

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.



ANNUAL FINANCIAL REPORT

For the period
from January 1, 2009 to December 31, 2009

(TRANSLATED FROM THE GREEK ORIGINAL)

In accordance with Article 4 of Law 3556/2007

TABLE OF CONTENTS

- I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS**
- II. ANNUAL REPORT OF THE BOARD OF DIRECTORS**
- III. AUDITORS' REPORT OF THE FINANCIAL STATEMENTS**
- IV. ANNUAL FINANCIAL STATEMENTS**
- V. FINANCIAL DATA AND INFORMATION**
- VI. INFORMATION PURSUANT TO ARTICLE 10 OF LAW 3401/2005**

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. Panagis Vourloumis, Chairman and Managing Director
2. Charalambos Dimitriou, Vice-Chairman
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, 2009 to December 31, 2009, 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, 2010

Chairman
& Managing Director

Vice-Chairman

Board Member

Panagis Vourloumis

Charalambos Dimitriou

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, 2010.

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, 2009, 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, 2009 to December 31, 2009, the Company's strategy and objectives for the next three years, the significant events which took place in 2009, a presentation of the main risks and uncertainties for the next year, 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 2009

OTE Group Revenue decreased by 6.6% in 2009 compared to 2008 and reached Euro 5,984.1 million, mainly due to:

- Decreased revenues from domestic telephony by 10.7% and revenues from international telephony by 12.5% in comparison with the prior year.
- Decreased revenues from mobile telephony by 3.0% in comparison with the prior year.
- Decreased revenues from sales of telecommunication equipment by 29.0% in comparison with the prior year.
- Decreased revenues from ISDN by 3.9% in comparison with the prior year.
- Decreased revenues from interconnection charges by 25.5% in comparison with the prior year.
- Decreased revenues from leased lines, data communication and ATM by 5.1% in comparison with the prior year.
- Decreased revenues from services rendered by 3.3% in comparison with the prior year.
- Decreased revenues from prepaid cards by 28.5% in comparison with the prior year.
- Increased revenues from ADSL and Internet by 31.2% in comparison with the prior year.
- Increased revenues from co-location and revenues from access to the local loop (Local Loop Unbundling - LLU) by 33.2% in comparison with the prior year.
- Increased revenues from Metro Ethernet & IP CORE by 35.2%, in comparison with the prior year.
- Increased other revenues by 23.9% in comparison with the prior year.

OTE's Revenue reached Euro 2,412.4 million, reflecting a decrease by 6.8% compared to the prior year. This is a result of the decrease in revenues from domestic telephony by 9.7%, as well as the decrease in revenues from international telephony by 9.4% and the decrease in sales of telecommunication equipment by 21.0%, ISDN by 5.2%, interconnection charges by 22.0%, leased lines by 15.3%, prepaid cards by 26.4% and services rendered by 8.9%. These decreases were partially offset by the increase in revenues from ADSL and Internet by 21.3%, the increase in revenues from co-location and from access to the local loop (Local Loop Unbundling - LLU) by 35.0%, the increase in revenues from Metro Ethernet & IP CORE by 39.9% and in other revenues by 6.1%.

The Group's Operating Expenses reached Euro 4,983.2 million and reflect a decrease of 6.8% compared to the prior year. This decrease is mainly due to the decrease in cost of telecommunications equipment by 25.0%, the decrease in charges from domestic operators by 19.6%, the decrease in provision for staff retirement indemnities and youth account by 15.2% and the decrease in depreciation and amortization by 4.8%. These decreases were partially offset by the increase in payroll and employee benefits by 1.9%, the increase for charges from international operators of 5.8% and the increase of other operating expenses by 3.0%. Furthermore, the Group's operating expenses for the year 2009 include OTE's and ROMTELECOM's early retirement programs' costs of Euro 171.6 million, which are offset by Euro 201.9 million, that derive from the transfer of 4% share capital held by the Hellenic State to IKA-ETAM (resulting in a net gain of Euro 30.3 million). In the previous year, operating expenses were charged with Euro 50.2 million relating to costs of early retirement programs.



The Company's Operating Expenses were Euro 2,105.9 million and reflect a decrease of 7.5% compared to the prior year. The decrease in operating expenses is mainly due to the following:

- 23.9% decrease in charges from domestic telecommunications operators.
- 8.7% decrease in depreciation and amortization.
- 13.5% decrease in the cost of telecommunication equipment.
- 418.9% decrease in the cost of early retirement program that derives from the increase of OTE's early retirement program cost of Euro 163.0 million, which is offset by Euro 201.9 million that derives from the transfer of 4% share capital held by the Hellenic State to IKA-ETAM.
- 16.7% decrease in staff retirement indemnities and youth account costs.
- 4.4% decrease in other operating expenses.
- 2.1% increase in charges from international telecommunications operators.
- 6.3% increase in employee costs.

As a result, **Operating Profit before Financial Activities of the Group** for the year 2009 reached Euro 1,000.9 million compared to Euro 1,057.7 million in the last year reflecting a decrease of 5.4%. **Operating profit before Financial Activities of the Company** for the year 2009 reached Euro 306.5 million, compared to Euro 312.2 million last year, reflecting a decrease of 1.8%.

The Group's Operating Profit before Depreciation and Amortization for 2009 reached Euro 2,156.2 million compared to Euro 2,270.7 million in 2008, reflecting a decrease of 5.0%. The respective margin on revenues reached 36.0% compared to 35.4% in the prior year. Excluding early retirement program costs, **the Group's Operating Profit before Depreciation and Amortization** for 2009 reached Euro 2,125.9 million compared to Euro 2,320.9 million in the prior year. The respective margin on revenues reached 35.5% compared to 36.2% in the prior year.

The Company's Operating Profit before Depreciation and Amortization for 2009 reached Euro 730.9 million compared to Euro 777.2 million in the prior year, reflecting a decrease of 6.0%. The respective margin on revenues reached 30.3% compared to 30.0% in the prior year. Excluding early retirement program costs, **the Company's Operating Profit before Depreciation and Amortization** for 2009 amounted to Euro 692.0 million compared to Euro 789.4 million in the prior year. The respective margin on revenues reached 28.7% compared to 30.4% in the prior year.

In relation to the **Group's Financial Activities**, interest expense in 2009 was Euro 325.2 million, reflecting a decrease of 5.4% compared to prior year, which is the result of the decrease in the Group's debt. Interest income amounted to Euro 61.6 million for 2009, reflecting a decrease of 14.8% compared to prior year. Dividend income decreased by 21.3% due to the lower dividend from TELEKOM SRBIJA in the current year. Gains from investments reached Euro 23.6 million for the 2009 and reflect the gain derived from the sale of COSMOFON and GERMANOS TELECOM AD SKOPJE (GTS).

Income Tax (expense) of the Group increased by 54.3% compared to prior year due to the new laws regarding a one time special contribution of social responsibility (Law 3808/2009) and tax on dividends (Law 3697/2008) and amounted to Euro 380.0 million.

Non-Controlling Interests in the Group's Income Statement reached Euro 3.3 million (income) in 2009 from Euro 4.0 million (income) in 2008, mainly due to the acquisition of non-controlling interests of AMC.

As a result of all the above, **the Group's Profit attributable to the owners of the parent** for the year 2009 amounted to Euro 404.0 million compared to Euro 601.8 million in the prior year, reflecting a decrease of 32.9%.

The Group's Cash flows from operating activities decreased by 19.3% from the year 2008, amounting to Euro 1,418.0 million, mainly due to increased payments for income taxes, interest expenses and early retirement programs, as well as from the decreased profitability.

The Group's Capital Expenditure (CAPEX) for the year 2009 amounted to Euro 890.9 million from Euro 964.0 million in prior year reflecting a decrease of 7.6%. The decrease is mainly due to the decreased capital expenditure of OTE and COSMOTE group.

The Group's Total Debt as of December 31, 2009 was Euro 5,421.9 million compared to Euro 6,047.7 million at December 31, 2008, reflecting a decrease of 10.3%, whereas the Group's Net Debt (interest bearing loans less cash and cash equivalents) at December 31, 2009, reached to Euro 4,553.1 million from Euro 4,619.9 million at December 31, 2008, reflecting an decrease of 1.4%. This decrease is mainly due to the repayment of loans.

With respect to the results of OTE's significant subsidiaries, the following should be noted:

COSMOTE GROUP: Despite the difficult conditions COSMOTE group has managed to maintain its leading position in the mobile telephony market. Group revenues reached Euro 3,035.9 million reflecting a decrease of 6.9% in comparison with the prior year. Operating profit before depreciation and amortization decreased by 6.3%, in 2009 as compared to 2008. COSMOTE group enhanced its market share in every country that it operates, a significant achievement given the very competitive environment. Furthermore, COSMOTE group increased its customer base by 13.8% compared to December 31, 2008 reaching nearly Euro 22.0 million customers, with GERMANOS contributing significantly in attracting new customers. In 2009, it increased its revenues by 3.5%, generating an EBITDA margin 38.0%. At the same time COSMOTE ROMANIA's revenues increased by 36% with an operating profit before depreciation and amortization almost three times higher as compared to the previous year. Revenues of GLOBUL in Bulgaria decreased by 2.6% mainly due to intense competition and the reduction in interconnection charges imposed by the relevant Authority. Revenues of AMC in Albania decreased by 23.8% reflecting mainly the devaluation of the local currency and the regulations imposed on wholesale and retail charges.

ROMTELECOM: In 2009, revenues decreased by 7.2% compared to the prior year. ROMTELECOM's loss after tax for the year 2009 amounted to Euro 34.6 million. This loss is Euro 12.6 million lower than for the previous year despite the tough market conditions. Major contributors to this result were improved operating profit (+Euro 20.9 million) and better results of its mobile associate (+Euro 15.4 million), that completely offset the lower financial gain (- Euro 6.3 million) and increased tax (- Euro 17.4 million). In accordance with its corporate transformation program, ROMTELECOM decreased its headcount to 10,017 as of December 31, 2009, a 3.2% decrease compared to the end of 2008. The company's strategy aims at offsetting the decline in revenues from fixed telephony and traditional services with revenues from new services (Broadband, Business Data & TV). Revenues from broadband services continue to grow (increased by Euro 17 million compared to 2008) at a total of 807 thousand customers (+24.1% increase Y-o-Y), while the DTH TV service continues to be commercially successful, reaching 884 thousand customers by the end of 2009 (+37% increase Y-o-Y).

B. STRATEGY- OBJECTIVES

According to the 2010-2012 Business Plan approved by the Company's Board of Directors on November 27, 2009 the main Strategic Goal for the fixed-line telephony operations is to enhance operational performance in order to achieve profitability margins in line with the European peers.

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

Increase customer satisfaction

- Retain retail market share and create new sources of revenues (IP-TV, satellite TV)
- Improve the customer support in both retail & wholesale, enhance after-sales service
- Optimize distribution channels and develop alternative channels of sale
- Further develop and expand broadband-based offerings differentiated by customer segment

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 competitiveness

- Cost control action plan
- Optimizing all corporate procedures
- Development of workforce capabilities and motivation
- Ensuring fair regulatory treatment

C. SIGNIFICANT EVENTS OF THE YEAR 2009

OTE ESTATE

On December 18, 2008, the amendment to article 5 of OTE ESTATE's charter was finalized following the relevant decision by the General Assembly of Shareholders. After the amendment, OTE ESTATE's share capital was reduced by Euro 102.2 million as a result of a reduction in the nominal amount of the shares from Euro 2.93 (absolute amount) to Euro 2.43 (absolute amount). On April 1, 2009, OTE received from OTE ESTATE the amount of Euro 102.2 million arising from the reduction of its share capital reducing the carrying value of its investment by an equivalent amount.



OTE INTERNATIONAL INVESTMENTS LTD

On November 17, 2009 the District Court of Limassol approved the share capital reduction of OTE INTERNATIONAL INVESTMENTS LTD by Euro 14.0 million. On December 7, 2009, OTE received from OTE INTERNATIONAL INVESTMENTS LTD the amount of Euro 14.0 million arising from the reduction of its share capital reducing the carrying value of its investment by an equivalent amount.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

During 2009, 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 tests showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 0.1 million, Euro 0.3 million and Euro 0.3 million respectively, was recognized in the 2009 income statement (2008: an impairment loss of Euro 2.5 million and Euro 2.8 million was recognized for COSMOONE and OTE ACADEMY respectively).

AMC

On April 27, 2009 OTE announced that its 100% subsidiary COSMOTE completed the acquisition process of a 12.58% interest held by the Albanian State, in its subsidiary AMC following the obtaining the relevant approvals from the authorities in Albania. The cash consideration for the related acquisition amounted to Euro 48.4 million. The difference between the cost of acquisition and the non-controlling interest acquired of Euro 4.7 million was recognized directly in equity. Following the official conclusion of the transaction, COSMOTE owns directly or indirectly (through its 97% owned subsidiary CHA) a 95% interest in AMC, although the investment is consolidated on 100% basis due to the put option described below.

According to the Albanian legislation, COSMOTE is obliged to purchase the shares of the non-controlling interests, if they request it. On June 22, 2009, non-controlling interests representing approximately a 2.3% of the share capital (of a total 2.5%) communicated a relevant request to COSMOTE, in order to sell their shares at the same price with the one paid to the Albanian State from COSMOTE for the acquisition of the additional 12.58% in April 2009. Based on the above, COSMOTE's relevant liability is estimated to amount to Euro 10.0 and is included in "Other current liabilities".

COSMOFON AND GERMANOS TELECOM SKOPJE

As of December 31, 2008, COSMOFON was classified as held for sale in the statement of financial position. On March 30, 2009 OTE announced that the agreements between COSMOTE and Telekom Slovenije were signed in Athens regarding the transfer of 100% of COSMOFON, through the sale of COSMOTE's wholly owned subsidiary, OTE MTS HOLDING B.V., as well as GERMANOS TELECOM AD SKOPJE (GTS) to Telekom Slovenije. The transaction was completed on May 12, 2009 following approval by the relevant governmental and regulatory authorities in Skopje. COSMOFON and GERMANOS TELECOM SKOPJE are included in the consolidated financial statements until the date the Group ceased to control those companies (May 12, 2009).

COSMOHOLDING ROMANIA LTD

On August 6, 2009, COSMOTE established its 100% subsidiary COSMOHOLDING ROMANIA LTD, a holding company incorporated in Cyprus whose aim was the acquisition of the Romanian mobile communication company, TELEMobil S.A. (ZAPP).

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 consideration paid for the acquisition of ZAPP was Euro 67.5 million, while COSMOTE undertook ZAPP's borrowings amounting to Euro 129.6 million mainly relating to the 3G and CDMA network development of this company. ZAPP was established in 1993 and has CDMA 450 MHz and 3G in 2100 MHz telecommunications licenses.

E-VALUE LTD

On October 2009, E-VALUE S.A. founded the Greek company E-VALUE LTD, the object of which is provision of services regarding overdue accounts.

Exercise of put option between the Hellenic State and DEUTSCHE TELEKOM AG

Under the share purchase agreement between DEUTSCHE TELEKOM AG and the Hellenic State, the later was granted two put options for an additional 5% (first put option) and 10% (second put option) of OTE's shares. On July 31, 2009, as a result of the exercise of the first put option, the Hellenic State sold to DEUTSCHE TELEKOM AG 24,507,519 shares of OTE representing 5% of its share capital.



Application of early retirement programs

On January 28, 2009, the management of OTE and OME-OTE (the personnel union body) signed a Collective Labor Agreement according to which employees who would complete the number of years required for retirement by December 30, 2009, would be entitled to benefits in order to retire by this date at the latest. The deadline for the applications for participating in this early retirement program was due on February 16, 2009. Applications were irrevocable. The respective cost amounted to Euro 11.0 million and is included in the line "Cost of early retirement program" in the 2009 income statement while the eligible employees left the Company until December 30, 2009.

On December 23, 2009, the management of OTE decided and 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 is due on January 15, 2010. The Company is in the process of calculating relevant costs which will be charged to the 2010 separate and consolidated income statement.

Transfer of 4% OTE's share capital held by the Hellenic State to IKA-ETAM

On March 4, 2009, the Hellenic State and IKA-ETAM (general successor of TAP-OTE) signed a transfer agreement of 19,606,015 ordinary shares held by the Hellenic 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 L3655/2008, 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 total fair value of the transferred shares amounts to Euro 201.9 million and is included in the 2009 income statement of OTE.

Voluntary Leave Scheme of L. 3762/2009

On May 15, 2009 the 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.

Dividend distribution

On June 24, 2009, the General Assembly of OTE's Shareholders approved the distribution of a dividend from 2008 profits of a total amount of Euro 367.6 million or Euro 0.75 (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 Board of Directors of OTE will propose to the Annual General Assembly of the Shareholders the distribution of a dividend from the 2009 profits of a total amount of Euro 245.1 million or Euro 0.50 (in absolute amount) per share.

Special contribution Law 3808/2009

Following the enactment of Law 3808/2009, a special, one-off 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 million, based on a progressive scale. The respective charge in the Company's and the Group's income statement amounted to Euro 51.6 million and Euro 113.1 million, respectively.



