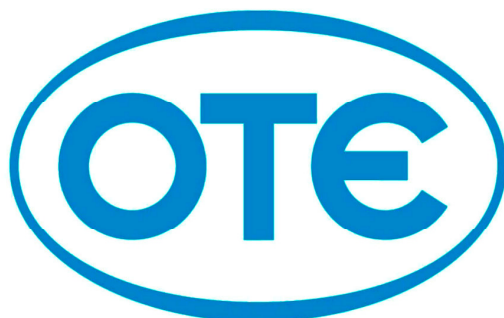


# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.



**INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)  
AS OF SEPTEMBER 30, 2010**

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

**(TRANSLATED FROM THE GREEK ORIGINAL)**

The Interim Condensed Financial Statements presented on pages 1-28 were approved by the Board of Directors on November 3, 2010 and are signed by:

Chairman  
& Managing Director

Board Member  
& Group Chief Financial  
Officer

OTE Chief Financial Officer

Chief Accounting Officer

Panagis Vourloumis

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

## TABLE OF CONTENTS

PAGE

### INTERIM CONDENSED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2010 AND FOR THE NINE MONTH PERIOD THEN ENDED

INTERIM STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) .....	3
INTERIM INCOME STATEMENT (CONSOLIDATED).....	4
INTERIM INCOME STATEMENT (SEPARATE).....	5
INTERIM STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE) .....	6
INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED).....	7
INTERIM STATEMENT OF CHANGES IN EQUITY (SEPARATE).....	8
INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE).....	9

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2010 AND FOR THE NINE MONTH PERIOD THEN ENDED

1. CORPORATE INFORMATION .....	10
2. BASIS OF PREPARATION .....	11
3. SIGNIFICANT ACCOUNTING POLICIES.....	11
4. GOODWILL .....	12
5. INVESTMENTS .....	13
6. SHARE CAPITAL – SHARE PREMIUM.....	15
7. DIVIDENDS.....	15
8. LONG-TERM BORROWINGS .....	15
9. INCOME TAXES .....	16
10. REVENUE .....	19
11. OTHER INCOME/ (EXPENSE), NET.....	20
12. COST OF EARLY RETIREMENT PROGRAM.....	20
13. OTHER OPERATING EXPENSES.....	22
14. EARNINGS PER SHARE .....	22
15. OPERATING SEGMENT INFORMATION .....	23
16. RELATED PARTY DISCLOSURES .....	23
17. SHARE OPTION PLAN .....	26
18. LITIGATION AND CLAIMS.....	26
19. CHANGE IN ACCOUNTING POLICY AND RECLASSIFICATIONS.....	27
20. EVENTS AFTER THE FINANCIAL POSITION DATE.....	28



**INTERIM STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)**

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		30/09/2010	31/12/2009 <sup>1,2</sup>	30/09/2010	31/12/2009 <sup>1</sup>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		5,340.4	5,596.2	1,888.1	2,026.7
Goodwill	4	571.8	577.4	-	-
Telecommunication licenses		341.7	365.0	2.2	2.5
Other intangible assets		477.9	523.5	-	-
Investments	5	156.6	157.0	4,780.0	4,777.4
Loans and advances to pension funds		135.8	154.5	135.8	154.5
Deferred tax assets		254.6	278.7	188.9	203.6
Other non-current assets		150.4	127.3	111.7	83.8
<b>Total non-current assets</b>		<b>7,429.2</b>	<b>7,779.6</b>	<b>7,106.7</b>	<b>7,248.5</b>
<b>Current assets</b>					
Inventories		187.2	229.1	31.1	31.1
Trade receivables		1,095.7	1,153.0	555.9	608.0
Other financial assets		18.7	35.4	6.3	16.3
Other current assets		258.1	255.6	141.8	108.7
Cash and cash equivalents		794.9	868.8	119.4	224.0
<b>Total current assets</b>		<b>2,354.6</b>	<b>2,541.9</b>	<b>854.5</b>	<b>988.1</b>
<b>TOTAL ASSETS</b>		<b>9,783.8</b>	<b>10,321.5</b>	<b>7,961.2</b>	<b>8,236.6</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Parent</b>					
Share capital	6	1,171.5	1,171.5	1,171.5	1,171.5
Share premium	6	509.7	505.1	509.7	505.1
Statutory reserve		344.1	344.1	344.1	344.1
Foreign exchange and other reserves		(201.1)	(162.0)	(126.4)	(102.9)
Changes in non-controlling interests		(3,321.5)	(3,321.5)	-	-
Retained earnings		2,633.9	2,589.2	1,470.4	1,430.0
<b>Total equity attributable to owners of the Parent</b>		<b>1,136.6</b>	<b>1,126.4</b>	<b>3,369.3</b>	<b>3,347.8</b>
Non-controlling interests		718.5	757.7	-	-
<b>Total equity</b>		<b>1,855.1</b>	<b>1,884.1</b>	<b>3,369.3</b>	<b>3,347.8</b>
<b>Non-current liabilities</b>					
Long-term borrowings	8	3,855.8	5,385.7	1,863.8	2,930.1
Provision for staff retirement indemnities		348.6	316.8	320.4	293.0
Provision for voluntary leave scheme	12	33.4	109.9	33.4	109.9
Provision for youth account		347.2	361.9	347.2	361.9
Deferred tax liabilities		105.7	117.9	-	-
Other non-current liabilities		59.1	66.9	37.6	35.8
<b>Total non-current liabilities</b>		<b>4,749.8</b>	<b>6,359.1</b>	<b>2,602.4</b>	<b>3,730.7</b>
<b>Current liabilities</b>					
Trade accounts payable		647.0	813.2	324.2	373.1
Short-term borrowings		4.5	3.3	-	-
Short-term portion of long-term borrowings	8	1,479.8	32.9	1,013.2	-
Income tax payable	9	104.2	133.2	31.3	41.0
Deferred revenue		251.0	256.6	215.2	225.3
Provision for voluntary leave scheme	12	77.8	149.0	77.8	149.0
Dividends payable	7	2.3	4.2	2.3	4.2
Other current liabilities		612.3	685.9	325.5	365.5
<b>Total current liabilities</b>		<b>3,178.9</b>	<b>2,078.3</b>	<b>1,989.5</b>	<b>1,158.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,783.8</b>	<b>10,321.5</b>	<b>7,961.2</b>	<b>8,236.6</b>

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)

The allocation of actuarial gains and losses results 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 shareholders' equity of Euro 95.6 for the Group and Euro 96.7 for the Company.

<sup>2</sup> Adjusted due to finalization of ZAPP's purchase price allocation (see Note 4)



