in OTE Estate: Since January 11, 2010 Mrs Christini Spanoudaki holds the position of Chief Executive Officer of OTE Estate.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	
Transactions Notifications of the liable persons in compliance with L3340/2005 and 3/347/12.7.2005 Decision of the Hellenic Capital Market Commission	
Location on the Company's website : www.ote.gr/ Investor Relations/Corporate Governance/Transparency and Information Disclosure/ Transactions Notifications in compliance with L3340/2005	

Financial Results	
04/11/2010	Third Quarter 2010 Financial Results under IFRS.
05/8/2010	Second Quarter 2010 Financial Results under IFRS.
12/5/2010	First Quarter 2010 Financial Results under IFRS.
25/2/2010	Fourth Quarter and Full Year 2009 Financial Results under IFRS.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	

IFRS Reports- Figures and Information	
04/11/2010	Financial Data and Information in accordance with IFRS - Third Quarter 2010.
04/11/2010	Financial Statements in accordance with IFRS – Interim Condensed Financial Statements (01/01/10-30/09/10).
05/08/2010	Financial Data and Information in accordance with IFRS - Second Quarter 2010.
05/08/2010	Financial Statements in accordance with IFRS –OTE Six Months Financial Report 30.06.10.
12/05/2010	Financial Data and Information in accordance with IFRS - First Quarter 2010.
12/05/2010	Financial Statements in accordance with IFRS – First Quarter 2010.
25/02/2010	Financial Data and Information in accordance with IFRS - Fourth Quarter 2009.
25/02/2010	Financial Statements in accordance with IFRS - Annual Financial Report 2009.
Location on the Company's website: www.ote.gr/ Investor Relations/ Financial Results/ Financial Statements of OTE Group and OTE S.A.	

Note: The Financial Statements, the Independent Auditor's Reports and the Reports of the Board of Directors of the Group companies are uploaded at the web page based on their respective timetable: www.ote.gr/ Investor Relations/ Financial Results/ Financial Statements of OTE Group Companies, both in English and Greek.