Acquisition of MICROSTAR Ltd interest in COSMOHOLDING CYPRUS

In January 15, 2007, Mr. Panos Germanos acquired a participation of 10% in the share capital of COSMOTE's subsidiary COSMOHOLDING CYPRUS, by subscribing to 100 registered shares (Class B) for a total amount of Euro 144.5 million, through the 100% controlled by him Cypriot holding company, MICROSTAR Ltd. Therefore, as of December 31, 2008, COSMOTE's participation in COSMOHOLDING CYPRUS, amounted to 90.0%, and COSMOTE indirect participation in GERMANOS via COSMOHOLDING CYPRUS, amounted to 90.0%.

These shares were redeemable by COSMOHOLDING CYPRUS or any other party indicated by COSMOTE on December 31, 2009 or on December 31, 2011, if the controlling shareholder MICROSTAR LTD so chooses, at a price which depends on the achievement of certain corporate targets until the purchase date.

On December 31, 2009, COSMOTE acquired MICROSTAR Ltd's interest in COSMOHOLDING CYPRUS (10% of the share capital) for a total amount of Euro 168.5 million, reflecting the initial value plus accrued interest until that date.

D. RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

a) Credit risk

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

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

Trade receivables could potentially adversely affect the liquidity of the Company and the Group. 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 Company and the Group. For this category the Company and the Group assess the credit risk following the established policies and procedures and have made the appropriate provision for impairment.

The Company and the Group 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 low level of credit risk. The Company has adopted a "deposits policy" whereby funds are only deposited with banks that have a specified minimum rating by International Rating Agencies as to their creditworthiness; in addition, limits are set on the amounts deposited depending on the rating. To avoid concentrations of risks, the Company does not deposit more than 30% of available funds in any one bank.

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

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement 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 Company and the Group to a significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company or the Group 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 available cash as at December 31, 2009 amounts to Euro 868.8 million and Euro 224.0 million respectively, their loans amounts to Euro 5,421.9 million and Euro 2,930.1 million respectively while the Group has a long-term credit (committed) line of Euro 350.0 million.

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

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. Interest rate risk mainly applies to long-term loans with variable interest rates.

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

As at December 31, 2009, the ratio of fixed loans to floating loans for the Group was 91%/9% (2008: 81%/19%). The analysis of borrowings depending on the type of the interest rate is as follows:

(amounts in millions of Euro)	GROUP		COMPANY	
	2009	2008	2009	2008
Variable interest rate	503.3	1,099.3	-	-
Fixed interest rate	4,918.6	4,948.4	2,930.1	3,307.1
Total	5,421.9	6,047.7	2,930.1	3,307.1

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

Sensitivity to an interest rates increase of 1%:

(amounts in millions of Euro)	GROUP		COMPANY	
	2009	2008	2009	2008
Profit before tax	4.7	3.3	2.2	3.5
Equity	-	3.0	-	-

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 currency risk for the Group is not significant.

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, less cash and cash equivalents and other financial assets.

The table below shows an increase in the gearing ratio in 2009 compared to 2008 due to a decrease in cash and cash equivalents, as well as a reduction in equity due to foreign exchange losses and the acquisition of non-controlling interests of AMC which was recorded in equity:

GROUP (amounts in million of Euro)	December 31	
	2009	2008
Net debt		
Borrowings	5,421.9	6,047.7
Cash and cash equivalents	(868.8)	(1,427.8)
Other financial assets	(35.4)	(135.9)
Net debt	4,517.7	4,484.0
Equity	1,979.7	2,173.2
Gearing ratio	2.28x	2.06x

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

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

(amounts in million of Euro)	2009		2008	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	162.4	116.1	184.1	123.4
OTE INTERNATIONAL INVESTMENTS LTD	0.6	4.3	0.5	4.9
HELLAS-SAT	0.5	1.6	0.6	1.7
COSMO-ONE	0.1	0.8	0.1	0.9
VOICENET	5.3	4.2	5.4	2.9
HELLASCOM	0.2	8.3	0.2	8.5
OTE SAT - MARITEL	1.1	2.0	1.0	2.1
OTE PLUS	0.4	34.8	0.4	36.7
OTE ESTATE	2.0	61.9	1.3	62.2
OTE-GLOBE	35.0	84.3	33.9	74.3
OTE ACADEMY	-	5.0	0.1	4.2
DEUTSCHE TELEKOM AG	-	-	5.9	4.2
MAKEDONSKI TELEKOMUNIKACII A.	0.5	0.4	-	-
HT HRVATSKE	0.1	0.6	-	-
ΣΥΝΟΛΟ	208.2	324.3	233.5	326.0

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

(amounts in million of Euro)	2009	
	Group's Sales	Group's Purchases
DEUTSCHE TELEKOM AG	10.6	8.4
MAKEDONSKI TELEKOMUNIKACII A.	0.6	0.7
HT HRVATSKE	0.3	0.6
COMBRIDGE	4.5	0.1
DETEKON	-	0.6
ORBTEL	-	0.5
T-SYSTEMS	1.2	-
T-Mobile Deutschland	2.0	0.7
T-Mobile Czech	0.3	0.1
T-Mobile UK	0.8	0.4
T-Mobile Austria	0.2	0.1
T-Mobile Netherlands	0.4	0.1
T-Mobile USA	0.3	0.4
T-Mobile Hungary	0.1	0.1
T-Mobile Macedonia	0.2	0.1
T-Mobile Hrvatska	0.1	0.1
PCT POLSKA TELEFONIA	0.4	-
TOTAL	22.0	13.0

There were no transactions between the Group and related parties during 2008 that are not eliminated in the consolidation.

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

(amounts in million of Euro)	2009		2008	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
COSMOFON	1.1	-	3.3	-
OTE PLC	-	179.6	1.3	176.7
TOTAL	1.1	179.6	4.6	176.7

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

(amounts in million of Euro)	2009	2008
COSMOTE	282.2	245.2
OTE ESTATE	18.9	30.3
OTE SAT – MARITEL	1.0	0.5
OTE PLUS	0.4	-
TOTAL	302.5	276.0

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

(amounts in million of Euro)	2009		2008	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	47.2	52.5	37.9	50.4
OTE INTERNATIONAL INVESTMENTS LTD	0.1	1.2	0.3	1.0
HELLAS-SAT	0.4	0.4	0.5	0.3
COSMO-ONE	0.1	0.2	-	0.7
VOICENET	1.1	0.9	1.7	0.9
HELLASCOM	-	1.8	-	2.9
OTE SAT – MARITEL	2.2	2.0	0.3	0.6
OTE PLUS	0.1	12.3	0.2	15.9
OTE AKINHTA	1.2	0.7	0.7	0.4
OTE-GLOBE	47.3	71.5	68.0	91.8
OTE ACADEMY	0.4	-	-	0.1
DEUTSCHE TELEKOM AG	-	-	6.3	7.2
TOTAL	100.1	143.5	115.9	172.2

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:

(amounts in million of Euro)	2009		2008	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM AG	6.9	-	6.5	7.5
MAKEDOSNKI TELEKOMUNIKACII A.	0.1	-	-	-
DETEKON	-	0.1	-	-
COMBRIDGE	0.6	-	-	-
ORBITEL	-	0.1	-	-
T-SYSTEMS	0.1	-	-	-
T-Mobile Deutschland	-	0.6	-	-
T-Mobile Hungary	0.1	0.2	-	-
T-Mobile Czech	0.1	0.2	-	-
T-Mobile UK	0.1	0.7	-	-
T-Mobile Austria	-	0.3	-	-
T-Mobile Netherlands	-	0.3	-	-
T-Mobile USA	1.9	3.8	-	-
T-Mobile Macedonia	0.2	0.1	-	-
PCT POLSKA TELEFONIA	-	-	-	-
TOTAL	10.1	6.4	6.5	7.5

Of the entities included in the above table, as of December 31, 2008 only DEUTSCHE TELEKOM AG was a related party to OTE.

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

(amounts in million of Euro)	2009		2008	
	Receivable OTE	Payable by OTE	Receivable OTE	Payable by OTE
COSMOFON	-	-	46.8	-
OTE PLC	-	3,038.2	-	3,423.1
TOTAL	-	3,038.2	46.8	3,423.1

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 5.0 million and Euro 4.7 million for the years 2009 and 2008, respectively.

As of December 31, 2009, 999,230 options under OTE's share based payment plan have been granted to the Company's key management personnel.

F. SIGNIFICANT EVENTS AFTER THE YEAR END

The most significant events after December 31, 2009 are as follows:

Stock 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 333,780 Basic and 2,403,560 Additional Options to the executives of COSMOTE Group for the year 2009.

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 million. Furthermore, it also notes that the relevant outstanding contributions currently paid by OTE on a monthly basis, should be settled in full.

OTE is further examining 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.

ROMTELECOM's restructuring plan

On February 17, 2010, by virtue of a decision by the ROMTELECOM's CEO, ROMTELECOM announced the restructuring of the Access Network Directorate, Operations Corporate Group. As part of this restructuring plan, 600 positions are expected to become redundant. ROMTELECOM is in the process of calculating the related redundancy costs, which will be charged to the 2010 income statement.

G. 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, 2009 the Company's ownership was as follows:

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	194,978,408	39.78%
Private Investors	50,096,782	10.22%
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, as well as on the NYSE (New York Stock Exchange) under the form of American Depositary Receipts (ADRs). On December 31, 2009 ADRs amounted to 12,776,200 or 6,388,100 shares (1 ADR equals to 0.5 of OTE share), representing 1.303% of OTE's share capital.

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

Each share is entitled to one vote.

The Company's shareholders are entitled to receive dividends. The minimum dividend provided to all the shareholders is set to be thirty five percent (35%) of net profits.

According to the Articles of Incorporation of the Company the General Assembly may decide on the allocation of the remaining profits at its own discretion; for instance, the Assembly may decide on the distribution of shares to Company employees and its affiliated companies. 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.

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

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, Law 3631/2008 (FEK A 6/2008) the acquisition by a shareholder other than the Hellenic State or state related entities as described in article 42E of Law 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 art 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 Capital Market Committee.

According to article 26 of Law 3431/2006, on Electronic Telecommunications, any change in control of the Company is approved by the Hellenic Committee of Post and Telecommunications ("H.T.P.C."). The approval of H.T.P.C. 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.

(c) Significant direct or indirect investments

Significant ownership in the share capital of the Company as of December 31, 2009, according to Law 3556/2007 (FEK A' 91/2007), was as follows:

1. The Hellenic 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 Hellenic State to IKA-ETAM, the latter undertakes to exercise its voting rights corresponding to the above shares, in coordination with the Hellenic 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 Hellenic 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, 2009, 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.

(d) Owners of shares that offer special control rights

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 Hellenic 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 Hellenic State to buy back shares and the right of choice in case of sale) are imposed. Also in the same contract restrictions on the exercise of voting shares held by IKA-ETAM are imposed. These limitations are imposed on the contractual parties.

(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 up to eleven (11) members, elected by the General Assembly, for a three-year term. 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 Shareholders Assembly.

(h) Authority of the Board of Directors 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 Shareholders Assembly, 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 Shareholders Assembly in force for the concession of the above authorities to the Board of Directors.

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

The General Shareholders Assembly decided on April 7, 2009 to approve the purchase of the Company shares, according to article 16 of Law 2190/1920, up to one tenth (1/10) of its total paid-in share capital for a period of 24 months. To date no Board of Directors decision has been taken to effectuate the resolution.

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

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 where contractually stipulated.

The wording of the specific clause varies in each contract text as follows:

1) Consortium loan Euro 850 million, maturing in September 2012.

In the above loan contracts, the clause is activated if there is a change in 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 degradation of the credit rating of OTE occurs, but both events should simultaneously occur, and also the degradation 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.

OTE'S CREDIT EVALUATION

On May 19, 2008, Moody's down graded OTE's rating from Baa1 to Baa2. The agreement between the Greek State and DEUTSCHE TELEKOM A.G., included terms that may lead the Greek State's interest in OTE to potentially decrease below 20%. As a result of such terms, the Company's support by the Greek State 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 December 15, 2008, S&P downgraded the credit rating of OTE from BBB + to BBB, without associating the downgrading with the agreement of the Hellenic State with DEUTSCHE TELEKOM AG. According to S&P this degradation is due to the

increased pressure on OTE in domestic fixed telephony market and the difficulties that will be faced to maintain its position in this very challenging economic environment.

2) Bonds of OTE PLC guaranteed by OTE:

- Euro 1,500 million, maturing in February 2011
- Euro 600 million maturing in February 2015 and
- Euro 900 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 State) acquires directly or indirectly more than 50 % of the share capital or of the voting rights of OTE and
- b) as a consequence of (a), the rating previously of the bonds by international agencies is withdrawn or downgraded to BB+/Ba1 or their equivalent (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 degradation of the credit rating of OTE occurs, but both events should simultaneously occur, and also the degradation 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 their prepayment i.e. the capital and the interest applicable to the date of prepayment.

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

(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, 2010

Panagis Vourloumis
Chairman and Managing Director

III. AUDITORS' REPORT OF THE FINANCIAL STATEMENTS

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, 2009, 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.

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, 2009, 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

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, 107 and 37 of Codified Law 2190/1290.

Athens, 24 February 2010

The Certified Auditors Accountants

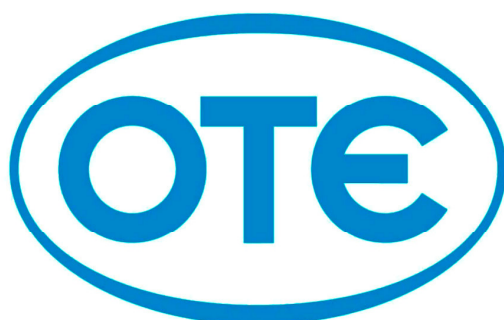
ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
11th KM NATIONAL ROAD ATHENS-LAMIA
144 51 METAMORFOSI, ATTIKA
SOEL REG. No. 107

CHRIS PELENDRIDIS
R.N. ICA (GR) 17831

GEORGE ANASTOPOULOS
R.N. ICA (GR) 15451

IV. ANNUAL FINANCIAL STATEMENTS

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.



**ANNUAL FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF DECEMBER 31, 2009**

**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 24-86, were approved by the Board of Directors on February 24, 2010 and are signed by:

Chairman
& Managing Director

Vice Chairman

Chief Financial Officer

Chief Accounting Officer

Panagis Vourloumis

Charalambos Dimitriou

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

ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)	26
INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)	27
STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE).....	28
STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)	29
STATEMENT OF CHANGES IN EQUITY (SEPARATE)	30
STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)	31

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

1. CORPORATE INFORMATION.....	32
2. BASIS OF PREPARATION	33
3. SIGNIFICANT ACCOUNTING POLICIES	36
4. PROPERTY, PLANT AND EQUIPMENT	45
5. GOODWILL.....	47
6. TELECOMMUNICATION LICENSES.....	47
7. OTHER INTANGIBLE ASSETS	48
8. INVESTMENTS.....	48
9. OTHER NON-CURRENT ASSETS.....	54
10. TRADE RECEIVABLES.....	54
11. OTHER FINANCIAL ASSETS.....	55
12. OTHER CURRENT ASSETS	55
13. CASH AND CASH EQUIVALENTS	55
14. SHARE CAPITAL - SHARE PREMIUM	55
15. STATUTORY RESERVE - FOREIGN EXCHANGE AND OTHER RESERVES - RETAINED EARNINGS.....	56
16. DIVIDENDS	56
17. LONG-TERM BORROWINGS.....	56
18. PROVISIONS FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS.....	59
19. OTHER NON-CURRENT LIABILITIES.....	64
20. SHORT-TERM BORROWINGS.....	64
21. INCOME TAXES - DEFERRED TAXES	64
22. OTHER CURRENT LIABILITIES.....	68
23. REVENUE.....	69
24. OTHER OPERATING EXPENSES	69
25. EARNINGS PER SHARE	69
26. OPERATING SEGMENT INFORMATION.....	70
27. RELATED PARTY DISCLOSURES	71
28. SHARE OPTION PLAN.....	74
29. LITIGATION AND CLAIMS - COMMITMENTS.....	76
30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT.....	81
31. RECLASSIFICATIONS.....	85
32. EVENTS AFTER THE FINANCIAL POSITION DATE	86



STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		2009	2008	2009	2008
ASSETS					
Non-current assets					
Property, plant and equipment	4	5,625.1	5,872.8	2,026.7	2,191.5
Goodwill	5	551.8	525.1	-	-
Telecommunication licenses	6	362.2	329.5	2.5	3.0
Other intangible assets	7	520.6	550.7	-	-
Investments	8	157.0	156.6	4,777.4	4,890.0
Loans and advances to pension funds	18	154.5	194.5	154.5	194.5
Deferred tax assets	21	253.6	286.8	178.5	188.0
Other non-current assets	9	127.3	120.7	83.8	112.4
Total non-current assets		7,752.1	8,036.7	7,223.4	7,579.4
Current assets					
Inventories		229.1	201.3	31.1	32.2
Trade receivables	10	1,153.0	1,194.2	608.0	697.5
Other financial assets	11	35.4	135.9	16.3	119.6
Other current assets	12	255.6	261.6	108.7	99.8
Cash and cash equivalents	13	868.8	1,427.8	224.0	344.5
Total current assets		2,541.9	3,220.8	988.1	1,293.6
Assets classified as held for sale	8	-	167.7	-	-
TOTAL ASSETS		10,294.0	11,425.2	8,211.5	8,873.0
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
Share premium	14	505.1	497.9	505.1	497.9
Statutory reserve	15	344.1	330.2	344.1	330.2
Foreign exchange and other reserves	15	(53.3)	73.9	4.8	1.4
Changes in non-controlling interests	8	(3,321.5)	(3,315.2)	-	-
Retained earnings	15	2,576.1	2,553.6	1,419.0	1,523.0
Total equity attributable to owners of the Parent		1,222.0	1,311.9	3,444.5	3,524.0
Non-controlling Interests		757.7	861.3	-	-
Total equity		1,979.7	2,173.2	3,444.5	3,524.0
Non-current liabilities					
Long-term borrowings	17	5,385.7	5,409.6	2,930.1	3,288.2
Provision for staff retirement indemnities	18	266.5	254.9	241.6	233.8
Provision for voluntary leave scheme	18	109.9	107.2	109.9	107.2
Provision for youth account	18	282.3	286.3	282.3	286.3
Deferred tax liabilities	21	113.7	116.7	-	-
Other non-current liabilities	19	77.9	74.6	45.0	41.4
Total non-current liabilities		6,236.0	6,249.3	3,608.9	3,956.9
Current liabilities					
Trade accounts payable		813.2	943.9	373.1	526.1
Short-term borrowings	20	3.3	5.1	-	-
Short-term portion of long-term borrowings	17	32.9	633.0	-	18.9
Income tax payable		133.2	58.0	41.0	4.0
Deferred revenue		256.6	228.4	225.3	158.4
Provision for voluntary leave scheme	18	149.0	275.8	149.0	275.8
Dividends payable	16	4.2	3.8	4.2	3.8
Other current liabilities	22	685.9	838.2	365.5	405.1
Total current liabilities		2,078.3	2,986.2	1,158.1	1,392.1
Liabilities directly associated with the assets classified as held for sale	8	-	16.5	-	-
TOTAL EQUITY AND LIABILITIES		10,294.0	11,425.2	8,211.5	8,873.0



INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP		COMPANY	
		2009	2008	2009	2008
Revenue					
Domestic telephony	23	1,619.6	1,814.2	1,223.4	1,355.5
International telephony	23	251.1	286.9	183.3	202.4
Mobile telephony	23	2,396.2	2,470.8	-	-
Other revenue	23	1,717.2	1,835.4	1,005.7	1,031.8
Total revenue		5,984.1	6,407.3	2,412.4	2,589.7
Operating expenses					
Payroll and employee benefits		(1,190.8)	(1,168.4)	(712.6)	(670.1)
Provision for staff retirement indemnities and youth account	18	(95.5)	(112.6)	(90.2)	(108.3)
Cost of early retirement program	18	30.3	(50.2)	38.9	(12.2)
Charges from international operators		(184.0)	(173.9)	(129.4)	(126.7)
Charges from domestic operators		(516.3)	(642.3)	(227.6)	(299.2)
Depreciation and amortization		(1,155.3)	(1,213.0)	(424.4)	(465.0)
Cost of telecommunications equipment		(475.1)	(633.4)	(88.7)	(102.5)
Other operating expenses	24	(1,396.5)	(1,355.8)	(471.9)	(493.5)
Total operating expenses		(4,983.2)	(5,349.6)	(2,105.9)	(2,277.5)
Operating profit before financial activities		1,000.9	1,057.7	306.5	312.2
Income and expense from financial activities					
Interest expense		(325.2)	(343.7)	(225.8)	(194.8)
Interest income		61.6	72.3	17.4	36.3
Foreign exchange differences, net		10.2	11.8	2.7	(6.0)
Dividend income	8	9.6	12.2	312.1	288.2
Gains / (losses) from investments	8	23.6	33.7	(0.1)	15.9
Impairment of investments	8	-	-	(0.7)	(5.3)
Total profit / (loss) from financial activities		(220.2)	(213.7)	105.6	134.3
Profit before tax		780.7	844.0	412.1	446.5
Income tax expense	21	(380.0)	(246.2)	(134.6)	(83.2)
Profit for the year		400.7	597.8	277.5	363.3
Attributable to:					
Owners of the parent		404.0	601.8	277.5	363.3
Non-controlling interests		(3.3)	(4.0)	-	-
		400.7	597.8	277.5	363.3
Basic earnings per share	25	0.8242	1.2278		
Diluted earnings per share	25	0.8242	1.2129		

**STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)**

(Amounts in millions of Euro)	GROUP		COMPANY	
	2009	2008	2009	2008
Profit for the year	400.7	597.8	277.5	363.3
Foreign currency translation	(178.4)	(235.3)	-	-
Net loss on cash flow hedge	(0.5)	(6.3)	-	-
Fair value movement in available for sale financial assets	3.5	(34.8)	3.4	(34.8)
Other	-	-	-	2.1
Other comprehensive income / (loss) for the year	(175.4)	(276.4)	3.4	(32.7)
Total comprehensive income for the year	225.3	321.4	280.9	330.6
Attributable to:				
Owners of the parent	276.8	417.4	280.9	330.6
Non-controlling interests	(51.5)	(96.0)	-	-
	225.3	321.4	280.9	330.6



STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(Amounts in millions of Euro)	Attributed to equity holders of the parent							Non-controlling Interest	Total Equity
	Share capital	Share Premium	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total		
Balance as at January 1, 2008	1,171.5	485.9	312.1	258.3	(2,533.8)	2,337.5	2,031.5	1,023.1	3,054.6
Profit for the year	-	-	-	-	-	601.8	601.8	(4.0)	597.8
Other comprehensive income / (loss)	-	-	-	(184.4)	-	-	(184.4)	(92.0)	(276.4)
Total comprehensive income / (loss)	-	-	-	(184.4)	-	601.8	417.4	(96.0)	321.4
Transfer to statutory reserve	-	-	18.1	-	-	(18.1)	-	-	-
Dividends	-	-	-	-	-	(367.6)	(367.6)	-	(367.6)
Share-based payment	-	12.0	-	-	-	-	12.0	-	12.0
Net change of participation in subsidiaries	-	-	-	-	(781.4)	-	(781.4)	(65.8)	(847.2)
Balance as at December 31, 2008	1,171.5	497.9	330.2	73.9	(3,315.2)	2,553.6	1,311.9	861.3	2,173.2
Balance as at January 1, 2009	1,171.5	497.9	330.2	73.9	(3,315.2)	2,553.6	1,311.9	861.3	2,173.2
Profit for the year	-	-	-	-	-	404.0	404.0	(3.3)	400.7
Other comprehensive income / (loss)	-	-	-	(127.2)	-	-	(127.2)	(48.2)	(175.4)
Total comprehensive income / (loss)	-	-	-	(127.2)	-	404.0	276.8	(51.5)	225.3
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	1,171.5	505.1	344.1	(53.3)	(3,321.5)	2,576.1	1,222.0	757.7	1,979.7

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, 2008	1,171.5	485.9	312.1	36.2	1,543.3	3,549.0
Profit for the year	-	-	-	-	363.3	363.3
Other comprehensive income / (loss)	-	-	-	(34.8)	2.1	(32.7)
Total comprehensive income / (loss)	-	-	-	(34.8)	365.4	330.6
Transfer to statutory reserve	-	-	18.1	-	(18.1)	-
Dividends	-	-	-	-	(367.6)	(367.6)
Share-based payment	-	12.0	-	-	-	12.0
Balance as at December 31, 2008	1,171.5	497.9	330.2	1.4	1,523.0	3,524.0
Balance as at January 1, 2009	1,171.5	497.9	330.2	1.4	1,523.0	3,524.0
Profit for the year	-	-	-	-	277.5	277.5
Other comprehensive income	-	-	-	3.4	-	3.4
Total comprehensive income	-	-	-	3.4	277.5	280.9
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	1,171.5	505.1	344.1	4.8	1,419.0	3,444.5



STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		2009	2008	2009	2008
Cash flows from operating activities					
Profit before tax		780.7	844.0	412.1	446.5
Adjustments for:					
Depreciation and amortization		1,155.3	1,213.0	424.4	465.0
Share-based payment	28	7.2	12.0	2.9	6.5
Cost of early retirement program	18	(30.3)	50.2	(38.9)	12.2
Provision for staff retirement indemnities and youth account	18	95.5	112.6	90.2	108.3
Other provisions	24	-	2.1	-	0.8
Provisions for doubtful accounts	24	107.0	119.8	28.0	75.5
Foreign exchange differences, net		(10.2)	(11.8)	(2.7)	6.0
Interest income		(61.6)	(72.3)	(17.4)	(36.3)
Dividend income, (gains)/losses and impairment of investments		(33.2)	(45.9)	(311.3)	(298.8)
Release of EDEKT fund prepayment	18	35.2	35.2	35.2	35.2
Interest expense		325.2	343.7	225.8	194.8
Working capital adjustments:					
Decrease/ (increase) in inventories		(27.3)	(9.2)	1.1	4.8
Decrease / (increase) in accounts receivable		(75.7)	(123.4)	39.9	(42.8)
(Decrease) in liabilities (except borrowings)		(72.1)	(91.7)	(92.0)	(31.5)
Plus/(Minus):					
Payment for early retirement programs		(130.3)	(91.6)	(121.7)	(53.6)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(88.3)	(76.0)	(87.1)	(73.9)
Interest and related expenses paid		(276.4)	(212.9)	(208.4)	(103.1)
Income taxes paid		(299.3)	(240.2)	(83.7)	(82.8)
Settlement of receivables due from disposed subsidiaries	8	16.6	-	-	-
Net cash flows from operating activities		1,418.0	1,757.6	296.4	632.8
Cash flows from investing activities					
Acquisition of non-controlling interest and participation in subsidiaries' share capital increase	8	(48.4)	(849.4)	-	(852.4)
Acquisition of subsidiary net of cash acquired	8	(197.8)	-	-	-
Purchase of financial assets	11	(308.0)	(138.0)	(290.6)	(132.3)
Sale or maturity of financial assets	11	412.2	46.8	397.3	25.7
Loans granted		-	(1.3)	-	(1.3)
Repayments of loans receivable		9.7	-	55.9	-
Loans proceeds in conjunction with disposal of subsidiaries	8	78.5	-	-	-
Purchase of property plant and equipment and intangible assets		(890.9)	(964.0)	(272.6)	(300.7)
Proceeds from disposal of subsidiaries	8	86.1	24.0	-	20.9
Interest received		61.6	66.7	14.6	27.6
Dividends received		6.9	9.2	308.4	285.3
Return of capital invested in subsidiary		-	-	116.2	-
Settlements of other current liabilities	22	(168.5)	-	-	-
Net cash flows from/(used in) investing activities		(958.6)	(1,806.0)	329.2	(927.2)
Cash flows from financing activities					
Proceeds from non-controlling interests for their participation in subsidiaries' share capital increase		-	16.9	-	-
Proceeds from loans granted and issued		-	2,705.5	-	2,735.0
Repayment of loans		(637.1)	(2,183.4)	(378.9)	(2,187.5)
Dividends paid to Company's owners		(367.2)	(367.8)	(367.2)	(367.8)
Dividends paid to non-controlling interests		(1.2)	(5.9)	-	-
Net cash flows from/(used in) financing activities		(1,005.5)	165.3	(746.1)	179.7
Net increase/(decrease) in cash and cash equivalents		(546.1)	116.9	(120.5)	(114.7)
Cash and cash equivalents, at the beginning of the year		1,427.8	1,316.3	344.5	459.2
Net foreign exchange differences		(14.8)	(3.5)	-	-
Cash and cash equivalents classified as held for sale / disposed of	8	1.9	(1.9)	-	-
Cash and cash equivalents, at the end of the year	13	868.8	1,427.8	224.0	344.5



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 and New York 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.

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, 2009 and the year then ended, were approved for issuance by the Board of Directors on February 24, 2010, 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, 2009 and 2008 were as follows:

	GROUP	COMPANY
December 31, 2009	32,864	11,369
December 31, 2008	33,610	12,056

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	2009	2008
			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%
OTE MTS HOLDING B.V.	Investment holding company	Holland	-	100.00%
COSMOFON MOBILE TELECOMMUNICATIONS SERVICES A.D. – SKOPJE (“COSMOFON”)	Mobile telecommunications services	Skopje	-	100.00%
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	95.03%	82.45%
COSMOHOLDING CYPRUS LTD (“COSMOHOLDING CYPRUS”)	Investment holding company	Cyprus	100.00%	90.00%
GERMANOS S.A. (“GERMANOS”)	Retail services	Greece	100.00%	90.00%
E-VALUE S.A.	Marketing Services	Greece	100.00%	90.00%
GERMANOS TELECOM SKOPJE S.A.	Retail services	Skopje	-	90.00%



COMPANY NAME	LINE OF BUSINESS	COUNTRY	2009	2008
			GROUP'S OWNERSHIP INTEREST	
GERMANOS TELECOM ROMANIA S.A.	Retail services	Romania	100.00%	90.00%
SUNLIGHT ROMANIA S.R.L. FILIALA	Retail services	Romania	100.00%	90.00%
GERMANOS TELECOM BULGARIA A.D.	Retail services	Bulgaria	100.00%	90.00%
MOBILBEEEP LTD	Retail services	Greece	100.00%	90.00%
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	Consulting services	Bulgaria	100.00%	100.00%
COSMOHOLDING ROMANIA LTD	Investment holding company	Cyprus	100.00%	-
TELEMOBIL S.A. ("ZAPP")	Mobile telecommunications services	Romania	99.99%	-
E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD")	Overdue accounts	Greece	100.00%	-

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 Company and the Group 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 Company's and the Group'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 Company and the Group 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 Company and the Group 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 30.

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 Company and the Group 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 Company and the Group are currently involved in various claims and legal proceedings. Periodically, the Company and the Group 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 Company and the Group 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 Company and the Group reassess the potential liability related to pending claims and litigation and may revise assessments of the probability of an unfavourable outcome and the related estimate of potential loss. Such revisions in the estimates of the potential liabilities could have a material impact on the Company's or the Group'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 which incorporates reasonable market participant assumptions. 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, 2009. 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 17 Distributions of Non-cash Assets to Owners:** This interpretation is effective for annual periods beginning on or after July 1, 2010 with early application permitted. The interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability.
- **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 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended):** The revision and amendment is effective for annual periods beginning on or after July 1, 2009. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which impacts the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the income statement (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with non-controlling interests.
- **IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items:** The amendment is effective for annual periods beginning on or after July 1, 2009. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.
- **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.
- **IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended):** The amendment is effective for annual periods beginning on or after January 1, 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. This interpretation 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 Additional Exemptions for First-time Adopters (Amended):** The amendment is effective for annual periods beginning on or after January 1, 2010. 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.
- 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. This annual improvements project has not yet been endorsed by the EU.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using accounting policies consistent with those of the previous year except for the adoption of the following new and amended IFRS and IFRIC interpretations which became effective for the accounting period beginning January 1, 2009:

- IFRIC 13 Customer Loyalty Programs effective July 1, 2008
- IFRIC 15 Agreements for the Construction of Real Estate effective January 1, 2009
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective October 1, 2008
- IFRIC 9 Remeasurement of Embedded Derivatives (Amended) and IAS 39 Financial Instruments: Recognition and Measurement (Amended) effective for periods ending on or after June 30, 2009
- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amended) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective January 1, 2009
- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (Amended) effective January 1, 2009
- IFRS 8 Operating Segments effective January 1, 2009
- IFRS 7 Financial Instruments: Disclosures (Amended) effective January 1, 2009
- IAS 1 Presentation of Financial Statements (Revised) effective January 1, 2009
- IAS 32 Financial Instruments: Presentation (Amended) and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (Amended) effective January 1, 2009
- IAS 23 Borrowing Costs (Revised) effective January 1, 2009
- Improvements to IFRSs (May 2008)
- IFRIC 18 Transfers of Assets from Customers effective for transfers 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 the following had an impact in the presentation or disclosures of the financial statements as described below:

- **IAS 1, "Presentation of Financial Statements" (Revised),**
The revised standard requires that the statement of changes in equity includes only transactions with owners; introduces a new statement of comprehensive income that combines all items of income and expense recognized in the income statement together with "other comprehensive income" (either in one single statement or in two linked statements); and requires the inclusion of a third column on the statement of financial position to present the effect of restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Group and the Company made the necessary changes to the presentation of their financial statements in 2009 and elected to present two linked statements for the statement of comprehensive income.
- **IFRS 7, "Financial Instruments: Disclosures",**
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by the source of inputs, using a three-level hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between the levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures and the liquidity disclosures, which are not significantly impacted by the amendment, are presented in note 30.



- **IFRS 8**, “Operating segments”,

IFRS 8 replaces IAS 14 “Segment reporting” and adopts a management approach to segment reporting. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. Additional disclosures required by IFRS 8 are shown in note 26.

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 Company and the Group 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. 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 Company or Group).