## INTERIM INCOME STATEMENT (CONSOLIDATED)

(Amounts in millions of Euro except per share data)	Notes	3 <sup>rd</sup> Quarter		First nine months	
		2010	2009 <sup>1</sup>	2010	2009 <sup>1</sup>
<b>Revenue</b>					
Domestic telephony	10	342.7	395.9	1,064.8	1,219.6
International telephony	10	50.1	71.3	153.8	190.2
Mobile telephony	10	567.1	620.0	1,683.2	1,798.7
Other revenue	10	432.8	423.1	1,250.6	1,232.0
<b>Total revenue</b>		<b>1,392.7</b>	<b>1,510.3</b>	<b>4,152.4</b>	<b>4,440.5</b>
<b>Other income/ (expense), net</b>	11	<b>3.8</b>	<b>6.7</b>	<b>34.7</b>	<b>20.0</b>
<b>Operating expenses</b>					
Payroll and employee benefits		(273.3)	(289.0)	(857.2)	(884.6)
Provision for staff retirement indemnities and youth account		(13.6)	(11.3)	(40.2)	(33.2)
Cost of early retirement program	12	(3.4)	(1.2)	(36.2)	33.8
Charges from international operators		(52.5)	(53.4)	(145.4)	(136.8)
Charges from domestic operators		(100.0)	(131.3)	(312.4)	(389.9)
Depreciation and amortization		(266.1)	(278.0)	(827.8)	(840.2)
Cost of telecommunications equipment		(116.2)	(118.8)	(328.6)	(340.1)
Other operating expenses	13	(342.5)	(330.4)	(1,030.2)	(1,022.5)
<b>Total operating expenses</b>		<b>(1,167.6)</b>	<b>(1,213.4)</b>	<b>(3,578.0)</b>	<b>(3,613.5)</b>
<b>Operating profit before financial activities</b>		<b>228.9</b>	<b>303.6</b>	<b>609.1</b>	<b>847.0</b>
<b>Income and expense from financial activities</b>					
Interest expense		(69.2)	(84.7)	(239.3)	(278.8)
Interest income		5.5	11.2	20.1	50.8
Foreign exchange differences, net		4.6	1.3	(5.6)	5.0
Dividend income	5	-	-	9.0	9.6
Gains / (losses) from investments - Impairments		(0.2)	(1.0)	(3.0)	23.4
<b>Total profit /(loss) from financial activities</b>		<b>(59.3)</b>	<b>(73.2)</b>	<b>(218.8)</b>	<b>(190.0)</b>
<b>Profit before tax</b>		<b>169.6</b>	<b>230.4</b>	<b>390.3</b>	<b>657.0</b>
Income tax expense	9	(46.2)	(62.1)	(291.1)	(206.8)
<b>Profit for the period</b>		<b>123.4</b>	<b>168.3</b>	<b>99.2</b>	<b>450.2</b>
Attributable to:					
Owners of the parent		126.3	165.0	131.3	439.9
Non-controlling interests		(2.9)	3.3	(32.1)	10.3
		<b>123.4</b>	<b>168.3</b>	<b>99.2</b>	<b>450.2</b>
Basic earnings per share	14	0.2577	0.3366	0.2679	0.8975
Diluted earnings per share	14	0.2577	0.3366	0.2679	0.8975

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)

The reversal of amortization of actuarial gains and losses results in a decrease in "Provision for staff retirement indemnities and youth account" of Euro 2.4 for the 3<sup>rd</sup> Quarter and Euro 7.1 for the first nine months of 2009. The above result in an increase in "Income tax expense" of Euro 0.5 for the 3<sup>rd</sup> Quarter and Euro 1.7 for the first nine months of 2009. Interest cost of an amount of Euro 8.2 for the 3<sup>rd</sup> Quarter and Euro 24.6 for the first nine months of 2009 arising from the relative plans is classified in "Interest expense" rather than in "Provision for staff retirement indemnities and youth account".



## INTERIM INCOME STATEMENT (SEPARATE)

(Amounts in millions of Euro)	Notes	3 <sup>rd</sup> Quarter		First nine months	
		2010	2009 <sup>1</sup>	2010	2009 <sup>1</sup>
<b>Revenue</b>					
Domestic telephony	10	255.8	299.1	790.8	917.1
International telephony	10	37.5	55.1	114.7	136.8
Other revenue	10	246.0	242.7	742.6	738.8
<b>Total revenue</b>		<b>539.3</b>	<b>596.9</b>	<b>1,648.1</b>	<b>1,792.7</b>
<b>Other income/ (expense), net</b>	11	<b>0.6</b>	<b>0.3</b>	<b>15.0</b>	<b>1.5</b>
<b>Operating expenses</b>					
Payroll and employee benefits		(162.3)	(174.9)	(514.5)	(531.9)
Provision for staff retirement indemnities and youth account		(12.7)	(11.5)	(37.9)	(34.2)
Cost of early retirement program	12	-	-	(9.9)	38.9
Charges from international operators		(27.6)	(39.5)	(85.9)	(97.6)
Charges from domestic operators		(44.1)	(59.5)	(135.8)	(170.5)
Depreciation and amortization		(90.9)	(103.2)	(280.7)	(319.2)
Cost of telecommunications equipment		(20.6)	(22.5)	(55.4)	(64.5)
Other operating expenses	13	(109.7)	(115.6)	(321.5)	(351.6)
<b>Total operating expenses</b>		<b>(467.9)</b>	<b>(526.7)</b>	<b>(1,441.6)</b>	<b>(1,530.6)</b>
<b>Operating profit before financial activities</b>		<b>72.0</b>	<b>70.5</b>	<b>221.5</b>	<b>263.6</b>
<b>Income and expense from financial activities</b>					
Interest expense		(46.3)	(55.5)	(159.9)	(190.2)
Interest income		2.0	3.5	6.1	14.3
Foreign exchange differences, net		0.4	-	0.4	1.2
Dividend income	5	-	-	200.9	312.1
Gains/ (losses) from investments - Impairments		-	-	(1.8)	-
<b>Total profit /(loss) from financial activities</b>		<b>(43.9)</b>	<b>(52.0)</b>	<b>45.7</b>	<b>137.4</b>
<b>Profit before tax</b>		<b>28.1</b>	<b>18.5</b>	<b>267.2</b>	<b>401.0</b>
Income tax expense	9	(13.2)	(7.9)	(140.2)	(71.9)
<b>Profit for the period</b>		<b>14.9</b>	<b>10.6</b>	<b>127.0</b>	<b>329.1</b>

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)

The reversal of amortization of actuarial gains and losses results in a decrease in "Provision for staff retirement indemnities and youth account" of Euro 2.1 for the 3<sup>rd</sup> Quarter and Euro 6.2 for the first nine months of 2009. The above result in an increase in "Income tax expense" of Euro 0.5 and for the 3<sup>rd</sup> Quarter and Euro 1.5 for the first nine months of 2009. Interest cost of an amount of Euro 7.7 for the 3<sup>rd</sup> Quarter and Euro 23.2 for the first nine months of 2009 arising from the relative plans is classified in "Interest expense" rather than in "Provision for staff retirement indemnities and youth account".



### INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

(Amounts in millions of Euro)	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009 <sup>1</sup>	2010	2009 <sup>1</sup>
<b>Profit for the period</b>	<b>123.4</b>	<b>168.3</b>	<b>99.2</b>	<b>450.2</b>
Foreign currency translation	42.5	(3.2)	(21.6)	(154.7)
Net gain/ (loss) on cash flow hedge	(2.9)	1.4	(1.1)	(0.8)
Actuarial losses due to change in interest cost	(9.6)	-	(24.2)	-
Deferred taxes on actuarial losses due to change in interest cost	2.0	-	5.1	-
Net movement in available for sale financial assets	0.2	7.5	(4.4)	9.7
<b>Other comprehensive income / (loss) for the period</b>	<b>32.2</b>	<b>5.7</b>	<b>(46.2)</b>	<b>(145.8)</b>
<b>Total comprehensive income for the period</b>	<b>155.6</b>	<b>174.0</b>	<b>53.0</b>	<b>304.4</b>
<b>Attributable to:</b>				
Owners of the parent	140.6	169.7	92.2	339.1
Non-controlling interests	15.0	4.3	(39.2)	(34.7)
	<b>155.6</b>	<b>174.0</b>	<b>53.0</b>	<b>304.4</b>

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)

### INTERIM STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(Amounts in millions of Euro)	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009 <sup>1</sup>	2010	2009 <sup>1</sup>
<b>Profit for the period</b>	<b>14.9</b>	<b>10.6</b>	<b>127.0</b>	<b>329.1</b>
Actuarial losses due to change in interest cost	(9.6)	-	(24.2)	-
Deferred taxes on actuarial losses due to change in interest cost	2.0	-	5.1	-
Net movement in available for sale financial assets	0.2	7.5	(4.4)	9.7
<b>Other comprehensive income / (loss) for the period</b>	<b>(7.4)</b>	<b>7.5</b>	<b>(23.5)</b>	<b>9.7</b>
<b>Total comprehensive income for the period</b>	<b>7.5</b>	<b>18.1</b>	<b>103.5</b>	<b>338.8</b>