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 Company or the Group 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 Company and the Group 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 Company or the Group 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 Company or the Group 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 Company or the Group 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 Company or the Group'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 Company's or the Group's continuing involvement is the amount of the transferred asset that the Company or the Group 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 Company's or the Group'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).



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

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, 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.

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

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 actuarial gains and losses and 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. All actuarial gains or losses are recognized during the average remaining working life of active employees and are included in the service cost of the year, if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the 10% of the present value of the defined benefit obligation at that date. For other long term benefits actuarial gains and losses and past service costs are recognized immediately.

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 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 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 Expenses

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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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-group 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 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 Shareholders General Assembly.

16. Non-Current Financial Assets

Non-current financial assets 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 to 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 and amortized over their useful life and they are assessed for impairment at least annually.

22. Materials and Supplies

Materials and supplies are measured at the lower of cost and net realizable value. The cost is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When there is any subsequent increase of the net realizable value of materials and suppliers 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 definite 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 Company or the Group 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 Company or the Group 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 Company's or the Group'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 Company and the Group assess whether there is an indication that an impairment loss recognized in prior periods may no longer exist. If any such indication exists, the Company and the Group 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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 31.

32. Financial Guarantee Contracts

Financial guarantee contracts issued by the Company or the Group 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:

COMPANY	BUILDINGS	TELECOMMUNICATION EQUIPMENT	TRANSPORTATION MEANS	FURNITURE AND FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2007							
Cost	31.0	7,530.1	39.1	180.8	217.8	110.5	8,109.3
Accumulated depreciation	(7.3)	(5,531.6)	(32.8)	(165.4)	-	-	(5,737.1)
Net book value 31/12/2007	23.7	1,998.5	6.3	15.4	217.8	110.5	2,372.2
Additions	13.4	200.3	0.8	3.2	279.6	56.6	553.9
Disposal and transfers - cost	-	(95.2)	(0.8)	(9.2)	(204.3)	(65.6)	(375.1)
Other transfers - cost	-	19.3	-	(19.3)	-	-	-
Disposals and transfers - accumulated depreciation	-	95.1	0.8	9.2	-	-	105.1
Depreciation charge for the year	(1.6)	(454.2)	(1.9)	(6.9)	-	-	(464.6)
Other transfers - accumulated depreciation	-	(17.5)	-	17.5	-	-	-
Net book value 31/12/2008	35.5	1,746.3	5.2	9.9	293.1	101.5	2,191.5
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
Disposal 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

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

Borrowing costs capitalized during the year ended December 31, 2009 and 2008 as part of the cost of qualifying assets amount to Euro 10.0 and Euro 6.7, respectively. The amount was calculated based on an average rate of capitalization for the year ended December 31, 2009 and 2008 was 5.9 % and 5.4% respectively.

For the acquisition of the assets above, OTE has received government grants in the past the unamortized amount of which at December 31, 2009 is Euro 18.4 (December 31, 2008 Euro 28.3).

GROUP	LAND	BUILDINGS	TELECOM EQUIPMENT	TRANSPORTATION MEANS	FURNITURE AND FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2007								
Cost	48.6	946.7	12,687.4	59.6	502.2	485.4	161.3	14,891.2
Accumulated depreciation	-	(313.5)	(7,827.4)	(39.1)	(339.8)	-	-	(8,519.8)
Net book value 31/12/2007	48.6	633.2	4,860.0	20.5	162.4	485.4	161.3	6,371.4
Additions	2.4	26.9	812.5	5.6	30.7	383.3	84.0	1,345.4
Held for sale - cost	(0.3)	(4.1)	(150.5)	(0.5)	(11.9)	-	-	(167.3)
Held for sale - accumulated depreciation	-	1.0	60.5	0.3	6.6	-	-	68.4
Other transfers - cost	-	-	19.3	-	(19.3)	-	-	-
Disposal and transfers - cost	-	(0.2)	(273.7)	(6.6)	(13.3)	(317.2)	(101.6)	(712.6)
Disposals and transfers - accumulated depreciation	-	4.0	267.7	6.0	14.0	-	-	291.7
Exchange differences - cost	(0.6)	(55.8)	(449.8)	(3.7)	(16.0)	(17.2)	(6.9)	(550.0)
Exchange differences - accumulated depreciation	-	31.7	290.4	3.0	11.7	-	-	336.8
Depreciation charge for the year	-	(34.3)	(1,028.2)	(7.0)	(41.5)	-	-	(1,111.0)
Other transfers - accumulated depreciation	-	-	(17.5)	-	17.5	-	-	-
Net book value 31/12/2008	50.1	602.4	4,390.7	17.6	140.9	534.3	136.8	5,872.8
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	0.1	1.8	63.4	1.0	0.6	16.5	-	83.4
Disposal 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	-	(56.4)	(936.1)	(6.2)	(40.1)	-	-	(1,038.8)
Net book value 31/12/2009	48.9	583.7	4,214.1	16.5	132.5	523.7	105.7	5,625.1
31/12/2009								
Cost	48.9	933.0	12,950.4	50.3	474.5	523.7	105.7	15,086.5
Accumulated depreciation	-	(349.3)	(8,736.3)	(33.8)	(342.0)	-	-	(9,461.4)
Net book value 31/12/2009	48.9	583.7	4,214.1	16.5	132.5	523.7	105.7	5,625.1

Borrowing costs capitalized during the year ended December 31, 2009 and 2008 by the Group as part of the cost of qualifying assets amount to Euro 10.0 and Euro 6.7, respectively. The amount was calculated based on an average rate of capitalization for the year ended December 31, 2009 and 2008 is 5.9 % and 5.4% 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, 2009 is Euro 22.9 (December 31, 2008 Euro 34.2).



5. GOODWILL

Goodwill is analyzed as follows:

	2009	2008
Carrying value January 1	525.1	541.5
Absorption of OTENET	-	(10.1)
Foreign exchange differences	(6.8)	(0.7)
Acquisition of subsidiary (see Note 8)	33.5	-
Transfer to assets held for sale	-	(5.6)
Carrying value December 31	551.8	525.1

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

COUNTRY	2008	Foreign exchange differences	Acquisition of subsidiary	2009
Greece	376.6	-	-	376.6
Albania	61.8	(6.3)	-	55.5
Romania	26.4	(0.5)	33.5	59.4
Bulgaria	60.3	-	-	60.3
TOTAL	525.1	(6.8)	33.5	551.8

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, 2009 are as follows:

Assumptions	Greece	Albania	Romania	Bulgaria
Discount rate	9.05%	9.27%	10.76%	9.67%
Rate of increase/(decrease) of revenue	(0.15)%	1.95%	8.80%	3.60%
EBITDA margin	37%-39%	53%-60%	16%-38%	32%-47%

For the projection of cash flows beyond 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, 2009, no impairment losses were identified in the recorded amounts of goodwill.

6. TELECOMMUNICATION LICENSES

Telecommunication licenses are analyzed as follows:

COMPANY	2009	2008
Net book value January 1	3.0	3.4
Amortization charge for the year	(0.5)	(0.4)
Net book value December 31	2.5	3.0
December 31		
Cost	6.2	6.2
Accumulated amortization	(3.7)	(3.2)
Net book value	2.5	3.0



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

GROUP	2009	2008
Net book value January 1	329.5	396.2
Additions	-	17.5
Acquisition of subsidiary (see Note 8)	73.4	-
Transfer from other intangible assets, cost (see Note 7)	13.3	-
Assets held for sale, cost	-	(39.2)
Assets held for sale, accumulated amortization	-	8.0
Exchange differences, cost	(7.5)	(10.4)
Exchange differences, accumulated amortization	6.4	5.6
Amortization charge for the year	(51.0)	(48.1)
Write-offs, cost	(1.9)	(3.9)
Write-offs, accumulated amortization	-	3.8
Net book value December 31	362.2	329.5
December 31		
Cost	608.3	531.0
Accumulated amortization	(246.1)	(201.5)
Net book value	362.2	329.5

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 12 and 24 years.

7. OTHER INTANGIBLE ASSETS

The movement of other intangible assets is as follows:

GROUP	2009	2008
Net book value January 1	550.7	582.7
Additions	31.3	46.7
Acquisition of subsidiary (see Note 8)	22.0	-
Disposals, cost	(0.4)	(18.2)
Disposals, accumulated amortization	0.1	0.4
Transfer to telecommunication licenses, cost (see Note 6)	(13.3)	-
Exchange differences, cost	(8.1)	(8.4)
Exchange differences, accumulated amortization	3.8	6.9
Amortization charge for the year	(65.5)	(53.9)
Transfer to assets held for sale	-	(5.5)
Net book value December 31	520.6	550.7
December 31		
Cost	713.0	681.1
Accumulated amortization	(192.4)	(130.4)
Net book value	520.6	550.7

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 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 2009 and 2008 income statement amounted to Euro 27.6 and Euro 4.6 respectively, and the net book value of the brand as of December 31, 2009 and 2008, amounted to Euro 376.8 and Euro 407.2 respectively.

8. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
(a) Investments in subsidiaries	-	-	4,621.1	4,733.6
(b) Other investments	157.0	156.6	156.3	156.4
TOTAL	157.0	156.6	4,777.4	4,890.0



(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	2009	2008
COSMOTE	100.00%	Greece	3,510.1	3,505.7
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	483.9	497.9
HELLAS-SAT	99.05%	Cyprus	194.7	194.7
COSMO-ONE	30.87%	Greece	0.6	0.7
VOICENET	100.00%	Greece	3.7	4.0
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	336.3
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	6.6
TOTAL			4,621.1	4,733.6

The movement of investments in subsidiaries is as follows:

COMPANY	2009	2008
Balance at January 1	4,733.6	3,884.6
Acquisition of interest in subsidiary	-	847.4
Participation in the share capital increase of subsidiary	-	3.5
Share options granted to management of subsidiaries (Note 28)	4.4	5.5
Sale of investments	-	(1.9)
Impairment	(0.7)	(5.3)
Reduction of share capital of subsidiaries	(116.2)	-
Other	-	(0.2)
Balance at December 31	4,621.1	4,733.6

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

COSMOTE

As described in Note 28, OTE has implemented a Stock Option Plan for executives, including executives of COSMOTE Group. The stock 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 Stock Option Plan for 2009 is Euro 4.4 (2008: Euro 5.5) 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.

OTE ESTATE

On December 18, 2008, the amendment to article 5 of OTE ESTATE's charter was finalized following the relevant decision by the General Assembly of Shareholders. After the amendment, OTE ESTATE's share capital was reduced by Euro 102.2 as a result of a reduction in the nominal amount of the shares from Euro 2.93 (absolute amount) to Euro 2.43 (absolute amount). On April 1, 2009, OTE received from OTE ESTATE the amount of Euro 102.2 arising from the reduction of its share capital reducing the carrying value of its investment by an equivalent amount.

OTE INTERNATIONAL INVESTMENTS LTD

On November 17, 2009 the District Court of Limassol approved the share capital reduction of OTE INTERNATIONAL INVESTMENTS LTD by Euro 14.0. On December 7, 2009, OTE received from OTE INTERNATIONAL INVESTMENTS LTD the amount of Euro 14.0 arising from the reduction of its share capital reducing the carrying value of its investment by an equivalent amount.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

During 2009, 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 tests showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 0.1, Euro 0.3 and Euro 0.3 respectively, was recognized in the 2009 income statement in the line "Impairment of investments" (2008: an impairment loss of Euro 2.5 and Euro 2.8 was recognized for COSMOONE and OTE ACADEMY respectively).



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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

AMC

On April 27, 2009 OTE announced that its 100% subsidiary COSMOTE completed the acquisition process of a 12.58% interest held by the Albanian State, in its subsidiary AMC after obtaining of the relevant approvals from the authorities in Albania. The cash consideration for the related acquisition amounted to Euro 48.4. The difference between the cost of acquisition and the non-controlling interest acquired of Euro 4.7 was recognized directly in equity (column "Changes in non-controlling interests"), as it relates to the acquisition of non-controlling interests in an entity where control already exists. Following the official conclusion of the transaction, COSMOTE owns directly or indirectly (through its 97% owned subsidiary CHA) a 95% interest in AMC, although the investment is consolidated on a 100% basis due to the put option described below held by the non controlling interests.

According to the Albanian legislation, COSMOTE is obliged to purchase the shares of the non-controlling interests, if they request it. On June 22, 2009, non-controlling interests representing approximately a 2.3% of the share capital (of a total 2.5%) communicated a relevant request to COSMOTE, in order to sell their shares at the same price paid to the Albanian State from COSMOTE for the acquisition of the additional 12.58% in April 2009. Based on the above, COSMOTE's relevant liability is estimated to amount to Euro 10.0 and is included in "Other current liabilities" (see Note 22).

COSMOFON AND GERMANOS TELECOM SKOPJE

As of December 31, 2008, COSMOFON was classified as held for sale in the statement of financial position. On March 30, 2009 OTE announced that the agreements between COSMOTE and Telekom Slovenije were signed in Athens regarding the transfer of 100% of COSMOFON, through the sale of COSMOTE's wholly owned subsidiary, OTE MTS HOLDING B.V., as well as GERMANOS TELECOM AD SKOPJE (GTS) to Telekom Slovenije. The transaction was completed on May 12, 2009 following approval by the relevant governmental and regulatory authorities in Skopje. COSMOFON and GERMANOS TELECOM SKOPJE are included in the consolidated financial statements until the date the Group ceased to control those companies (May 12, 2009).

The following table presents COSMOFON's and GERMANOS TELECOM SKOPJE's income statements for the year 2008 and for the period from January 1, 2009 to May 12, 2009:

	COSMOFON		GERMANOS TELECOM SKOPJE	
	1/1-12/5/2009	2008	1/1-12/5/2009	2008
Revenue	19.1	66.2	2.5	9.8
Total operating expenses	(23.4)	(64.5)	(2.9)	(11.2)
Operating profit / (loss) before financial activities	(4.3)	1.7	(0.4)	(1.4)
Financial activities	(1.9)	(1.5)	(0.1)	(0.2)
Profit/(Loss) before tax	(6.2)	0.2	(0.5)	(1.6)
Income tax expense	-	-	-	-
Profit/(Loss) for the period	(6.2)	0.2	(0.5)	(1.6)

The assets and liabilities of COSMOFON and GERMANOS TELECOM SKOPJE at the date of disposal are as follows:

	COSMOFON	GERMANOS TELECOM SKOPJE	Total
Assets			
Non-current assets			
Property, plant and equipment	104.9	1.1	106.0
Telecommunication licenses	30.4	0.3	30.7
Other non-current assets	-	0.1	0.1
Total	135.3	1.5	136.8
Current assets			
Inventories	3.0	1.2	4.2
Trade receivables	21.6	1.3	22.9
Other current assets	5.2	0.3	5.5
Cash and cash equivalents	1.9	-	1.9
Total	31.7	2.8	34.5
Total assets	167.0	4.3	171.3
Liabilities			
Non-current liabilities			
Borrowings	33.2	2.0	35.2
Other non-current liabilities	1.8	-	1.8
Total	35.0	2.0	37.0



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

	COSMOFON	GERMANOS TELECOM SKOPJE	Total
Current liabilities			
Borrowings	42.1	-	42.1
Trade accounts payable	16.7	5.3	22.0
Other current liabilities	24.6	0.1	24.7
Total	83.4	5.4	88.8
Total liabilities	118.4	7.4	125.8
Net assets disposed of	48.6	(3.1)	45.5

In the consolidated financial statements, the gain from the sale was determined as follows:

Selling price	90.7
Disposal Expenses	(2.7)
Net proceeds from disposal	88.0
Net assets disposed of	(45.5)
Goodwill and other intangible assets write-off in group level	(10.3)
Depreciation reversal for assets held for sale	(8.6)
Total gain on sale of investment	23.6

As part of the agreement, Telekom Slovenije undertook to settle COSMOFON's and GERMANOS TELECOM SKOPJE intra-group liabilities. The total effect of the above transaction on the consolidated statement of cash flows is as follows:

Selling Price	90.7
Less cash and cash equivalents disposed	(1.9)
Less disposal expenses	(2.7)
Net cash inflow from the sale of subsidiary	86.1
Loans proceeds in conjunction with disposal of subsidiaries	78.5
Settlement of receivables due from disposed subsidiaries	16.6
Total cash inflow from the sale of subsidiary	181.2

In the financial statements as of December 31, 2008, COSMOFON's assets and liabilities are presented separately from other assets and liabilities of the Group in the statement of financial position in the line items "Assets classified as held for sale" and "Liabilities directly associated with the assets classified as held for sale". The analysis below is after the elimination of intercompany balances:

	2008
Assets	
Non-current assets	
Property, plant and equipment	98.9
Goodwill	5.6
Telecommunication licenses	36.7
Total non-current assets	141.2
Current assets	
Inventories	2.6
Trade receivables	17.4
Other current assets	4.6
Cash and cash equivalents	1.9
Total current assets	26.5
Assets classified as held for sale	167.7
Liabilities	
Trade accounts payable	10.2
Deferred tax liability	1.6
Other current liabilities	4.7
Total liabilities	16.5
Liabilities directly associated with the assets classified as held for sale	16.5



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

COSMOHOLDING ROMANIA LTD

On August 6, 2009, COSMOTE established its 100% subsidiary COSMOHOLDING ROMANIA LTD, a holding company incorporated in Cyprus whose aim was the acquisition of the Romanian mobile communication company, ZAPP.

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 consideration paid for the acquisition of ZAPP was Euro 67.5, while COSMOTE undertook ZAPP's borrowings amounting to Euro 129.6 mainly relating to the 3G and CDMA network development of this company. ZAPP was established in 1993 and has CDMA 450 MHz and 3G in 2100 MHz telecommunications licenses.

The values of the assets acquired and the liabilities assumed from the above mentioned transaction are as follows:

	Book value	Preliminary adjustments	Fair value
Assets			
Non-current assets			
Property, plant and equipment	83.4	-	83.4
Telecommunication licenses (see Note 6)	21.0	52.4	73.4
Intangible assets (see Note 7)	-	22.0	22.0
Other non-current assets	0.3	-	0.3
Total	104.7	74.4	179.1
Current assets			
Inventories	2.1	-	2.1
Trade receivables	2.4	-	2.4
Other current assets	2.9	-	2.9
Cash and cash equivalents	0.8	-	0.8
Total	8.2	-	8.2
Total Assets	112.9	74.4	187.3
Liabilities			
Non-current liabilities			
Borrowings	122.4	-	122.4
Other non-current liabilities	7.6	1.8	9.4
Total	130.0	1.8	131.8
Current liabilities			
Trade accounts payable	6.8	-	6.8
Borrowings	7.2	-	7.2
Other current liabilities	4.0	-	4.0
Total	18.0	-	18.0
Total liabilities	148.0	1.8	149.8
Net assets acquired	(35.1)	72.6	37.5
Purchase price			67.5
Expenses of acquisition			3.5
Goodwill (see Note 5)			33.5

The total effect of the above transaction on the consolidated statement of cash flows is as follows:

Purchase price	67.5
Expenses of acquisition (paid)	1.5
Less cash acquired	(0.8)
	68.2
Repayment of borrowings in conjunction with the acquisition	129.6
Net cash outflow	197.8



The preliminary adjustment to intangible assets of Euro 22.0 relates to the recognition of this company's customer base. The fair values analyzed above are based on a preliminary purchase price allocation.

E-VALUE LTD

In October 2009, E-VALUE S.A. founded the Greek company E-VALUE LTD, the object of which is provision of services regarding overdue accounts.

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:

	2009	2008
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	-
TOTAL	3,321.5	3,315.2

(b) OTE's other investments are analyzed as follows:

	2009	2008
TELEKOM SRBIJA	155.1	155.1
Other	1.2	1.3
TOTAL	156.3	156.4

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

OTE's dividend income is analyzed as follows:

COMPANY	2009	2008
COSMOTE	282.2	245.2
OTE ESTATE	18.9	30.3
OTE SAT- MARITEL	1.0	0.5
OTE PLUS	0.4	-
TELEKOM SRBIJA	9.3	11.2
Other available for sale investments	0.3	1.0
TOTAL	312.1	288.2

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

The Group's dividend income is analyzed as follows:

GROUP	2009	2008
TELEKOM SRBIJA	9.3	11.2
Other available for sale investments	0.3	1.0
TOTAL	9.6	12.2

Movement in other investments is analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at January 1	156.6	158.4	156.4	157.8
Other movements	0.4	(1.8)	(0.1)	(1.4)
Balance at December 31	157.0	156.6	156.3	156.4



9. OTHER NON-CURRENT ASSETS

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Loans and advances to employees	82.8	65.1	82.7	65.1
Loans to COSMOFON	-	-	-	46.2
Deferred expenses (long-term)	21.9	29.6	-	-
Other	22.6	26.0	1.1	1.1
TOTAL	127.3	120.7	83.8	112.4

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 1.79% for 2009 and 1.74% for 2008. The discount factor is the rate used for the actuarial valuation of staff retirement indemnities which is 4.6% for 2009 and 5.5% for 2008 (See Note 18).

Loans to COSMOFON relate to two loans of Euro 22.0 and Euro 34.2 granted by OTE. The loans were granted at 6.5% fixed interest rate and they matured in 2010 and 2012 respectively. The outstanding balance as of December 31, 2008 amounted to Euro 46.2, which was fully repaid to OTE in March 2009.

10. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Subscribers	1,737.8	1,855.5	996.5	1,165.6
International traffic	85.5	144.1	68.7	103.8
Due from subsidiaries	-	-	100.1	109.6
Unbilled revenue	99.2	82.0	52.4	19.6
	1,922.5	2,081.6	1,217.7	1,398.6
Less				
Allowance for doubtful accounts	(769.5)	(887.4)	(609.7)	(701.1)
TOTAL	1,153.0	1,194.2	608.0	697.5

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

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at January 1	(887.4)	(791.5)	(701.1)	(625.6)
Charge for the year (see Note 24)	(107.0)	(119.8)	(28.0)	(75.5)
Write-offs	228.8	6.9	119.4	-
Balance from newly acquired subsidiary	(7.7)	-	-	-
Foreign exchange differences	2.9	5.6	-	-
Reversal of provision	0.9	5.0	-	-
Provision for trade receivables held for sale	-	6.4	-	-
Balance at December 31	(769.5)	(887.4)	(609.7)	(701.1)

The aging analysis of trade receivables is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Not impaired and not past due	634.8	639.5	333.0	374.9
Not impaired and past due:				
Less than 30 days	129.3	234.1	77.0	117.9
Between 31 and 180 days	216.4	235.2	135.2	169.7
More than 180 days	172.5	85.4	62.8	35.0
TOTAL	1,153.0	1,194.2	608.0	697.5



11. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Marketable securities:				
Held to maturity - Bonds	8.1	112.2	-	106.6
Held for trading - Bonds	3.2	3.1	-	-
Available for sale - Shares	14.3	11.1	14.0	10.8
Available for sale - Mutual funds	4.0	3.8	2.3	2.2
Non - marketable securities:				
Available for sale - Securities	5.8	5.7	-	-
TOTAL	35.4	135.9	16.3	119.6

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

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at January 1	135.9	81.2	119.6	47.8
Additions	308.0	138.0	290.6	132.3
Sales - maturities	(412.2)	(46.8)	(397.3)	(25.7)
Foreign exchange differences	(0.4)	(1.0)	-	-
Fair value adjustments	4.1	(35.5)	3.4	(34.8)
Balance at December 31	35.4	135.9	16.3	119.6

12. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
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	10.0	10.1	10.0
Due from OTE Leasing customers (See Note 29)	25.6	25.4	25.6	25.4
Loans and advances to employees	6.6	6.2	6.6	6.2
VAT recoverable	5.0	22.5	-	-
Other prepayments	59.9	59.0	2.6	2.5
Deferred expenses	10.0	9.5	1.6	2.0
Other	103.2	93.8	27.0	18.5
TOTAL	255.6	261.6	108.7	99.8

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Cash in hand	3.1	3.5	1.0	1.2
Short-term bank deposits	865.7	1,426.2	223.0	343.3
	868.8	1,429.7	224.0	344.5
Held for sale	-	(1.9)	-	-
TOTAL	868.8	1,427.8	224.0	344.5

14. SHARE CAPITAL - SHARE PREMIUM

OTE's share capital as of 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 December 31, 2009 and 2008 amounted to Euro 505.1 and Euro 497.9, respectively, the increase (Euro 7.2) being the amount charged to the 2009 income statement under the Group's share option plan (Note 28).



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

As described in Note 18 below, on March 4, 2009 4% of OTE's share capital held by the Hellenic State was transferred to IKA-ETAM.

Under the share purchase agreement between DEUTSCHE TELEKOM AG and the Hellenic State, the latter was granted two put options for an additional 5% (first put option) and 10% (second put option) of OTE's shares. On July 31, 2009, as a result of the exercise of the first put option, the Hellenic State sold to DEUTSCHE TELEKOM AG 24,507,519 shares of OTE representing 5% of its share capital.

The following is an analysis of the ownership of OTE's shares as of December 31, 2009:

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 (See Note 18)	19,606,016	4.00%
DEUTSCHE TELEKOM AG	147,045,118	30.00%
Institutional Investors	194,978,408	39.78%
Private Investors	50,096,782	10.22%
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, 2009 and 2008, this reserve amounted to Euro 344.1 and Euro 330.2 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	
	2009	2008	2009	2008
Available for sale reserve	5.2	1.7	4.8	1.4
Net loss on cash flow hedge	(6.8)	(6.3)	-	-
Foreign currency translation	(51.7)	78.5	-	-
Balance at December 31	(53.3)	73.9	4.8	1.4

16. 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 requirement with the unanimous consent of their owners.

On June 24, 2009, the General Assembly of OTE's Shareholders approved the distribution of a dividend from 2008 profits of a total amount of Euro 367.6 or Euro 0.75 (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, 2009, amounted to Euro 4.2 (December 31, 2008: Euro 3.8).

The Board of Directors of OTE will propose to the Annual General Assembly of the Shareholders the distribution of a dividend from the 2009 profits of a total amount of Euro 245.1 or Euro 0.50 (in absolute amount) per share.

17. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

COMPANY	2009	2008
(a) Loan from European Investment Bank / Hellenic State	-	18.9
(b) Intercompany loans from OTE PLC	2,930.1	3,288.2
Total long-term debt	2,930.1	3,307.1
Short-term portion	-	(18.9)
Long-term portion	2,930.1	3,288.2



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

GROUP		
(a) Loan from European Investment Bank / Hellenic State	-	18.9
(b) Syndicated loans	500.0	500.0
(c) Global Medium-Term Note Program	4,876.5	5,464.5
(d) Other bank loans	42.1	59.2
Total long-term debt	5,418.6	6,042.6
Short-term portion	(32.9)	(633.0)
Long-term portion	5,385.7	5,409.6

COMPANY

(a) Loan from European Investment Bank/ Hellenic State

In July 2009, OTE paid the last installment (Euro 18.9) of the loan from the European Investment Bank.

(b) Intercompany loans from OTE PLC

The intercompany loans from OTE PLC as of December 31, 2009 are analyzed as follows:

- Loan of nominal value Euro 1,209.0 with fixed interest rate of 5.22%, issued in August 2003, maturing in August 2013. The outstanding balance as of December 31, 2009 is Euro 1,118.1 (2008: Euro 1,120.3).
- Loan of nominal value Euro 650.0 with fixed interest rate of 3.80%, issued in November 2005, maturing in November 2011. The outstanding balance as of December 31, 2009 is Euro 147.6 (2008: Euro 146.7).
- Loan of nominal value Euro 600.0, with a fixed interest rate of 6.02% issued in February 2008, maturing in February 2015. The outstanding balance as of December 31, 2009 is Euro 596.8 (2008: Euro 596.4).
- Loan of nominal value Euro 1,500.0, with a fixed interest rate of 5.395% issued in February 2008, maturing in February 2011. On November 20, 2009 OTE prepaid part of the loan owed to its subsidiary OTE PLC. The prepayment amounted to Euro 360.0 at a price of 104.03% (market price) and represents capital and accrued interest up to the repayment date of a total amount of Euro 389.4. The outstanding balance as of December 31, 2009 is Euro 1,067.6 (2008: 1,424.8).

GROUP

(a) Loan from European Investment Bank / Hellenic State

See the above analysis for the Company.

(b) Syndicated Loans

On September 2, 2005, OTE PLC signed a Euro 850.0 Syndicated Credit Facility with banks, guaranteed by OTE. The facility has 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 variable interest of three month Euribor plus margin (as of December 31, 2009 0.25%) and b) a Euro 350.0 Revolving Credit Facility with inactivity fee as the facility has not been utilized (as of December 31, 2009 0.06750%). 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. On September 6, 2005, OTE PLC drew Euro 500.0 under the Term Loan. Up to December 31, 2009, no draw-downs have been made from the Revolving Credit Facility.

At OTE PLC's request and following the banks' consent, the maturity of the loan was extended as follows:

- a) for Euro 25.8 (Term Loan) and Euro 18.0 (Revolving Credit Facility) to September 2010
- b) for Euro 29.0 (Term Loan) and Euro 20.3 (Revolving Credit Facility) to September 2011 and
- c) for Euro 445.2 (Term Loan) and Euro 311.7 (Revolving Credit Facility) to September 2012.

According to the current credit rating of OTE, the margin on the Term Loan is 0.25%.

(c) Global Medium Term-Note Program

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

As of December 31, 2009, the total nominal value of the outstanding bonds under the Global Medium-Term Note Program was Euro 4,900.0 and is analyzed as follows:



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

- Euro 1,250.0 notes (nominal value) at a fixed rate of 5.0%, issued in August 2003, maturing on August 5, 2013. As of December 31, 2009 the outstanding balance is Euro 1,250.8 (2008: Euro 1,248.8).
- 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, 2009 the outstanding balance is Euro 639.7 (2008: Euro 634.4).
- 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, 2009 the outstanding balance is Euro 892.5 (2008: Euro 891.5).
- Euro 1,500.0 notes (nominal value) at a fixed rate of 5.375%, issued in February 2008, maturing on February 14, 2011. As of December 31, 2009 the outstanding balance is Euro 1,496.8 (2008: Euro 1,494.2).
- Euro 600.0 notes at a fixed rate of 6.0%, issued in February 2008, maturing on February 12, 2015. As of December 31, 2009 the outstanding balance is Euro 596.7 (2008: Euro 596.3).

In May 2009, OTE PLC repurchased a nominal amount of Euro 28.1 under the Euro 600.0 Floating Rate Note (FRN), issued on November 21, 2006 and maturing on November 21, 2009. The notes were cancelled and therefore, the outstanding nominal balance of the aforementioned FRN amounted to Euro 571.9. In November 2009, OTE PLC fully repaid this note.

These bonds are traded on the Luxembourg Stock Exchange.

The Euro 900.0 bonds issued in November 2006 and the Euro 1,500.0 and Euro 600.0 bonds issued in February 2008 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 State) 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 1,500.0 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 increase 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 increase once only during the whole bond duration and only for the period the credit rating of OTE remains at sub-investment grade.

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 1,250.0 bond, which bears a fixed rate of 5.0% and matures in 2013. OTE PLC receives 5.0% annually from the bank and pay three month Euribor less 0.05% every quarter. The gain from the change in the fair value of the swap is recorded in the line "Interest expense" and is offset by the loss from the change in fair value of the loan. Any ineffectiveness arising is immaterial. The mark-to-market value of the swap as of December 31, 2009 was Euro 7.4 positive for OTE PLC.

On October 1, 2008, the Group designated a swap that already existed from COSMOTE, for Euro 200.0 maturing 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 bears a variable interest rate. The Group receives three month Euribor and pays a fixed rate of 3.671% on a quarterly basis. From October 31, 2009 this swap does not meet the criteria for hedge accounting set out in IAS 39. During the year ended December 31, 2009 a loss of Euro 0.5 was recorded in other comprehensive income.

(d) Other bank loans

ROMTELECOM has obtained four long-term loans in Euro and Korea Won, the outstanding balance of which amount to Euro 42.1 as of December 31, 2009 (December 31, 2008: 54.8). The first of these is in Euro, it has an outstanding balance of Euro 12.1, bears a fixed interest rate of 4.9956% and matures in 2012. The remaining three loans have outstanding balances of Euro 7.0, Euro 13.2, and Euro 9.8, are in Korean Won, bear a fixed interest rate of 4.20%, 2.50% and 2.50% respectively and mature in 2014, 2018 and 2020, respectively. During 2009, ROMTELECOM repaid an amount of Euro 12.7 out of its long-term loans.



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 Greek Post Office are also members of this Fund.

According to Law 2257/1994, OTE was liable to cover the annual operating deficit of TAP-OTE up to a maximum amount of 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 Hellenic State and the Auxiliary Pension Fund, in order to finance the TAP-OTE deficit. The Hellenic State's and the Auxiliary Pension Fund's contributions 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 Hellenic 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 Hellenic 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) increased deficits. OTE does not have a legal obligation to cover any future deficiencies of these funds and, according to management; neither does it voluntarily intend to cover such possible deficiencies. However, there can be no assurance that OTE will not be required (through regulatory arrangements) to make additional contributions in the future to cover operating deficits of these funds.

Loans and advances to pension funds are analyzed as follows:

	2009	2008
Loans and advances to:		
EDEKT	70.4	105.6
Auxiliary Fund	2.4	2.6
Interest bearing loan to Auxiliary Fund	127.0	131.5
Total	199.8	239.7
Loans and advances to:		
EDEKT	35.2	35.2
Auxiliary Fund	0.5	0.5
Interest bearing loan to Auxiliary Fund	9.6	9.5
Short-term portion	45.3	45.2
Long-term portion	154.5	194.5



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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 were granted and the repayment schedule was updated so that as of December 31, 2009, 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%.