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)



**INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)**

(Amounts in millions of Euro)	Attributed to owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings			
<b>Balance as at January 1, 2009</b> <sup>1</sup>	<b>1,171.5</b>	<b>497.9</b>	<b>330.2</b>	<b>(23.9)</b>	<b>(3,315.2)</b>	<b>2,559.8</b>	<b>1,220.3</b>	<b>861.3</b>	<b>2,081.6</b>
Profit for the period <sup>1</sup>	-	-	-	-	-	439.9	439.9	10.3	450.2
Other comprehensive income / (loss)	-	-	-	(100.8)	-	-	(100.8)	(45.0)	(145.8)
<b>Total comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100.8)</b>	<b>-</b>	<b>439.9</b>	<b>339.1</b>	<b>(34.7)</b>	<b>304.4</b>
Dividends	-	-	-	-	-	(367.6)	(367.6)	-	(367.6)
Share-based payment	-	5.5	-	-	-	-	5.5	-	5.5
Net change of participation in subsidiaries	-	-	-	-	(4.7)	-	(4.7)	(43.7)	(48.4)
Obligation to acquire non-controlling interests	-	-	-	-	-	-	-	(10.0)	(10.0)
<b>Balance as at September 30, 2009</b> <sup>1</sup>	<b>1,171.5</b>	<b>503.4</b>	<b>330.2</b>	<b>(124.7)</b>	<b>(3,319.9)</b>	<b>2,632.1</b>	<b>1,192.6</b>	<b>772.9</b>	<b>1,965.5</b>
<b>Balance as at January 1, 2010</b> <sup>1</sup>	<b>1,171.5</b>	<b>505.1</b>	<b>344.1</b>	<b>(162.0)</b>	<b>(3,321.5)</b>	<b>2,589.2</b>	<b>1,126.4</b>	<b>757.7</b>	<b>1,884.1</b>
Profit / (loss) for the period	-	-	-	-	-	131.3	131.3	(32.1)	99.2
Other comprehensive income / (loss)	-	-	-	(39.1)	-	-	(39.1)	(7.1)	(46.2)
<b>Total comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39.1)</b>	<b>-</b>	<b>131.3</b>	<b>92.2</b>	<b>(39.2)</b>	<b>53.0</b>
Dividends	-	-	-	-	-	(93.1)	(93.1)	-	(93.1)
Withholding tax related to dividend paid out of dividend income subject to withholding tax	-	-	-	-	-	6.5	6.5	-	6.5
Share-based payment	-	4.6	-	-	-	-	4.6	-	4.6
<b>Balance as at September 30, 2010</b>	<b>1,171.5</b>	<b>509.7</b>	<b>344.1</b>	<b>(201.1)</b>	<b>(3,321.5)</b>	<b>2,633.9</b>	<b>1,136.6</b>	<b>718.5</b>	<b>1,855.1</b>

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)



**INTERIM 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
<b>Balance as at January 1, 2009 <sup>1</sup></b>	<b>1,171.5</b>	<b>497.9</b>	<b>330.2</b>	<b>(95.4)</b>	<b>1,527.9</b>	<b>3,432.1</b>
Profit for the period <sup>1</sup>	-	-	-	-	329.1	<b>329.1</b>
Other comprehensive income	-	-	-	9.7	-	<b>9.7</b>
<b>Total comprehensive income</b>	-	-	-	<b>9.7</b>	<b>329.1</b>	<b>338.8</b>
Dividends	-	-	-	-	(367.6)	<b>(367.6)</b>
Share-based payment	-	5.5	-	-	-	<b>5.5</b>
<b>Balance as at September 30, 2009 <sup>1</sup></b>	<b>1,171.5</b>	<b>503.4</b>	<b>330.2</b>	<b>(85.7)</b>	<b>1,489.4</b>	<b>3,408.8</b>
<b>Balance as at January 1, 2010 <sup>1</sup></b>	<b>1,171.5</b>	<b>505.1</b>	<b>344.1</b>	<b>(102.9)</b>	<b>1,430.0</b>	<b>3,347.8</b>
Profit for the period	-	-	-	-	127.0	<b>127.0</b>
Other comprehensive income / (loss)	-	-	-	(23.5)	-	<b>(23.5)</b>
<b>Total comprehensive income / (loss)</b>	-	-	-	<b>(23.5)</b>	<b>127.0</b>	<b>103.5</b>
Dividends	-	-	-	-	(93.1)	<b>(93.1)</b>
Withholding tax related to dividend paid out of dividend income subject to withholding tax	-	-	-	-	6.5	<b>6.5</b>
Share-based payment	-	4.6	-	-	-	<b>4.6</b>
<b>Balance as at September 30, 2010</b>	<b>1,171.5</b>	<b>509.7</b>	<b>344.1</b>	<b>(126.4)</b>	<b>1,470.4</b>	<b>3,369.3</b>

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)





**INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)**

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		01/01/- 30/9/2010	01/01/- 30/9/2009 <sup>1</sup>	01/01/- 30/9/2010	01/01/- 30/9/2009 <sup>1</sup>
<b>Cash flows from operating activities</b>					
Profit before tax		390.3	657.0	267.2	401.0
Adjustments for:					
Depreciation and amortization		827.8	840.2	280.7	319.2
Share-based payment	17	4.6	5.5	2.0	2.5
Cost of early retirement program	12	36.2	(33.8)	9.9	(38.9)
Provision for staff retirement indemnities and youth account		40.2	33.2	37.9	34.2
Provisions for doubtful accounts	13	102.9	81.1	24.5	28.0
Other provisions		(4.3)	-	(4.3)	-
Foreign exchange differences, net		5.6	(5.0)	(0.4)	(1.2)
Interest income		(20.1)	(50.8)	(6.1)	(14.3)
Dividend income	5	(9.0)	(9.6)	(200.9)	(312.1)
(Gains)/ losses from investments - Impairments		3.0	(23.4)	1.8	-
Release of EDEKT fund prepayment		26.4	26.4	26.4	26.4
Interest expense		239.3	278.8	159.9	190.2
Working capital adjustments:					
Decrease/ (increase) in inventories		41.9	(24.5)	-	0.2
Decrease / (increase) in accounts receivable		(52.7)	(87.5)	6.8	19.4
(Decrease) in liabilities (except borrowings)		(186.2)	(78.0)	(62.3)	(65.7)
Plus/(Minus):					
Payment for early retirement programs	12	(175.2)	(95.5)	(149.8)	(90.4)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(67.2)	(71.0)	(64.9)	(70.7)
Interest and related expenses paid		(224.8)	(248.2)	(153.9)	(173.2)
Income taxes paid	9	(300.5)	(198.0)	(129.6)	(63.7)
Settlement of receivables due from disposed subsidiaries		-	16.6	-	-
<b>Net cash flows from operating activities</b>		<b>678.2</b>	<b>1,013.5</b>	<b>44.9</b>	<b>190.9</b>
<b>Cash flows from investing activities</b>					
Acquisition of non-controlling interest and participation in subsidiaries' share capital increase	4	(7.9)	(48.4)	-	-
Acquisition of subsidiary net of cash acquired		(1.8)	-	-	-
Purchase of financial assets		(71.9)	(301.5)	-	(290.6)
Sale or maturity of financial assets		80.1	404.2	3.7	397.3
Repayments of loans receivable		7.3	7.3	7.3	53.5
Loans granted	12	(30.0)	-	(30.0)	-
Loans proceeds in conjunction with disposal of subsidiaries		-	78.5	-	-
Purchase of property plant and equipment and intangible assets		(567.3)	(637.7)	(150.6)	(192.8)
Proceeds from disposal of subsidiaries		-	87.1	-	-
Interest received		14.2	39.8	4.2	11.0
Dividends received		3.5	3.7	160.4	305.1
Return of capital invested in subsidiary		-	-	-	102.2
<b>Net cash flows from/(used in) investing activities</b>		<b>(573.8)</b>	<b>(367.0)</b>	<b>(5.0)</b>	<b>385.7</b>
<b>Cash flows from financing activities</b>					
Proceeds from loans granted and issued		2.6	24.4	-	-
Repayment of loans	8	(91.3)	(82.0)	(56.0)	(18.9)
Dividends paid to Company's owners		(88.5)	(367.2)	(88.5)	(367.2)
Dividends paid to non-controlling interests		-	(1.2)	-	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(177.2)</b>	<b>(426.0)</b>	<b>(144.5)</b>	<b>(386.1)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(72.8)</b>	<b>220.5</b>	<b>(104.6)</b>	<b>190.5</b>
<b>Cash and cash equivalents, at the beginning of the period</b>		<b>868.8</b>	<b>1,429.7</b>	<b>224.0</b>	<b>344.5</b>
Net foreign exchange differences		(1.1)	(14.1)	-	-
<b>Cash and cash equivalents, at the end of the period</b>		<b>794.9</b>	<b>1,636.1</b>	<b>119.4</b>	<b>535.0</b>

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)



## 1. CORPORATE INFORMATION

Hellenic Telecommunications Organization S.A. (“Company” or “OTE”), was incorporated as a société anonyme in Athens, Greece in 1949, and is listed in the Greek Register of 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](http://www.ote.gr). The Company is listed on the Athens Exchange. 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.

OTE’s principle 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.

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

The Interim Condensed Consolidated and Separate Financial Statements (“interim financial statements”) as of September 30, 2010 and for the nine month period then ended, were approved for issuance by the Board of Directors on November 3, 2010.

The total numbers of Group and Company employees as of September 30, 2010 and 2009 were as follows:

	GROUP	COMPANY
September 30, 2010	31,358	11,143
September 30, 2009	32,579	11,495

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	30/09/2010	31/12/2009
			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%
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%



COMPANY NAME	LINE OF BUSINESS	COUNTRY	30/09/2010	31/12/2009
			GROUP'S OWNERSHIP INTEREST	
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 <sup>1</sup>	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%	99.99%
E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD")	Overdue accounts	Greece	100.00%	100.00%

<sup>1</sup> The liquidation process of OTE-PLUS BULGARIA was finalized on January 11, 2010.

## 2. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These interim financial statements do not include all the information required in the annual financial statements and they should be read in conjunction with the annual audited financial statements as of December 31, 2009, which are available on the Company's website [www.ote.gr](http://www.ote.gr).

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared using accounting policies consistent with those adopted for the preparation of the annual financial statements as of December 31, 2009 and which are comprehensively presented in the notes of the annual financial statements, except for:

- the change in accounting policy concerning provisions for pensions and other employee benefits (see Note 19)
- the adoption of the following new and amended IFRS and IFRIC interpretations which became effective for the accounting periods beginning 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)
- IFRS 1 Additional Exemptions for First-time Adopters (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 following:  
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment 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 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. This interpretation has not yet been endorsed by the EU.
- **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. This amendment has not yet been endorsed by the EU.
- **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. This interpretation has not yet been endorsed by the EU.
- **IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for first time adopters (Amended):** The amendment is effective for annual periods beginning on or after July 1, 2010. This interpretation has not yet been endorsed by the EU.
- **IFRS 7 Financial Instruments:** Disclosures as part of its comprehensive review of off balance sheet activities (amended), 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. The amendments broadly align the relevant disclosure requirements of IFRSs and US GAAP.
- 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.

#### 4. GOODWILL

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

COUNTRY	31/12/2009	Adjustments	31/12/2009 Adjusted	Foreign exchange differences	Acquisition of subsidiary	30/09/2010
Greece	376.6	-	376.6	-	-	376.6
Albania	55.5	-	55.5	(0.3)	-	55.2
Romania	59.4	25.6	85.0 <sup>1</sup>	(4.9)	(0.4)	79.7
Bulgaria	60.3	-	60.3	-	-	60.3
<b>TOTAL</b>	<b>551.8</b>	<b>25.6</b>	<b>577.4</b>	<b>(5.2)</b>	<b>(0.4)</b>	<b>571.8</b>

<sup>1</sup> Adjusted due to finalization of ZAPP's purchase price allocation



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. 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 insignificant.

	Book value	Preliminary adjustments	Preliminary Fair value	Changes in adjustments due to final PPA	Final Fair value
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	83.4	-	83.4	(28.9)	54.5
Telecommunication licenses	21.0	52.4	73.4	2.8	76.2
Intangible assets	-	22.0	22.0	2.9	24.9
Other non-current assets	0.3	-	0.3	-	0.3
<b>Total</b>	<b>104.7</b>	<b>74.4</b>	<b>179.1</b>	<b>(23.2)</b>	<b>155.9</b>
<b>Current assets</b>					
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
<b>Total</b>	<b>8.2</b>	<b>-</b>	<b>8.2</b>	<b>-</b>	<b>8.2</b>
<b>Total Assets</b>	<b>112.9</b>	<b>74.4</b>	<b>187.3</b>	<b>(23.2)</b>	<b>164.1</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
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
<b>Total</b>	<b>130.0</b>	<b>1.8</b>	<b>131.8</b>	<b>2.4</b>	<b>134.2</b>
<b>Current liabilities</b>					
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
<b>Total</b>	<b>18.0</b>	<b>-</b>	<b>18.0</b>	<b>-</b>	<b>18.0</b>
<b>Total liabilities</b>	<b>148.0</b>	<b>1.8</b>	<b>149.8</b>	<b>2.4</b>	<b>152.2</b>
<b>Net assets acquired</b>	<b>(35.1)</b>	<b>72.6</b>	<b>37.5</b>	<b>(25.6)</b>	<b>11.9</b>
Purchase price			67.5	(0.4)	67.1
Expenses of acquisition			3.5	-	3.5
<b>Goodwill</b>			<b>33.5</b>	<b>25.2</b>	<b>58.7</b>

## 5. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	30/09/2010	31/12/2009	30/09/2010	31/12/2009
(a) Investments in subsidiaries	-	-	4,623.7	4,621.1
(b) Other investments	156.6	157.0	156.3	156.3
<b>TOTAL</b>	<b>156.6</b>	<b>157.0</b>	<b>4,780.0</b>	<b>4,777.4</b>



(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	30/09/2010	31/12/2009
COSMOTE	100.00%	Greece	3,512.7	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	0.6	0.6
VOICENET	100.00%	Greece	3.7	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	6.3	6.3
<b>TOTAL</b>			<b>4,623.7</b>	<b>4,621.1</b>

AMC

As of September 30, 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 Group holds directly or indirectly 97.21% of AMC.

(b) Other investments are analyzed as follows:

	GROUP		COMPANY	
	30/09/2010	31/12/2009	30/09/2010	31/12/2009
TELEKOM SRBIJA	155.1	155.1	155.1	155.1
OTHER	1.5	1.9	1.2	1.2
<b>TOTAL</b>	<b>156.6</b>	<b>157.0</b>	<b>156.3</b>	<b>156.3</b>

The Group's dividend income is analyzed as follows:

	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009	2010	2009
TELEKOM SRBIJA	-	-	8.9	9.3
Other available for sale investments	-	-	0.1	0.3
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>9.0</b>	<b>9.6</b>

OTE's dividend income is analyzed as follows:

	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009	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	-	-	2.0	-
TELEKOM SRBIJA	-	-	8.9	9.3
Other available for sale investments	-	-	0.1	0.3
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>200.9</b>	<b>312.1</b>

During the first nine months of 2010 an amount of Euro 140.4 (net of withholding tax on dividends of 10% Euro 19.0) of the dividend income of 2010 has been received, as well as an amount of Euro 1.0 of the dividend income of 2009.