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	
	2009	2008	2009	2008
Current service cost	19.0	18.4	16.8	15.3
Interest cost on benefit obligation	20.2	15.5	18.4	14.9
Amortization of past service cost	8.0	6.7	7.8	7.8
Amortization of unrecognized actuarial loss	2.8	2.7	1.7	1.0
TOTAL	50.0	43.3	44.7	39.0

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

	GROUP		COMPANY	
	2009	2008	2009	2008
Defined benefit obligation - beginning of the year	359.2	331.3	338.4	312.3
Current service cost	19.0	18.4	16.8	15.3
Interest cost	20.2	15.5	18.4	15.0
Actuarial loss/(gain)	(2.3)	11.1	(2.4)	12.2
Past service cost	0.7	2.5	-	1.0
Foreign exchange differences	(0.8)	-	-	-
Prior service cost arising during the year	0.2	-	-	-
Benefits paid	(38.2)	(19.6)	(37.0)	(17.4)
Defined benefit obligation - end of the year	358.0	359.2	334.2	338.4
Unrecognized actuarial losses	(50.3)	(55.3)	(51.4)	(55.6)
Unrecognized past service costs	(41.2)	(49.0)	(41.2)	(49.0)
Liability in the statement of financial position	266.5	254.9	241.6	233.8



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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

	GROUP		COMPANY	
	2009	2008	2009	2008
Discount rate	4.6 - 9.5%	4.5 - 6.7%	4.6%	5.5%
Assumed rate of future salary increases	3.5 - 4.5%	2.5 - 6.5%	4.5%	6.5%

(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 retirement employee benefit".

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

COMPANY	2009			2008		
	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Current service cost	13.5	5.8	19.3	13.9	6.0	19.9
Interest cost on benefit obligation	8.8	3.8	12.6	8.3	3.5	11.8
Amortization of unrecognized actuarial loss	6.5	4.8	11.3	5.4	26.4	31.8
Amortization of past service cost	2.3	-	2.3	2.3	3.5	5.8
TOTAL	31.1	14.4	45.5	29.9	39.4	69.3

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

COMPANY	2009			2008		
	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Projected benefit obligation - beginning of the year	194.4	83.3	277.7	200.5	85.9	286.4
Service cost-benefits earned during the year	13.5	5.8	19.3	13.9	6.0	19.9
Interest cost on projected benefit obligation	8.8	3.8	12.6	8.3	3.5	11.8
Amortization of unrecognized actuarial loss	30.0	4.8	34.8	11.1	4.8	15.9
Benefits paid	(39.7)	(10.4)	(50.1)	(39.4)	(16.9)	(56.3)
Projected benefit obligation - end of the year	207.0	87.3	294.3	194.4	83.3	277.7
Defined benefit obligation	207.0	87.3	294.3	194.4	83.3	277.7
Unrecognized actuarial losses	(79.6)	-	(79.6)	(56.1)	-	(56.1)
Unrecognized past service costs	(3.7)	-	(3.7)	(6.0)	-	(6.0)
Benefit liability	123.7	87.3	211.0	132.3	83.3	215.6
Employee's accumulated contributions			71.3			70.7
Liability in the statement of financial position	123.7	87.3	282.3	132.3	83.3	286.3

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

	2009	2008
Discount rate	3.9%	5.0%
Assumed rate of future salary increases	4.5%	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 are 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 Hellenic State for the implementation of the decision.

On March 4, 2009, the Hellenic State and IKA-ETAM (general successor of TAP-OTE) signed a transfer agreement of 19,606,015 ordinary shares held by the Hellenic 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 L3655/2008, 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 Hellenic 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 Hellenic State. The Hellenic State retains the right to repurchase part or the whole of the shares that IKA-ETAM intends to sell. To exercise this right, the Hellenic State must provide written notice of its intentions within one month from notification. If the Hellenic 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 Hellenic 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 L3371/2005. 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

- 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 Hellenic 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 Hellenic State in writing. The Hellenic 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 Hellenic 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 Hellenic State does. Otherwise, IKA-ETAM has to pay to the Hellenic State a penalty equal to the listed price of the transferred shares at the date of the General Assembly of the OTE's shareholders as well as any other compensation for any consequential loss the Hellenic State suffers.

On May 15, 2009 the 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 estimated period of payment, the provision relating to the Voluntary Leave Scheme is classified as follows:

	2009	2008
Short-term portion	149.0	275.8
Long-term portion	109.9	107.2
TOTAL	258.9	383.0

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

	2009	2008
Balance at January 1	383.0	417.7
Payments during the year	(96.1)	(42.8)
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)	-
Adjustment due to time value of money	35.8	8.1
Balance at December 31	258.9	383.0



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

On January 28, 2009, the management of OTE and OME-OTE (the personnel union body) signed a Collective Labor Agreement according to which employees who would complete the number of years required for retirement by December 30, 2009, would be entitled to benefits in order to retire by this date at the latest. The deadline for the applications for participating in this early retirement program was due on February 16, 2009. Applications were irrevocable. The respective cost amounted to Euro 11.0 and is included in the line "Cost of early retirement program" in the 2009 income statement while the eligible employees left the Company until December 30, 2009.

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 is due on January 15, 2010. The Company is in the process of calculating relevant costs which will be charged to the 2010 separate and consolidated income statement.

In addition, included in the 2009 Group's income statement is an amount of Euro 8.6 (2008: Euro 38.0) which is the cost of ROMTELECOM's early retirement program and is included in the line "Cost of early retirement program".

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	
	2009	2008	2009	2008
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	(19.6)	(50.2)	(11.0)	(12.2)
TOTAL	30.3	(50.2)	38.9	(12.2)

19. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Provision for employees' contributions under early retirement programs	7.1	4.4	7.1	4.4
Asset retirement obligation	8.5	5.9	-	-
Provision for obligation of free units	36.1	37.0	36.1	37.0
Deferred revenue (long-term)	8.0	18.0	-	-
Unpaid balance of 3G license	6.9	-	-	-
Derivative financial instrument	4.3	3.9	-	-
Other	7.0	5.4	1.8	-
TOTAL	77.9	74.6	45.0	41.4

20. SHORT-TERM BORROWINGS

The outstanding balance of short-term borrowings as of December 31, 2009 for the Group amounted to Euro 3.3 (December 31, 2008: Euro 5.1), and is analyzed as follows:

- Loan of E-VALUE S.A. of Euro 2.0, maturing on July 2010 with an interest rate Euribor + 0.90%. The outstanding balance of this loan as of December 31, 2009 amounts to Euro 2.0 (December 31, 2008: Euro 0.3).
- Loan of OTE PLUS with an outstanding balance as of December 31, 2009 amounting to Euro 1.3 (December 31, 2008: Euro 4.1).
- Loan of VOICENET with an outstanding balance as of December 31, 2009 amounting to nil (December 31, 2008: Euro 0.7).

The weighted average interest rate of the short-term borrowings for the years ended December 31, 2009 and 2008, was approximately 2.8% and 6.1%, 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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.

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 2006
COSMOTE	From 2006
OTE INTERNATIONAL INVESTMENTS LTD	From 2003
HELLAS SAT	From 2008
COSMO-ONE	From 2002
VOICENET	From 2004
HELLASCOM	From 2007
OTE PLC	From 2005
OTE SAT-MARITEL	From 2004
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 2005
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)
OTE PLUS BULGARIA	Tax exempt
E-VALUE LTD	From 2009 (incorporation)

- The tax audit of the Company for the fiscal years 2006 - 2008 is in progress.
- The tax audit of OTE PLUS for the fiscal years 2005-2007 was completed during 2009, without any impact to the Group.
- The tax audit of GERMANOS for the fiscal years 2004-2007 was completed during 2009 without any impact to the Group, as the additional taxes imposed of approximately Euro 17.0 are due from this company's previous owner.
- The tax audit of OTE ESTATE for the fiscal years 2003 - 2007 was completed during 2009, without any significant impact to the Group.
- The tax audit of OTE SAT - MARITEL for the fiscal years 2004 and 2005 was provisional, and therefore, cannot be considered as completed.
- The tax audit of AMC for fiscal years 2006 and 2007 was completed during 2009, without any impact to the Group.
- The tax audit of E-VALUE S.A. for the fiscal years 2003-2005 is in progress.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

- The tax audit, being part of the liquidation process of OTE PLUS-BULGARIA was finalized on January 11, 2010, without any tax impact to the Group.

The major components of income tax expense for the years ended December 31, 2009 and 2008 are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Current income tax	233.4	311.7	73.5	112.5
Special contribution (Law 3808/2009)	113.1	-	51.6	-
Deferred income tax	33.5	(65.5)	9.5	(29.3)
Total income tax	380.0	246.2	134.6	83.2

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.

A reconciliation between the income tax expense and the accounting profit multiplied by tax rates in force (2009:25%, 2008:25%) is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Profit before tax	780.7	844.0	412.1	446.5
Statutory tax rate	25%	25%	25%	25%
Tax at statutory rate	195.2	211.0	103.0	111.6
Non-taxable and specially taxed income	-	-	(75.7)	(69.3)
Effect of different rates in different countries	(17.3)	(2.1)	-	-
Effect of changes to tax rates	12.6	(9.7)	11.2	11.7
Expenses non-deductible for tax purposes	29.9	36.6	4.0	15.3
Losses from consolidated subsidiaries not deductible	11.6	11.9	-	-
Special contribution (Law 3808/2009)	113.1	-	51.6	-
Tax on dividends (Law 3697/2008)	30.3	-	30.3	-
Differences arising from tax audits	-	7.9	-	-
Untaxed reserve (Law 3299/2004)	-	(7.5)	-	-
Other	4.6	(1.9)	10.2	13.9
Income tax	380.0	246.2	134.6	83.2

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:

COMPANY	Statement of financial position		Income statement	
	2009	2008	2009	2008
Voluntary leave scheme	61.2	95.6	(34.4)	(11.2)
Staff retirement indemnities	44.6	38.7	5.9	(9.0)
Youth Account	46.9	49.8	(2.9)	(0.9)
Employee benefits	19.7	44.5	(24.8)	0.1
Provisions	74.1	51.0	23.1	30.5
Deferred income	5.4	4.4	1.0	(0.7)
Other	-	-	-	(3.3)
Deferred tax assets (before offset)	251.9	284.0		
Offset of deferred tax liabilities	(73.4)	(96.0)		
Deferred tax assets (after offset)	178.5	188.0		
Property, plant and equipment	(50.9)	(64.5)	13.6	21.3
Capitalized interest	(21.1)	(25.9)	4.8	6.3
Unbilled revenue	-	(3.3)	3.3	(3.3)
Loan fees	(1.4)	(2.3)	0.9	(0.5)
Deferred tax liabilities	(73.4)	(96.0)		
To be offset against deferred tax assets	73.4	96.0		
Deferred tax income/(expense)			(9.5)	29.3
Deferred tax assets, net	178.5	188.0		



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

GROUP	Statement of financial position		Income statement	
	2009	2008	2009	2008
Voluntary leave scheme	61.2	95.6	(34.4)	(11.2)
Staff retirement indemnities	46.6	42.8	3.8	(8.2)
Youth Account	46.9	49.8	(2.9)	(0.9)
Employee benefits	22.1	44.9	(22.8)	0.5
Property, plant and equipment	81.5	83.9	(2.4)	10.3
Provisions	92.3	75.7	13.3	42.4
Carry forward tax losses	20.9	20.4	0.5	(0.5)
Deferred income	8.3	5.4	2.9	(0.7)
Fair value adjustment on acquisitions	24.2	41.4	(17.2)	(2.4)
Other	22.0	14.1	7.9	(9.8)
Deferred tax asset (before offset)	426.0	474.0		
Offset of deferred tax liabilities	(172.4)	(187.2)		
Deferred tax asset (after offset)	253.6	286.8		
Deferred tax liabilities (before offset)				
Property, plant and equipment	(166.9)	(166.3)	(0.6)	29.9
Capitalized interest	(22.1)	(27.1)	5.0	6.6
Unbilled revenue	(0.2)	(5.6)	5.4	(5.4)
Loan fees	(2.3)	(3.5)	1.2	-
Fair value adjustment on acquisition	(79.3)	(89.0)	9.7	21.2
Other	(15.3)	(12.4)	(2.9)	(6.3)
	(286.1)	(303.9)		
To be offset against deferred tax asset	172.4	187.2		
Deferred tax liabilities (after offset)	(113.7)	(116.7)		
Deferred tax income/(expense)			(33.5)	65.5
Deferred tax assets, net	139.9	170.1		

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

	GROUP		COMPANY	
	2009	2008	2009	2008
Deferred tax (net) – beginning of the year	170.1	94.6	188.0	158.7
Tax charged to the income statement	(33.5)	65.5	(9.5)	29.3
Foreign exchange differences	3.3	10.0	-	-
Deferred tax (net)- end of the year	139.9	170.1	178.5	188.0

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
2010	19.4
2011	50.0
2012	88.0
2013	79.7
2014 and onwards	16.1
Total	253.2



22. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Amount due to MICROSTAR Ltd	-	160.3	-	-
Employer contributions	60.4	63.6	40.4	44.9
Payroll	36.3	34.0	21.6	23.3
Other taxes - duties	111.9	102.4	34.5	39.7
Interest payable	158.2	164.0	108.1	125.8
Provision for employees' contributions under early retirement programs	3.4	3.4	3.4	3.4
Provisions for litigation and other liabilities	109.8	110.5	108.8	109.4
Customer advances	46.9	55.6	40.2	49.7
Liability of acquiring non-controlling interests (see Note 8)	10.0	-	-	-
Other	149.0	144.4	8.5	8.9
TOTAL	685.9	838.2	365.5	405.1

On January 15, 2007, Mr. Panos Germanos acquired a participation of 10% in the share capital of COSMOTE's subsidiary COSMOHOLDING CYPRUS, by subscribing to 100 registered shares (Class B) for a total amount of Euro 144.5, through the Cypriot holding company, MICROSTAR Ltd which he controls. Therefore, as of December 31, 2008, COSMOTE's participation in COSMOHOLDING CYPRUS, amounted to 90.0%, and COSMOTE indirect participation in GERMANOS via COSMOHOLDING CYPRUS, amounted to 90.0%.

The Group consolidated COSMOHOLDING CYPRUS on a 100% basis since the class B shares, the terms of whom are guaranteed by COSMOTE, do not have a right to a dividend, return of capital, profits or other form of distribution. These shares were redeemable by COSMOHOLDING CYPRUS or any other party indicated by COSMOTE on December 31, 2009 or on December 31, 2011, if the controlling shareholder MICROSTAR Ltd. so chooses, at a price which depends on the achievement of certain corporate targets until the purchase date. In addition, the Class B shares could be prematurely purchased after the request (a) of the holder in the case of change of control of COSMOTE or OTE, or (b) if either COSMOHOLDING CYPRUS or the holder in the case COSMOTE, decided to sell its stake in COSMOHOLDING CYPRUS to third parties not under its direct or indirect control.

As of December 31, 2008, COSMOHOLDING CYPRUS held a 100% share in GERMANOS. The amount of Euro 144.5 plus Euro 15.8 which related to accrued interest (total Euro 160.3) was presented in the consolidated statement of financial position under other current liabilities as it was estimated that these shares would be purchased by December 31, 2009, at a price depending on the achievement of specified targets.

On December 31, 2009, COSMOTE acquired MICROSTAR Ltd's interest in COSMOHOLDING CYPRUS (10% of the share capital) for a total amount of Euro 168.5.

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

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at January 1	110.5	126.8	109.4	121.3
Addition during the year (see Note 24)	-	2.1	-	0.8
Foreign exchange differences	(0.1)	-	-	-
Utilized	(0.6)	(10.9)	(0.6)	(5.2)
Unused amounts reversed	-	(7.5)	-	(7.5)
Balance at December 31	109.8	110.5	108.8	109.4



23. REVENUE

Revenue is analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
DOMESTIC TELEPHONY				
Monthly network service fees	845.9	910.7	566.9	621.0
Local and long-distance calls				
-Fixed to fixed	461.9	481.9	415.7	434.3
-Fixed to mobile	249.5	325.3	174.8	229.4
	711.4	807.2	590.5	663.7
Other	62.3	96.3	66.0	70.8
	1,619.6	1,814.2	1,223.4	1,355.5
INTERNATIONAL TELEPHONY				
International traffic	84.9	93.8	58.3	63.0
Dues from international operators	113.3	136.6	75.7	86.8
Dues from mobile operators	52.9	56.5	49.3	52.6
	251.1	286.9	183.3	202.4
MOBILE TELEPHONY	2,396.2	2,470.8	-	-
OTHER REVENUE				
Prepaid cards	37.3	52.2	33.2	45.1
Leased lines and Data ATM communications	319.4	336.6	179.5	211.9
Integrated Services Digital Network (ISDN)	141.7	147.5	128.3	135.4
Sales of telecommunication equipment	438.0	617.2	42.8	54.2
Internet/ ADSL	297.7	226.9	210.9	173.8
Co-location / Local Loop	122.1	91.7	116.4	86.2
Metro Ethernet & IP CORE	31.9	23.6	24.9	17.8
Provision for services	116.4	120.4	150.9	165.7
Interconnection charges	88.9	119.4	87.6	112.3
Miscellaneous	123.8	99.9	31.2	29.4
	1,717.2	1,835.4	1,005.7	1,031.8
TOTAL REVENUE	5,984.1	6,407.3	2,412.4	2,589.7

24. OTHER OPERATING EXPENSES

Other operating expenses are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Third party fees	234.2	208.4	127.0	131.0
Cost of telecommunication materials, repairs and maintenance	182.2	191.5	73.5	63.8
Advertising and promotion costs	216.8	212.9	47.2	46.6
Utilities	163.7	142.0	70.8	60.0
Provision for doubtful accounts (see Note 10)	107.0	119.8	28.0	75.5
Other provisions (see Note 22)	-	2.1	-	0.8
Travel costs	18.0	18.1	8.7	7.9
Commissions to independent commercial distributors	238.4	253.4	-	-
Payments to Audiotex providers	9.5	8.7	6.8	5.8
Rents	101.8	90.9	72.7	73.7
Taxes, other than income tax	56.2	51.7	13.6	9.9
Transportation costs	11.2	11.8	5.5	6.4
Other	57.5	44.5	18.1	12.1
TOTAL	1,396.5	1,355.8	471.9	493.5

25. 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 share options outstanding at the end of the year that have a dilutive effect on earnings per share.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

Earnings per share are analyzed as follows:

GROUP	2009	2008
Profit attributable to owners of the parent	404.0	601.8
Weighted average number of shares for basic earnings per share	490,150,389	490,150,389
Share options	-	6,008,060
Weighted average number of shares adjusted for the effect of dilutions	490,150,389	496,158,449
Basic earnings per share	0.8242	1.2278
Diluted earnings per share	0.8242	1.2129

(Earnings per share are in absolute amounts)

For 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.