## 6. SHARE CAPITAL – SHARE PREMIUM

OTE's share capital as of September 30, 2010 and December 31, 2009, 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 September 30, 2010 and December 31, 2009 amounted to Euro 509.7 and Euro 505.1, respectively, the increase (Euro 4.6) being the amount charged in the income statement for the first nine months of 2010 under the Group's share option plan (see Note 17).

The following is an analysis of the ownership of OTE's shares as of September 30, 2010:

Shareholder	Number of shares	Percentage %
Hellenic State	63,371,292	12.93%
D.E.K.A. S.A.	15,052,773	3.07%
IKA-ETAM	19,606,016	4.00%
DEUTSCHE TELEKOM AG	147,045,118	30.00%
Institutional Investors	189,971,080	38.76%
Private Investors	55,104,110	11.24%
<b>TOTAL</b>	<b>490,150,389</b>	<b>100.00%</b>

## 7. DIVIDENDS

Under Greek Corporate Law, each year companies are required to distribute to their owners dividends of at least 35% of profits which result from their accounting books and records (published financial statements), after allowing for the statutory reserve and income tax. However, companies can waive such dividend payment with the consent of the 70% of their owners.

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 September 30, 2010, amounted to Euro 2.3 (December 31, 2009: Euro 4.2).

## 8. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	30/09/2010	31/12/2009
(a) Syndicated loans	474.2	500.0
(b) Global Medium-Term Note Program	4,822.4	4,876.5
(c) Other bank loans	39.0	42.1
<b>Total long-term debt</b>	<b>5,335.6</b>	<b>5,418.6</b>
Short-term portion	(1,479.8)	(32.9)
<b>Long-term portion</b>	<b>3,855.8</b>	<b>5,385.7</b>

In February 2010, notes under the Global Medium-Term Note Program of OTE PLC of Euro 1,444.0 nominal value maturing in February 2011 with a carrying value as of September 30, 2010 of Euro 1,443.0 were reclassified to the "short-term portion of long-term borrowings" in the accompanying consolidated statement of financial position as of September 30, 2010. With respect to the Notes maturing in February 2011, OTE expects to make a final decision during the fourth quarter of 2010 regarding which of its refinancing alternatives, or combination thereof, will be implemented, including but not limited to, a shareholder loan from DEUTSCHE TELEKOM AG. In relation to the above, OTE's ordinary General Assembly approved of 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.

In May 2010, OTE PLC proceeded with a partial buyback of notes of a total nominal amount of Euro 56.0 under the Euro 1,500.0, 5.375% bond due on February 14, 2011. The notes have been cancelled. The total amount paid including accruals and premium amounts to Euro 57.7. The outstanding nominal amount of the Notes following cancellation is Euro 1,444.0.

On May 27, 2010 Standard & Poor's Ratings Services lowered its long-term corporate credit rating on OTE from "BBB" to "BBB-" with stable outlook. As a result, the spread of the syndicated Term loan increased from 0.25% to 0.2625%.

On July 16, 2010, OTE PLC completed the repurchase of Euro 7.0 of the Euro 1,250.0 5.0% Notes due on August 5, 2013 at market price of 95.6%. The repurchased Notes have been cancelled. The outstanding nominal amount of the Notes following cancellation is Euro 1,243.0.



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2010 AND FOR THE NINE MONTH PERIOD THEN ENDED

COMPANY	30/09/2010	31/12/2009
Intercompany loans from OTE PLC	2,877.0	2,930.1
<b>Total long-term debt</b>	<b>2,877.0</b>	<b>2,930.1</b>
Short-term portion	(1,013.2)	-
<b>Long-term portion</b>	<b>1,863.8</b>	<b>2,930.1</b>

In February 2010, OTE's intercompany loan of nominal value Euro 1,014.0 maturing in February 2011 with a carrying value as of September 30, 2010 of Euro 1,013.2 was reclassified to the "short-term portion of long-term borrowings" in the accompanying separate statement of financial position as of September 30, 2010.

In May 2010, OTE prepaid to OTE PLC a nominal amount of Euro 56.0 under the intercompany loan of nominal value of Euro 1,070.0. The total amount paid including accruals and premium amounts to Euro 57.7. The outstanding nominal amount of the loan following prepayment is Euro 1,014.0.

As part of the budget and three year business plan preparation the companies of the Group deliver medium term forecasted cash flows. Thereafter for the monitoring of liquidity risk and for working capital optimization they prepare rolling short term forecasts.

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

GROUP					
	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>September 30, 2010</b>					
Medium term bonds OTE PLC	1,685.8	814.2	2,138.0	941.6	5,579.6
Syndicated loan OTE PLC	34.8	450.6	-	-	485.4
Borrowings - ROMTELECOM	9.2	9.2	13.7	11.1	43.2
Other borrowings	4.5	-	-	-	4.5
Trade accounts payable	647.0	-	-	-	647.0
<b>TOTAL</b>	<b>2,381.3</b>	<b>1,274.0</b>	<b>2,151.7</b>	<b>952.7</b>	<b>6,759.7</b>
<b>December 31, 2009</b>					
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
<b>TOTAL</b>	<b>1,100.8</b>	<b>2,438.0</b>	<b>2,073.5</b>	<b>1,631.9</b>	<b>7,244.2</b>
COMPANY					
	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>September 30, 2010</b>					
Intercompany loans (OTE PLC)	1,169.1	250.3	1,884.7	-	3,304.1
Trade accounts payable	324.2	-	-	-	324.2
<b>TOTAL</b>	<b>1,493.3</b>	<b>250.3</b>	<b>1,884.7</b>	<b>-</b>	<b>3,628.3</b>
<b>December 31, 2009</b>					
Intercompany loans (OTE PLC)	158.1	1,378.0	1,343.1	636.1	3,515.3
Trade accounts payable	373.1	-	-	-	373.1
<b>TOTAL</b>	<b>531.2</b>	<b>1,378.0</b>	<b>1,343.1</b>	<b>636.1</b>	<b>3,888.4</b>

## 9. INCOME TAXES

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

### 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.





NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2010 AND FOR THE NINE MONTH PERIOD THEN ENDED

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 time 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 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” a special contribution is 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 estimated to approximately Euro 97.0 and Euro 45.1 for the Group and the Company, it was charged to the income statement for the first nine months of 2010 and will be paid within 2011. The amount will be finalized after the receipt of the respective notifications by the tax authorities. The Company is currently in the process of evaluating 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.

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

COMPANY	Open Tax Years
OTE	From 2009
COSMOTE	From 2009
OTE INTERNATIONAL INVESTMENTS LTD	From 2003
HELLAS SAT	From 2008
COSMO-ONE	From 2007
VOICENET	From 2004
HELLASCOM	From 2007
OTE PLC	From 2005
OTE SAT-MARITEL	From 2007
OTE PLUS	From 2008
OTE ESTATE	From 2008
OTE GLOBE	From 2007
OTE INSURANCE	From 2007
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 2003
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 2009 (incorporation)



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2010 AND FOR THE NINE MONTH PERIOD THEN ENDED

- 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 for the first nine months 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 of OTE SAT - MARITEL for the fiscal years 2004 - 2006 was completed in June 2010 without any significant impact for the Group.
- The tax audit of E-VALUE S.A. for the fiscal years 2003 - 2005 is in progress.
- The tax audit of HELLASCOM for the fiscal years 2007 - 2008 is in progress.
- 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.

The major components of income tax expense are as follows:

GROUP	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009	2010	2009
Current income tax	53.7	50.4	134.6	155.7
Special contribution (Law 3845/2010)	-	-	97.0	-
Tax on dividends (Law 3697/2008)	-	-	19.0	30.3
Differences arising from tax audits	-	-	30.0	-
Reversal of provision (Law 3888/2010)	(10.0)	-	(10.0)	-
Deferred income tax	2.5	11.7	20.5	20.8
<b>Total income tax</b>	<b>46.2</b>	<b>62.1</b>	<b>291.1</b>	<b>206.8</b>

COMPANY	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009	2010	2009
Current income tax	9.2	1.9	26.1	31.3
Special contribution (Law 3845/2010)	-	-	45.1	-
Tax on dividends (Law 3697/2008)	-	-	19.0	30.3
Differences arising from tax audits	-	-	30.0	-
Deferred income tax	4.0	6.0	20.0	10.3
<b>Total income tax</b>	<b>13.2</b>	<b>7.9</b>	<b>140.2</b>	<b>71.9</b>

Considering the impact of the special contribution described above, income tax payable for the Group and the Company as of September 30, 2010 amounted to Euro 104.2 and Euro 31.3 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 will pay the amount of taxes (Euro 4.5) and will be released from the total amount of penalties imposed. Since the case meets all the criteria that the Law sets, the provision of Euro 10.0 was reversed.



## 10. REVENUE

Revenue is analyzed as follows:

GROUP	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009	2010	2009
<b>DOMESTIC TELEPHONY</b>				
Monthly network service fees	184.7	207.3	573.2	640.4
Local and long-distance calls				
-Fixed to fixed	98.2	109.2	306.7	340.6
-Fixed to mobile	42.7	63.7	131.7	191.4
	140.9	172.9	438.4	532.0
Other	17.1	15.7	53.2	47.2
	<b>342.7</b>	<b>395.9</b>	<b>1,064.8</b>	<b>1,219.6</b>
<b>INTERNATIONAL TELEPHONY</b>				
International traffic	17.0	21.3	52.8	62.4
Dues from international operators	21.3	34.7	70.1	87.2
Dues from mobile operators	11.8	15.3	30.9	40.6
	<b>50.1</b>	<b>71.3</b>	<b>153.8</b>	<b>190.2</b>
<b>MOBILE TELEPHONY</b>	<b>567.1</b>	<b>620.0</b>	<b>1,683.2</b>	<b>1,798.7</b>
<b>OTHER REVENUE</b>				
Prepaid cards	6.5	10.6	18.5	28.6
Leased lines and Data ATM communications	77.5	77.4	223.8	241.8
Integrated Services Digital Network (ISDN)	32.4	35.3	99.2	107.4
Sales of telecommunication equipment	112.6	114.8	301.4	320.2
Internet/ ADSL	79.3	74.9	233.9	221.3
Co-location / Local Loop	44.7	29.8	126.4	88.5
Metro Ethernet & IP CORE	10.6	8.3	31.4	21.6
Provision for services	23.5	27.2	88.3	70.1
Interconnection charges	19.6	21.2	61.4	66.3
Miscellaneous	26.1	23.6	66.3	66.2
	<b>432.8</b>	<b>423.1</b>	<b>1,250.6</b>	<b>1,232.0</b>
<b>TOTAL REVENUE</b>	<b>1,392.7</b>	<b>1,510.3</b>	<b>4,152.4</b>	<b>4,440.5</b>

COMPANY	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009	2010	2009
<b>DOMESTIC TELEPHONY</b>				
Monthly network service fees	122.8	138.8	381.8	430.1
Local and long-distance calls				
-Fixed to fixed	87.7	98.2	272.0	304.8
-Fixed to mobile	30.7	45.6	91.7	132.7
	118.4	143.8	363.7	437.5
Other	14.6	16.5	45.3	49.5
	<b>255.8</b>	<b>299.1</b>	<b>790.8</b>	<b>917.1</b>
<b>INTERNATIONAL TELEPHONY</b>				
International traffic	11.1	14.7	34.3	42.0
Dues from international operators	14.9	26.3	49.2	56.6
Dues from mobile operators	11.5	14.1	31.2	38.2
	<b>37.5</b>	<b>55.1</b>	<b>114.7</b>	<b>136.8</b>
<b>OTHER REVENUE</b>				
Prepaid cards	6.8	9.5	18.6	25.4
Leased lines and Data ATM communications	35.9	44.9	111.8	139.1
Integrated Services Digital Network (ISDN)	29.3	31.8	89.8	97.0
Sales of telecommunication equipment	9.8	11.0	27.2	31.8
Internet/ ADSL	56.0	51.3	167.7	156.6
Co-location / Local Loop	43.3	28.3	122.2	84.3
Metro Ethernet & IP CORE	8.5	6.6	25.7	16.5
Provision for services	30.9	30.3	100.0	101.3
Interconnection charges	17.4	21.1	54.8	65.8
Miscellaneous	8.1	7.9	24.8	21.0
	<b>246.0</b>	<b>242.7</b>	<b>742.6</b>	<b>738.8</b>
<b>TOTAL REVENUE</b>	<b>539.3</b>	<b>596.9</b>	<b>1,648.1</b>	<b>1,792.7</b>



## 11. OTHER INCOME/ (EXPENSE), NET

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

GROUP	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009	2010	2009
Forfeiture of letters of guarantee	0.2	-	13.5	-
Rents	3.4	6.6	20.2	18.8
Other	0.2	0.1	1.0	1.2
<b>TOTAL</b>	<b>3.8</b>	<b>6.7</b>	<b>34.7</b>	<b>20.0</b>

COMPANY	3 <sup>rd</sup> Quarter		First nine months	
	2010	2009	2010	2009
Forfeiture of letters of guarantee	0.2	-	13.5	-
Rents	0.1	0.1	0.3	0.4
Other	0.3	0.2	1.2	1.1
<b>TOTAL</b>	<b>0.6</b>	<b>0.3</b>	<b>15.0</b>	<b>1.5</b>

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".

## 12. COST OF EARLY RETIREMENT PROGRAM

On December 23, 2009, the management of OTE approved an early retirement program according to which employees who will 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 31.5 and is included in the line "Cost of early retirement program" in the consolidated and separate income statement for the first nine months of 2010. Amounts paid during the first nine months of 2010 in relation to the above program and prior years' early retirement programs were Euro 18.8 and are fully provided for.

By virtue of decisions by ROMTELECOM's CEO, dated February and April 2010, ROMTELECOM announced the restructuring of specific departments within the company. In the first nine months of 2010, 1,114 employees voluntarily terminated their employment contracts and an amount of Euro 23.7, representing the relative costs of which Euro 22.8 has been paid, is included in the line "Cost of early retirement program" in the consolidated income statement for the first nine months of 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, was charged in the consolidated income statement for the first nine months of 2010.

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

	30/09/2010	31/12/2009
Long-term portion	33.4	109.9
Short-term portion	77.8	149.0
<b>TOTAL</b>	<b>111.2</b>	<b>258.9</b>

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 for the first nine months of 2010. The movement of the provision for the cost of the Voluntary Leave Scheme is as follows:

	01/01- 30/09/2010
<b>Balance at the beginning of the period</b>	<b>258.9</b>
Payments during the period	(131.0)
Adjustment due to time value of money	4.9
Adjustment due to changes in assumptions	(21.6)
<b>Balance at the end of the period</b>	<b>111.2</b>



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 being 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 June 2010, out of which Euro 0.3 was unwinded until September 30, 2010. As of September 30, 2010 the total amount of Euro 30.0 had been drawn down.

#### 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 Hellenic 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 notes 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 fulfil 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 which was published in the Government Gazette, 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 will be determined by an actuarial study that will 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. Until the date of these financial statements, nothing has been communicated to OTE with respect to the results of the actuarial study.

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. At this stage, the outcome of the actuarial study cannot be reliably estimated and as a result OTE has not recorded any provision in the accompanying financial statements.