26. 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 year.

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

2009	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	2,204.8	2,843.3	790.3	145.7	5,984.1	-	5,984.1
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	(225.8)	(115.8)	(1.8)	(261.3)	(604.7)	279.5	(325.2)
Depreciation and amortization	(424.4)	(458.3)	(227.9)	(45.5)	(1,156.1)	0.8	(1,155.3)
Dividend income	9.6	-	-	-	9.6	-	9.6
Income tax expense	(134.6)	(180.9)	(31.4)	(33.1)	(380.0)	-	(380.0)
Operating profit	306.5	611.9	24.6	58.5	1,001.5	(0.6)	1,000.9
Profit for the year	277.5	377.7	(18.4)	49.6	686.4	(285.7)	400.7
Operating profit before depreciation, amortization and cost of early retirement program	692.0	1,070.2	261.1	104.0	2,127.3	(1.4)	2,125.9
Investments	156.4	0.4	-	0.2	157.0	-	157.0
Segment assets	8,211.5	4,360.5	1,737.2	6,955.9	21,265.1	(10,971.1)	10,294.0
Segment liabilities	4,767.0	3,438.0	261.3	5,766.7	14,233.0	(5,918.7)	8,314.3
Expenditures for segment assets	272.6	399.2	187.2	31.9	890.9	-	890.9



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

2008	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	2,362.1	3,064.5	850.5	130.2	6,407.3	-	6,407.3
Intersegment revenue	227.6	197.2	19.3	252.5	696.6	(696.6)	-
Interest income	36.3	29.9	16.2	308.4	390.8	(318.5)	72.3
Interest expense	(194.8)	(145.8)	(7.6)	(301.3)	(649.5)	305.8	(343.7)
Depreciation and amortization	(465.0)	(416.6)	(253.6)	(77.9)	(1,213.1)	0.1	(1,213.0)
Dividend income	12.2	-	-	-	12.2	-	12.2
Income tax expense	(83.2)	(148.5)	9.6	(24.1)	(246.2)	-	(246.2)
Operating profit	312.2	725.6	-	21.6	1,059.4	(1.7)	1,057.7
Profit for the year	363.3	470.6	(10.8)	20.9	844.0	(246.2)	597.8
Operating profit before depreciation, amortization and cost of early retirement program	789.4	1,142.2	291.6	99.5	2,322.7	(1.8)	2,320.9
Investments	156.4	0.1	-	0.1	156.6	-	156.6
Segment assets	8,873.0	4,806.2	1,873.2	7,742.3	23,294.7	(11,869.5)	11,425.2
Segment liabilities	5,349.0	3,844.9	302.7	6,509.8	16,006.4	(6,754.4)	9,252.0
Expenditures for segment assets	300.7	499.6	125.7	38.0	964.0	-	964.0

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	
	2009	2008	2009	2008
Greece	4,189.6	4,498.3	4,075.5	4,161.9
Albania	125.3	161.9	160.6	183.1
Bulgaria	423.9	469.4	644.8	668.2
Romania	1,206.4	1,188.2	2,083.7	2,022.8
Other	38.9	89.5	95.1	242.1
TOTAL	5,984.1	6,407.3	7,059.7	7,278.1

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.

27. 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.

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

	2009		2008	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	162.4	116.1	184.1	123.4
OTE INTERNATIONAL INVESTMENTS LTD	0.6	4.3	0.5	4.9
HELLAS-SAT	0.5	1.6	0.6	1.7
COSMO-ONE	0.1	0.8	0.1	0.9
VOICENET	5.3	4.2	5.4	2.9
HELLASCOM	0.2	8.3	0.2	8.5
OTE SAT - MARITEL	1.1	2.0	1.0	2.1
OTE PLUS	0.4	34.8	0.4	36.7
OTE ESTATE	2.0	61.9	1.3	62.2
OTE-GLOBE	35.0	84.3	33.9	74.3
OTE ACADEMY	-	5.0	0.1	4.2
DEUTSCHE TELEKOM AG	-	-	5.9	4.2
MAKEDONSKI TELECOMMUNIKACII A.	0.5	0.4	-	-
HT HRVATSKE	0.1	0.6	-	-
ΣΥΝΟΛΟ	208.2	324.3	233.5	326.0



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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

	2009	
	Group's Sales	Group's Purchases
DEUTSCHE TELEKOM AG	10.6	8.4
MAKEDONSKI TELEKOMUNIKACII A.	0.6	0.7
HT HRVATSKE	0.3	0.6
COMBRIDGE	4.5	0.1
DETEKON	-	0.6
ORBITEL	-	0.5
T-SYSTEMS	1.2	-
T-Mobile Deutschland	2.0	0.7
T-Mobile Czech	0.3	0.1
T-Mobile UK	0.8	0.4
T-Mobile Austria	0.2	0.1
T-Mobile Netherlands	0.4	0.1
T-Mobile USA	0.3	0.4
T-Mobile Hungary	0.1	0.1
T-Mobile Macedonia	0.2	0.1
T-Mobile Hrvatska	0.1	0.1
PCT POLSKA TELEFONIA	0.4	-
TOTAL	22.0	13.0

There were no transactions between the Group and related parties during 2008 that are not eliminated in the consolidation.

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

	2009		2008	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
COSMOFON	1.1	-	3.3	-
OTE PLC	-	179.6	1.3	176.7
TOTAL	1.1	179.6	4.6	176.7

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

	2009	2008
COSMOTE	282.2	245.2
OTE ESTATE	18.9	30.3
OTE SAT - MARITEL	1.0	0.5
OTE PLUS	0.4	-
TOTAL	302.5	276.0

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

	2009		2008	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	47.2	52.5	37.9	50.4
OTE INTERNATIONAL INVESTMENTS LTD	0.1	1.2	0.3	1.0
HELLAS-SAT	0.4	0.4	0.5	0.3
COSMO-ONE	0.1	0.2	-	0.7
VOICENET	1.1	0.9	1.7	0.9
HELLASCOM	-	1.8	-	2.9
OTE SAT - MARITEL	2.2	2.0	0.3	0.6
OTE PLUS	0.1	12.3	0.2	15.9
OTE AKINHTA	1.2	0.7	0.7	0.4
OTE-GLOBE	47.3	71.5	68.0	91.8
OTE ACADEMY	0.4	-	-	0.1
DEUTSCHE TELEKOM AG	-	-	6.3	7.2
TOTAL	100.1	143.5	115.9	172.2



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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:

	2009		2008	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM AG	6.9	-	6.5	7.5
MAKEDOSNKI TELEKOMUNIKACII A.	0.1	-	-	-
DETEKON	-	0.1	-	-
COMBRIDGE	0.6	-	-	-
ORBITEL	-	0.1	-	-
T-SYSTEMS	0.1	-	-	-
T-Mobile Deutschland	-	0.6	-	-
T-Mobile Hungary	0.1	0.2	-	-
T-Mobile Czech	0.1	0.2	-	-
T-Mobile UK	0.1	0.7	-	-
T-Mobile Austria	-	0.3	-	-
T-Mobile Netherlands	-	0.3	-	-
T-Mobile USA	1.9	3.8	-	-
T-Mobile Macedonia	0.2	0.1	-	-
PCT POLSKA TELEFONIA	-	-	-	-
TOTAL	10.1	6.4	6.5	7.5

Of the entities included in the above table, as of December 31, 2008 only DEUTSCHE TELEKOM AG was a related party to OTE.

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

	2009		2008	
	Receivable OTE	Payable by OTE	Receivable OTE	Payable by OTE
COSMOFON	-	-	46.8	-
OTE PLC	-	3,038.2	-	3,423.1
TOTAL	-	3,038.2	46.8	3,423.1

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 5.0 million and Euro 4.7 million for the years 2009 and 2008, respectively.

As of December 31, 2009, 999,230 options under OTE's share based payment plan have been granted to the Company's key management personnel as of December 31, 2009.

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.

28. 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 the COSMOTE plans was the delisting of COSMOTE's shares from the Athens Exchange on April 1, 2008. The modification of the OTE Plan and the replacement of the COSMOTE 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 number).
- 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

- 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).

The range of exercise prices of all the options granted assuming the minimum discount at least is achieved is Euro 11.96-16.57 (absolute number).

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 said 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 Stock 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 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	
	2009	2008	2009	2008
Expense arising from share-based payment transactions	7.2	12.0	2.9	6.5

Further details of the plan are as follows:

	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	6,008,060	15.66	3,440,290	15.20
Granted	3,225,670	16.21	3,141,620	16.10
Forfeited	(559,130)	16.23	(573,850)	15.26
Exercised	-	-	-	-
Expired at the end of the year	-	-	-	-
Outstanding at the end of the year	8,674,600	15.59	6,008,060	15.66
Exercisable at the end of the year	4,485,370	15.05	2,315,920	15.14

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

The weighted average remaining contractual term outstanding as of December 31, 2009 and 2008 is 3.9 years and 3.0 years, respectively.

The options granted in 2009 were measured at fair value at the date of grant. At the date of modification of July 10, 2009 the fair value of the plan 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 and calculations results of the model are presented below:

	2009	2008
Weighted average share price	10.40	21.38
Weighted average exercise price	16.57	22.05
Weighted average expected volatility	24.0%	24.0%
Weighted average exercise period	3.5 years	2.5 years
Weighted average risk free rate	2.5%	4.1%
Weighted average expected dividend	0.75	0.75
Weighted average option value	0.28	2.20

29. LITIGATION AND CLAIMS - COMMITMENTS

A. OUTSTANDING LEGAL CASES

The most significant outstanding legal cases as at December 31, 2009, 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.

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. To date ERT has not yet submitted a request for arbitration proceedings. In November 2003 ERT filed a lawsuit against OTE claiming Euro 1.5 for restitution of moral damage which will be heard by the Athens Multi-Member Court on June 3, 2010.

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. 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.

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



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 11.1 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 4.4, 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. The outcome of this appeal is pending. 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 decision is pending. 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 will be heard before the Athens Multi Member of First Instance Court on January 27, 2010. Because of Teledome S.A.'s denial to deposit the guarantee, OTE applied for withdrawal of Teledome S.A.'s order, which will be heard on May 26, 2010.

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

TELLAS S.A.: TELLAS S.A. filed four lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 20.8 plus interest in damages due to suspension of its subscriber's number portability. TELLAS S.A. resigned from the lawsuit of Euro 4.2 prior to the hearing while the hearings of the remaining lawsuits were heard on May 2, 2007 and rejected. TELLAS filed two new claims against OTE totaling Euro 6.3 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 will be heard by the Athens Multi Member Court on September 16, 2010.

LAN-NET S.A.: LAN-NET S.A. filed two lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of approximately Euro 2.2 plus interest in damages due to suspension of its subscriber's number portability. The Court rejected the first lawsuit for the amount of Euro 1.5 and LAN-NET appealed. The appeal was heard on November 1, 2007 by the Court of Appeals and was rejected. The second lawsuit of Euro 0.7 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 is scheduled for February 17, 2011.

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.

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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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. 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.

3. DEP INFO Limited filed a lawsuit against OTE claiming Euro 6.8 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.

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. 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 and 2009.

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 is scheduled to be heard on April 14, 2010. 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 a decision has not yet been issued.

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 is scheduled for March 18, 2010.

Athanasios Fekkas: Athanasios Fekkas 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 a decision is pending.

THRAHERN CAPITAL Sarl and YELLOW PAGES S.A.: In September 2009, THRAHERN CAPITAL Sarl (a foreign company) and the Greek registered company YELLOW PAGES S.A., filed a claim against OTE before the Multi Member Court of First Instance for an amount of Euro 60.5 for compensation and Euro 2.0 for restitution of moral damage. The hearing of this case was scheduled for June 2, 2011. On December 30, 2009, these two companies announced to OTE their resignation from the claim.

The most significant lawsuits and administrative disputes regarding COSMOTE and its subsidiaries, as of December 31, 2009 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.



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 the said decision in front of Tirana Appeal Court. The case is ongoing.

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 Greek Parliament, which claimed among other things that the acquisition was not in the business interest of COSMOTE. 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"). Upon conclusion of the criminal investigation, a decision will be made on whether an indictment is warranted. Four of the then members of the board of directors of COSMOTE, are still members of the current board of COSMOTE and senior executives of the Group. 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. To the extent so be requested, the Group intends to cooperate in relation to this investigation.

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. 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. It is understood that, as part of the same investigation, a former senior executive of the Group, 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. In connection with the same matter, OTE has filed a claim against Siemens AG before German Courts.

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"). Three of these members, are still members of the current Board, whereas the member of OTE's senior management is currently the C.E.O. of ROMTELECOM. The above individuals have by this time testified in connection with the case by filing defense briefs and a decision is expected on whether an indictment is warranted. On December 27, 2009, the District Attorney of Athens proposed to the Judicial Council that, among others, OTE's CEO and the Chairman of OTE's Audit Committee shall be heard from a court. This proposal is a procedural step. The Judicial Council may cease the procedure, order further investigation or refer the case to a court hearing.



FINES OF HTPC AGAINST OTE S.A.:

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.

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. OTE has appealed against this decision before the Council of State.

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.

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.

On July 26, 2007, HTPC imposed a fine amounting Euro 1.25, 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 and the decision is pending. 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.

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 requesting its annulment. The appeal was heard on October 14, 2009, and the decision is pending.

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.

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. The appeal has been postponed and will be heard on May 12, 2010.

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. The appeal has been postponed and was heard on January 21, 2010, and the decision is pending.

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 appeal was heard on January 21, 2010, and the decision is pending.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

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. The appeal was heard on October 15, 2009 and the decision is pending.

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 will be 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 on June 9, 2010.

OTE has 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

The capital commitments at the reporting date which have not been recorded in the financial statements are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Property, plant and equipment	369.2	149.7	107.9	98.1

Operating commitments

Operating commitments at the reporting date for rentals, rights of use, repair and maintenance services and other services which have not been recorded in the financial statements are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Up to 1 year	107.5	113.5	8.1	9.5
1 to 5 years	303.8	239.6	32.4	37.9
Over 5 years	201.6	290.9	40.5	47.7

30. 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 Company and the Group. The Company and the Group 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 Company's and Group's financial instruments to their fair value:

COMPANY	Carrying Amount		Fair value	
	2009	2008	2009	2008
Financial Assets				
Available-for-sale	16.3	13.0	16.3	13.0
Held to maturity	-	106.6	-	107.8
Trade receivables	608.0	697.5	608.0	697.5
Loan to Auxiliary Fund	129.4	134.1	132.3	120.7
Other loans	89.3	117.5	89.3	117.5
Cash and cash equivalents	224.0	344.5	224.0	344.5
Financial Liabilities				
Long-term borrowings	2,930.1	3,288.2	3,035.1	3,143.9
Short-term borrowings	-	18.9	-	18.9
Trade accounts payable	373.1	526.1	373.1	526.1



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

GROUP	Carrying Amount		Fair value	
	2009	2008	2009	2008
Financial Assets				
Available-for-sale	24.1	20.6	24.1	20.6
Held for trading	3.2	3.1	3.2	3.1
Held to maturity	8.1	112.2	8.1	113.4
Trade receivables	1,153.0	1,194.2	1,153.0	1,194.2
Loan to Auxiliary Fund	129.4	134.1	132.3	120.7
Other loans	89.4	71.3	89.4	71.3
Cash and cash equivalents	868.8	1,427.8	868.8	1,427.8
Derivative financial instruments	7.4	6.2	7.4	6.2
Financial Liabilities				
Long-term borrowings	5,385.7	5,409.6	5,520.0	5,094.3
Short-term borrowings	36.2	638.1	35.5	628.3
Trade accounts payable	813.2	943.9	813.2	943.9
Derivative financial instruments	4.3	3.9	4.3	3.9

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, 2009, the Company and the Group held the following financial instruments measured at fair value:

COMPANY	Fair value		Fair value hierarchy
	2009	2008	
Financial Assets			
Available-for-sale shares	14.0	10.8	Level 1
Available-for-sale mutual funds	2.3	2.2	Level 1
Other loans	89.3	117.5	Level 2
GROUP			
Financial Assets			
Available-for-sale shares	14.3	11.1	Level 1
Available-for-sale mutual funds	4.0	3.8	Level 1
Available-for-sale securities	5.8	5.7	Level 3
Held for trading bonds	3.2	3.1	Level 1
Other loans	89.4	71.3	Level 2
Derivative financial instruments	7.4	6.2	Level 2
Financial Liabilities			
Derivative financial instruments	4.3	3.9	Level 2

a) Credit risk

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

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

Trade receivables could potentially adversely affect the liquidity of the Company and the Group. 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 Company and the Group. For this category the Company and the Group assess the credit risk following the established policies and procedures and have made the appropriate provision for impairment (Note 10).