### 13. OTHER OPERATING EXPENSES

Other operating expenses are analyzed as follows:

GROUP	3rd Quarter		First nine months	
	2010	2009	2010	2009
Third party fees	62.3	58.3	180.6	166.7
Cost of telecommunication materials, repairs and maintenance	32.3	41.6	110.6	138.3
Advertising and promotion costs	43.7	51.7	143.1	156.3
Utilities	50.5	45.9	140.6	120.1
Provision for doubtful accounts	34.4	18.5	102.9	81.1
Travel costs	2.8	3.9	11.3	13.1
Commissions to independent commercial distributors	56.8	55.6	166.3	176.0
Payments to Audiotex providers	0.8	2.2	2.9	6.7
Rents	28.3	25.5	83.8	74.7
Taxes, other than income tax	12.6	13.6	40.9	41.3
Transportation costs	3.0	2.6	8.3	8.1
Other	15.0	11.0	38.9	40.1
<b>TOTAL</b>	<b>342.5</b>	<b>330.4</b>	<b>1,030.2</b>	<b>1,022.5</b>

COMPANY	3rd Quarter		First nine months	
	2010	2009	2010	2009
Third party fees	27.0	34.3	80.8	92.5
Cost of telecommunication materials, repairs and maintenance	13.5	16.8	42.7	56.1
Advertising and promotion costs	9.5	11.7	29.1	33.9
Utilities	23.5	20.5	58.9	50.3
Provision for doubtful accounts	7.4	1.6	24.5	28.0
Travel costs	0.9	1.8	5.0	6.1
Payments to Audiotex providers	0.6	1.5	2.2	4.4
Rents	18.5	18.8	55.7	54.6
Taxes, other than income tax	3.4	3.1	9.7	9.3
Transportation costs	1.6	1.5	4.2	3.7
Other	3.8	4.0	8.7	12.7
<b>TOTAL</b>	<b>109.7</b>	<b>115.6</b>	<b>321.5</b>	<b>351.6</b>

### 14. 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 period, excluding the average number of own shares that the Company possessed during the period and including (for the diluted earnings per share) the number of shares corresponding to the stock option rights granted.

Earnings per share are analyzed as follows:

GROUP	3rd Quarter		First nine months	
	2010	2009 <sup>1</sup>	2010	2009 <sup>1</sup>
Profit attributable to owners of the parent	126.3	165.0	131.3	439.9
Weighted average number of shares for basic earnings per share	490,150,389	490,150,389	490,150,389	490,150,389
Share options outstanding	12,920,472	8,797,720	12,920,472	8,797,720
Weighted average number of shares adjusted for the effect of dilutions	490,150,389	490,150,389	490,150,389	490,150,389
Basic earnings per share	0.2577	0.3366	0.2679	0.8975
Diluted earnings per share	0.2577	0.3366	0.2679	0.8975

(Earnings per share are in absolute amounts)

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)

For September 30, 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.



## 15. 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 (OTE) 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. Management evaluates segment performance based on operating profit before depreciation, amortization and cost of early retirement program; operating profit and profit for the period.

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

Nine month period ended September 30, 2010	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	1,496.2	1,992.6	530.9	132.7	4,152.4	-	4,152.4
Intersegment revenue	151.9	127.8	15.9	204.0	499.6	(499.6)	-
Total revenue	1,648.1	2,120.4	546.8	336.7	4,652.0	(499.6)	4,152.4
Other income/(expense), net	15.0	-	22.7	1.8	39.5	(4.8)	34.7
Operating expenses	(1,441.6)	(1,752.7)	(591.3)	(295.9)	(4,081.5)	503.5	(3,578.0)
Operating profit/(loss)	221.5	367.7	(21.8)	42.6	610.0	(0.9)	609.1
Operating profit before depreciation and amortization and cost of early retirement program	512.1	739.6	146.5	77.2	1,475.4	(2.3)	1,473.1
Profit/(loss) for the period	127.0	162.9	(31.9)	28.9	286.9	(187.7)	99.2

Nine month period ended September 30, 2009 <sup>1</sup>	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	1,639.5	2,121.6	577.7	101.7	4,440.5	-	4,440.5
Intersegment revenue	153.2	139.9	13.3	205.3	511.7	(511.7)	-
Total revenue	1,792.7	2,261.5	591.0	307.0	4,952.2	(511.7)	4,440.5
Other income/(expense), net	1.5	-	18.4	1.9	21.8	(1.8)	20.0
Operating expenses	(1,530.6)	(1,772.9)	(559.3)	(265.0)	(4,127.8)	514.3	(3,613.5)
Operating profit	263.6	488.6	50.1	43.9	846.2	0.8	847.0
Operating profit before depreciation and amortization and cost of early retirement program	543.9	824.7	207.0	77.0	1,652.6	0.8	1,653.4
Profit for the period	329.1	355.1	35.7	37.3	757.2	(307.0)	450.2

<sup>1</sup> Adjusted due to change in accounting policy (see Note 19)

## 16. 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 and receives loans to / from its subsidiaries, receives dividends and pays dividends.



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2010 AND FOR THE NINE MONTH PERIOD THEN ENDED

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

	First nine months 2010		First nine months 2009	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	110.5	80.7	121.6	80.1
OTE INTERNATIONAL INVESTMENTS LTD	0.3	3.1	0.4	3.4
HELLAS-SAT	0.4	1.1	0.4	1.2
COSMO-ONE	-	0.4	-	0.6
VOICENET	3.0	2.7	4.0	3.2
HELLASCOM	0.2	6.4	0.1	6.7
OTE SAT - MARITEL	1.1	1.4	0.8	1.4
OTE PLUS	0.3	25.3	0.3	26.3
OTE ESTATE	1.3	48.1	1.0	46.7
OTE-GLOBE	34.8	65.1	24.8	66.1
OTE ACADEMY	-	3.1	-	3.6
ROMTELECOM	-	0.4	-	-
HT HRVATSKE	-	-	0.1	0.1
<b>TOTAL</b>	<b>151.9</b>	<b>237.8</b>	<b>153.5</b>	<b>239.4</b>

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

	First nine months 2010		First nine months 2009	
	Group's Sales	Group's Purchases	Group's Sales	Group's Purchases
TELEKOM DEUTSCHLAND	11.6	7.6	10.6	6.6
HT HRVATSKE	0.2	0.1	0.3	0.2
COMBRIDGE	2.5	0.1	4.4	-
ORBITEL	-	0.3	-	0.6
DETEKON	-	-	-	0.3
T-SYSTEMS	0.8	-	0.9	-
T-MOBILE CZECH	0.3	0.1	0.2	0.1
T-MOBILE UK	0.8	0.3	0.6	0.2
T-MOBILE AUSTRIA	0.3	0.4	0.2	0.1
T-MOBILE NETHERLANDS	0.4	0.1	0.3	-
T-MOBILE USA	0.3	0.3	0.2	0.2
T-MOBILE HUNGARY	0.5	0.2	0.1	-
T-MOBILE HRVATSKA	0.2	0.3	-	0.1
T-MOBILE TELEKOMUNIKASYON	-	0.3	-	-
T-MOBILE SLOVENSKO	0.1	-	-	-
PCT POLSKA TELEFONIA	0.6	0.4	0.4	-
<b>TOTAL</b>	<b>18.6</b>	<b>10.5</b>	<b>18.2</b>	<b>8.4</b>

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

	First nine months 2010		First nine months 2009	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
COSMOFON	-	-	1.1	-
OTE PLC	-	121.2	-	135.4
<b>TOTAL</b>	<b>-</b>	<b>121.2</b>	<b>1.1</b>	<b>135.4</b>

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

	First nine months 2010	First nine months 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	2.0	-
<b>TOTAL</b>	<b>191.9</b>	<b>302.5</b>





NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2010 AND FOR THE NINE MONTH PERIOD THEN ENDED

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

	30/09/2010		31/12/2009	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	49.8	52.1	47.2	52.5
OTE INTERNATIONAL INVESTMENTS LTD	0.1	0.6	0.1	1.2
HELLAS-SAT	0.2	0.3	0.4	0.4
COSMO-ONE	0.1	0.2	0.1	0.2
VOICENET	0.9	0.7	1.1	0.9
HELLASCOM	-	2.4	-	1.8
OTE SAT - MARITEL	2.2	3.6	2.2	2.0
OTE PLUS	0.2	13.9	0.1	12.3
OTE ESTATE	2.2	16.1	1.2	0.7
OTE-GLOBE	44.6	73.2	47.3	71.5
OTE ACADEMY	0.4	0.4	0.4	-
ROMTELECOM	0.2	-	-	-
<b>TOTAL</b>	<b>100.9</b>	<b>163.5</b>	<b>100.1</b>	<b>143.5</b>

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:

	30/09/2010		31/12/2009	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
TELEKOM DEUTSCHLAND	1.9	7.1	6.9	0.6
DETEKON	-	-	-	0.1
HT HRVATSKE	0.1	0.1	-	-
COMBRIDGE	0.3	-	0.6	-
ORBITEL	3.7	-	-	0.1
T-SYSTEMS	0.2	-	0.1	-
T-MOBILE HUNGARY	-	0.1	0.1	0.2
T-MOBILE CZECH	0.1	0.1	0.1	0.2
T-MOBILE UK	1.2	1.2	0.1	0.7
T-MOBILE AUSTRIA	0.2	0.2	-	0.3
T-MOBILE NETHERLANDS	0.2	0.1	-	0.3
T-MOBILE USA	0.3	1.3	1.9	3.8
PCT POLSKA TELEFONIA	0.5	0.6	-	-
<b>TOTAL</b>	<b>8.7</b>	<b>10.8</b>	<b>9.8</b>	<b>6.3</b>

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

	30/09/2010		31/12/2009	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	2,949.5	-	3,038.2
<b>TOTAL</b>	<b>-</b>	<b>2,949.5</b>	<b>-</b>	<b>3,038.2</b>

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 3.1 and Euro 3.7 for the first nine months of 2010 and 2009, respectively.

As of September 30, 2010, 2,553,604 options under OTE's share based payment plan have been granted to the Company's key management personnel.



## 17. SHARE OPTION PLAN

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 total number of share options outstanding is analyzed as follows:

	01/01- 30/09/2010		01/01- 31/12/2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	8,674,600	15.59	6,008,060	15.66
Granted	4,671,436	9.32	3,225,670	16.21
Forfeited	(425,564)	13.21	(559,130)	16.23
Outstanding at the end of the period	12,920,472	13.40	8,674,600	15.59
Exercisable at the end of the period	4,463,780	15.04	4,485,370	15.05

The fair value is reflected in the income statement during the vesting period. An amount of Euro 4.6 and Euro 2.0 was charged to the consolidated and separate income statements respectively in the first nine months of 2010. The amounts are recorded in the line "Payroll and employee benefits" with a corresponding entry in the Share Premium.

## 18. LITIGATION AND CLAIMS

In addition to litigations and claims referred to the financial statements as of December 31, 2009 the following are presented:

### 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. COSMOTE will take all necessary actions to oppose eventual unsubstantiated and unfounded claims.

### 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 2010.

### CRIMINAL PROCEEDINGS

**GERMANOS acquisition case:** 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). In conjunction with the matter of the acquisition of GERMANOS by COSMOTE, the Administrative Court of Appeal recently repealed a fine that had been imposed by the Greek Capital Markets Commission on Mr. Panos Germanos and other directors of GERMANOS in connection with alleged manipulation of the share price of GERMANOS prior to the time of the acquisition, judging that no manipulation had taken place.

**Maintenance contracts case:** The Judicial Council of Athens accepted the proposal of the District Attorney of Athens and by the 1693/2010 ruling, referred the 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 hearing before the Three Member Court of Appeal of Athens (for felonies), accused for the crime of abuse of trust ("Apistia"). Furthermore, for the rest of the accused ordered the cessation of the prosecution. The date of the trial hasn't yet been assigned.

### FINES OF HTPC AGAINST OTE SA:

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 has filed an appeal against this decision before the Athens Administrative Court of Appeals which was partially accepted reducing the fine to Euro 5.7. OTE intends to appeal against this decision before the Council of State.



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.

## 19. 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 finance costs 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 after income taxes, shareholders equity, and provisions for pensions in prior years is analyzed as follows:

	GROUP		COMPANY	
	3 <sup>rd</sup> Quarter 2009	First nine months 2009	3 <sup>rd</sup> Quarter 2009	First nine months 2009
<b>PROFIT AFTER INCOME TAXES</b>				
Profit before change in accounting policy	166.4	444.8	9.0	324.4
Reversal of actuarial (gains) / losses previously recognized in the income statement	2.4	7.1	2.1	6.2
Adjustment of income taxes	(0.5)	(1.7)	(0.5)	(1.5)
<b>Profit after change in accounting policy</b>	<b>168.3</b>	<b>450.2</b>	<b>10.6</b>	<b>329.1</b>

EQUITY	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
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)
<b>Equity after change in accounting policy</b>	<b>1,884.1</b>	<b>2,081.6</b>	<b>3,347.8</b>	<b>3,432.1</b>

PROVISION FOR STAFF RETIREMENT INDEMNITIES	31/12/2009	
	GROUP	COMPANY
Provision before change in accounting policy	266.5	241.6
Allocation of unrecognized actuarial gains /(losses) to retained earnings	53.1	53.1
Reversal of actuarial gains / (losses) recognized in the income statement	(2.8)	(1.7)
<b>Provisions after change in accounting policy</b>	<b>316.8</b>	<b>293.0</b>

PROVISION FOR YOUTH ACCOUNT	31/12/2009	
	GROUP	COMPANY
Provision before change in accounting policy	282.3	282.3
Allocation of unrecognized actuarial gains /(losses) to retained earnings	86.1	86.1
Reversal of actuarial gains / (losses) recognized in the income statement	(6.5)	(6.5)
<b>Provision after change in accounting policy</b>	<b>361.9</b>	<b>361.9</b>



PROVISION FOR PHONE CREDITS	31/12/2009	
	GROUP	COMPANY
Provision before change in accounting policy	36.1	36.1
Allocation of unrecognized actuarial gains /(losses) to retained earnings	(9.2)	(9.2)
<b>Provision after change in accounting policy</b>	<b>26.9</b>	<b>26.9</b>

In the consolidated income statement for the first nine months of 2009, an amount of Euro 23.5 (Euro 9.5 for the third quarter) which was included in “Charges from international operators” was reclassified to “Other operating expenses”.

In the consolidated and separate statement of cash flows for the first nine months of 2009, an amount of Euro 13.9 which was included in “Payment for staff retirement indemnities and youth account, net of employees’ contributions” was reclassified to “Payment of early retirement programs”.

In the consolidated and separate statement of cash flows for the first nine months of 2009, the amount reflected in “Other provisions” has been reflected in “Provisions for doubtful accounts” for better presentation.

In the consolidated income statement for the first nine months of 2009, an amount of Euro 18.4 (Euro 6.5 for the third quarter) which was included in “Other revenue” and an amount of Euro 1.6 (Euro 0.2 for the third quarter) which was included in “Other operating expenses” were reclassified to the new line “Other income/ (expense), net”. In the separate income statement for the first nine months of 2009, an amount of Euro 1.5 (Euro 0.3 for the third quarter) which was included in “Other operating expenses” was reclassified to the new line “Other income/ (expense), net”.

## 20. EVENTS AFTER THE FINANCIAL POSITION DATE

There were no significant events after September 30, 2010 that could materially affect the Group’s or the Company’s financial position.