The Company and the Group 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 low level of credit risk. The Company has adopted a “deposits policy” whereby funds are only deposited with banks that have a specified minimum rating by International Rating Agencies as to their creditworthiness; in addition, limits are set on the amounts deposited depending on the rating. To avoid concentrations of risks, the Company does not deposit more than 30% of available funds in any one bank.

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

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities (Notes 9, 12 and 18) and loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme (Note 18). The above mentioned loans are not considered to expose the Company and the Group to a significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company or the Group 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 available cash as at December 31, 2009 amounts to Euro 868.8 and Euro 224.0 respectively, their loans amounts to Euro 5,421.9 and Euro 2,930.1 respectively while the Group has a long-term credit (committed) line of Euro 350.0.

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

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

COMPANY					
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

December 31, 2008	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Intercompany loans (OTE PLC)	177.7	177.7	3,064.6	672.2	4,092.2
European Investment Bank	20.5	-	-	-	20.5
Trade accounts payable	526.1	-	-	-	526.1
Total	724.3	177.7	3,064.6	672.2	4,638.8

GROUP					
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 - Rom Telecom	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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND FOR THE YEAR THEN ENDED

December 31, 2008	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term bonds OTE PLC	872.3	245.1	3,925.4	1,696.9	6,739.7
Syndicated loan OTE PLC	21.4	46.8	508.3	-	576.5
Borrowings - Rom Telecom	16.8	8.2	21.5	15.1	61.6
European Investment Bank	20.5	-	-	-	20.5
Other Borrowings	5.3	2.0	-	-	7.3
Trade accounts payable	943.9	-	-	-	943.9
Total	1,880.2	302.1	4,455.2	1,712.0	8,349.5

The Group has excluded derivative financial instruments from the above analysis. OTE has guaranteed its subsidiary's, OTE PLC, borrowing as follows:

- As at December 31, 2009: Euro 5,400.
- As at December 31, 2008: Euro 6,000.

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 Company and the Group'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. Interest rate risk mainly applies to long-term loans with variable interest rates.

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

As at December 31, 2009, the ratio of fixed loans to floating loans for the Group was 91%/9% (2008: 81%/19%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Variable interest rate	503.3	1,099.3	-	-
Fixed interest rate	4,918.6	4,948.4	2,930.1	3,307.1
Total	5,421.9	6,047.7	2,930.1	3,307.1

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

Sensitivity to an interest rates increase of 1%:

	GROUP		COMPANY	
	2009	2008	2009	2008
Profit before tax	4.7	3.3	2.2	3.5
Equity	-	3.0	-	-

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):



Change in functional currency exchange rate	Effect on profit before tax	
	2009	2008
+10%	12.4	7.2
-10%	(12.4)	(7.2)

As of December 31, 2009, COSMOTE ROMANIA had Euro 500.0 loans payable to COSMOTE (December 31, 2008 Euro 400.0) 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 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, less cash and cash equivalents and other financial assets.

The table below shows an increase in the gearing ratio in 2009 compared to 2008 due to a decrease in cash and cash equivalents, as well as a reduction in equity due to foreign exchange losses and the acquisition of non-controlling interests of AMC which was recorded in equity (see Note 8):

GROUP	December 31	
	2009	2008
Net debt		
Borrowings	5,421.9	6,047.7
Cash and cash equivalents	(868.8)	(1,427.8)
Other financial assets	(35.4)	(135.9)
Net debt	4,517.7	4,484.0
Equity	1,979.7	2,173.2
Gearing ratio	2.28x	2.06x

31. RECLASSIFICATIONS

In the consolidated statement of financial position as of December 31, 2008, amounts of Euro 5.6 which was included in "Goodwill" and Euro 5.5 which was included in "Other intangible assets", have been reclassified to "Assets classified as held for sale" as they concern COSMOFON which was sold in May 2009.

In the consolidated income statement for the year ended December 31 2008, an amount of Euro 27.1 which was included in "Charges from international operators" was reclassified to "Other operating expenses".

In the consolidated and separate cash flow statements for the year ended December 31, 2008, the amount reflected in "Other provisions" has been analyzed and reflected in "Provisions for doubtful accounts" and "Other Provisions". In addition, the amount reflected in "Decrease in liabilities (except borrowings)" has been analyzed and reflected in "Payment of early retirement programs", "Payment of staff retirement indemnities and youth account, net of employees' contributions" and "(Decrease) in liabilities (except borrowings)".



32. EVENTS AFTER THE FINANCIAL POSITION DATE

The most significant events after December 31, 2009 are as follows:

Stock 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 333,780 Basic and 2,403,560 Additional Options to the executives of COSMOTE Group for the year 2009.

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 is further examining 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.

ROMTELECOM's restructuring plan

On February 17, 2010, by virtue of a decision by the ROMTELECOM's CEO, ROMTELECOM announced the restructuring of the Access Network Directorate, Operations Corporate Group. As part of this restructuring plan, 600 positions are expected to become redundant. ROMTELECOM is in the process of calculating the related redundancy costs, which will be charged to the 2010 income statement.

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, 2009 TO DECEMBER 31, 2009

(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, 2010

The Certified Auditors : Chris Pelendridis - George Anastopoulos

Auditing Company : ERNST & YOUNG (HELLAS) Certified Auditors Accountants S.A.

Type of Auditor's Opinion : Unqualified

Composition of the Board of Directors:

- | | |
|--|---|
| 1. Panagis Yourloumis, Chairman and Managing Director - Executive Member | 6. Iordanis Avkizas, Executive Member |
| 2. Haralambos Dimitriou, Vice - Chairman, Non - Executive Member | 7. Leonidas Evangelidis, Independent, Non - Executive Member |
| 3. Kevin Copp, Executive Member | 8. Konstantinos Michalos, Independent, Non - Executive Member |
| 4. Guido Kerthoff, Non - Executive Member | 9. Ioannis Benopoulos, Independent, Non - Executive Member |
| 5. Rainer Martin Maximilian Rathgeber, Non - Executive Member | 10. Panagiotis Tavourlos, Independent, Non - Executive Member |

DATA FROM STATEMENT OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro					DATA FROM STATEMENT OF CASH FLOWS (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro				
	GROUP		COMPANY			GROUP		COMPANY	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008		01.01.2009	01.01.2008	01.01.2009	01.01.2008
ASSETS					Cash flows from operating activities				
Property, plant and equipment	5,625.1	5,872.8	2,026.7	2,191.5	Profit before tax	780.7	844.0	412.1	446.5
Intangible assets	1,434.6	1,405.3	2.5	3.0	Adjustments for:				
Other non current assets	692.4	758.6	5,194.2	5,384.9	Depreciation and amortization	1,155.3	1,213.0	424.4	465.0
Inventories	229.1	201.3	31.1	32.2	Share-based payment	7.2	12.0	2.9	6.5
Trade receivables	1,153.0	1,194.2	608.0	697.5	Cost of early retirement program	(30.3)	50.2	(38.9)	12.2
Other current assets	291.0	397.5	125.0	219.4	Provisions for staff retirement indemnities and youth account	95.5	112.6	90.2	108.3
Assets classified as held for sale	-	167.7	-	-	Other provisions	-	2.1	-	0.8
Cash and cash equivalents	868.8	1,427.8	224.0	344.5	Provisions for doubtful accounts	107.0	119.8	28.0	75.5
TOTAL ASSETS	10,294.0	11,425.2	8,211.5	8,873.0	Foreign exchange differences, net	(10.2)	(11.8)	(2.7)	6.0
EQUITY AND LIABILITIES					Interest income	(61.6)	(72.3)	(17.4)	(36.3)
Share capital	1,171.5	1,171.5	1,171.5	1,171.5	Dividend income, (gains)/ losses and impairment of investments	(33.2)	(45.9)	(311.3)	(298.8)
Other equity items	50.5	140.4	2,273.0	2,352.5	Release of EDEKT fund prepayment	35.2	35.2	35.2	35.2
Equity attributable to shareholders of the parent (a)	1,222.0	1,311.9	3,444.5	3,524.0	Interest expense	325.2	343.7	225.8	194.8
Non-controlling interests (b)	757.7	861.3	-	-	Working capital adjustments:				
Total equity (c) = (a) + (b)	1,979.7	2,173.2	3,444.5	3,524.0	Decrease / (increase) in inventories	(27.3)	(9.2)	1.1	4.8
Long-term borrowings	5,385.7	5,409.6	2,930.1	3,238.2	Decrease / (increase) in accounts receivables	(75.7)	(123.4)	39.9	(42.8)
Provisions / Other non current liabilities	850.3	839.7	678.8	668.7	(Decrease) in liabilities (except borrowings)	(72.1)	(91.7)	(92.0)	(31.5)
Short-term borrowings	36.2	638.1	-	18.9	Plus/ (Minus):				
Other current liabilities	2,042.1	2,348.1	1,158.1	1,373.2	Payment of early retirement programs	(130.3)	(91.6)	(121.7)	(53.6)
Liabilities directly associated with the assets classified as held for sale	-	16.5	-	-	Payment of staff retirement indemnities and youth account, net of employees' contributions	(88.3)	(76.0)	(87.1)	(73.9)
Total liabilities (d)	8,314.3	9,252.0	4,767.0	5,349.0	Interest and related expenses paid	(276.4)	(212.9)	(208.4)	(103.1)
TOTAL EQUITY AND LIABILITIES (c) + (d)	10,294.0	11,425.2	8,211.5	8,873.0	Income taxes paid	(299.3)	(240.2)	(83.7)	(82.8)
DATA FROM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro					Net cash flows from operating activities (a)				
	GROUP		COMPANY			1,418.0	1,757.6	296.4	632.8
	01.01.2009	01.01.2008	01.01.2009	01.01.2008	Net cash flows from investing activities				
Total revenue	5,984.1	6,407.3	2,412.4	2,589.7	Acquisition of non-controlling interest and participation in subsidiaries'				
Profit before taxes, investment and financial activities	1,000.9	1,057.7	306.5	312.2	share capital increase	(48.4)	(849.4)	-	(852.4)
Profit before tax	780.7	844.0	412.1	446.5	Acquisition of subsidiary net of cash acquired	(197.8)	-	-	-
Profit after tax (A)	400.7	597.8	277.5	363.3	Purchase of financial assets	(308.0)	(138.0)	(290.6)	(132.3)
Attributable to:					Sale or maturity of financial assets	412.2	46.8	397.3	25.7
- Owners of the parent	404.0	601.8	277.5	363.3	Loans granted	-	(1.3)	-	(1.3)
- Non controlling interests	(3.3)	(4.0)	-	-	Repayments of loans receivable	9.7	-	55.9	-
Other comprehensive income / (loss) after tax (B)	(175.4)	(276.4)	3.4	(32.7)	Loans proceeds in conjunction with disposal of subsidiaries	78.5	-	-	-
Total comprehensive income after tax (A)+(B)	225.3	321.4	280.9	330.6	Purchase of property, plant and equipment and intangible assets	(890.9)	(964.0)	(272.6)	(300.7)
Attributable to:					Proceeds from disposal of subsidiaries	86.1	24.0	-	20.9
- Owners of the parent	276.8	417.4	280.9	330.6	Interest received	61.6	66.7	14.6	27.6
- Non controlling interests	(51.5)	(96.0)	-	-	Dividends received	6.9	9.2	308.4	285.3
Basic earnings per share (in €)	0.8242	1.2278			Return of capital invested in subsidiary	-	-	116.2	-
Proposed dividend per share (in €)	0.50	0.75	0.50	0.75	Settlements of other current liabilities	(168.5)	-	-	-
Profit before taxes, investment, financial activities and depreciation and amortization	2,156.2	2,270.7	730.9	777.2	Net cash flows from / (used in) investing activities (b)	(958.6)	(1,806.0)	329.2	(927.2)
DATA FROM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro					Cash flows from financing activities				
	GROUP		COMPANY						
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	Proceeds from non-controlling interests for their participation				
Total equity at the beginning of the year (01.01.2009 and 01.01.2008)	1,979.7	2,173.2	3,444.5	3,524.0	in subsidiary's share capital increase	-	16.9	-	-
Total comprehensive income after tax	225.3	321.4	280.9	330.6	Proceeds of loans granted and issued	-	2,705.5	-	2,735.0
Share-based payments	7.2	12.0	7.2	12.0	Repayment of loans	(637.1)	(2,183.4)	(378.9)	(2,187.5)
Dividends	(367.6)	(367.6)	(367.6)	(367.6)	Dividends paid to Company's owners	(367.2)	(367.8)	(367.2)	(367.8)
Net change of participation in subsidiaries	(48.4)	(847.2)	-	-	Dividends paid to non-controlling interests	(1.2)	(5.9)	-	-
Obligation to acquire non-controlling interests	(10.0)	-	-	-	Net cash flows from / (used in) financing activities (c)	(1,005.5)	165.3	(746.1)	179.7
Total equity at the end of the year (31.12.2009 and 31.12.2008)	1,979.7	2,173.2	3,444.5	3,524.0	Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	(546.1)	116.9	(120.5)	(114.7)
					Cash and cash equivalents at the beginning of the year	1,427.8	1,316.3	344.5	459.2
					Net foreign exchange differences	(14.8)	(3.5)	-	-
					Cash and cash equivalents classified as held for sale/disposed of	1.9	(1.9)	-	-
					Cash and cash equivalents at the end of the year	868.8	1,427.8	224.0	344.5

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 audited by the tax authorities for the Company and the Group's subsidiaries are presented in Note 21 of the financial statements.
- 3) The main restructuring events concerning the Group and the Company that occurred during 2009 are presented below:
 - a. On April 27, 2009 COSMOTE (100% OTE's subsidiary) acquired a further 12.58% of AMC for an amount of € 48.4 million. As a result, COSMOTE now holds 95% of AMC (directly and indirectly via its 97% subsidiary COSMOHOLDING ALBANIA). This event is presented in Note 8 of the financial statements.
 - b. On March 4, 2009, the Hellenic State and IKA-ETAM signed a transfer agreement of 19,608,015 ordinary shares held by the Hellenic State to IKA-ETAM without cash consideration. These shares represent 4% of OTE's share capital. The fair value of the transaction was set at Euro 10.30 per share. The total fair value of the transferred shares amounts to € 201.9 million and is included in the 2009 income statement. This event is presented in Note 18 of the financial statements.
 - c. On May 15, 2009 the L. 3782/FEK A 75/15.5.2009 was enacted according to which: OTE's employees who i) have submitted a written application for participating in the Voluntary Leave Scheme, within the deadlines defined in par. 2, article 74 of L.3371/2005 and ii) do not submit an irrevocable application that would recall the initial submitted application within one (1) month from the law's enactment, are retired based on the article 74 of L. 3371/2005 within three (3) months from the expiration of the deadline. This event is presented in Note 18 of the financial statements.
 - d. On May 12, 2009, the transfer of 100% of COSMOFON through the sale of COSMOTE's wholly owned subsidiary, OTE MTS HOLDING B.V., as well as GERMANOS TELECOM AD SKOPJE (GTS) to Telekom Slovenije was completed. COSMOFON and GERMANOS TELECOM SKOPJE are included in the consolidated financial statements until the date the Group ceased to control those companies (May 12, 2009). The effect on the consolidated financial statements is presented in Note 8.
 - e. On July 1, 2009 OTE announced that its subsidiary COSMOTE signed on June 30, 2009 a share purchase agreement for the acquisition of TELEMobil S.A. (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 consideration paid for the acquisition of ZAPP was Euro 67.5, while COSMOTE undertook ZAPP's borrowings amounting to Euro 129.6 million. This event is presented in Note 8 of the financial statements.
 - f. On August 6, 2009 COSMOTE established its 100% subsidiary Cosmoholding Romania Ltd, a holding company located in Cyprus whose aim was the acquisition of the Romanian mobile communication company, TELEMobil SA (ZAPP). This event is presented in Note 8 of the financial statements.
 - g. In October 2009, E-VALUE SA, GERMANOS' S.A. 100% subsidiary, established the Greek company E-VALUE LTD. The object of the company is the provision of services regarding overdue accounts. This event is presented in Note 8 of the financial statements.
- 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, 2009 for litigations and other risks, as well as for unaudited tax years are as follows: a) for the Group € 109.8 million and € 38.3 million respectively and b) for the Company € 108.8 million and € 14.3 million respectively.
- 5) Number of employees at the end of the year: Group 32,864 (31.12.2008: 33,810), Company 11,369 (31.12.2008: 12,056).
- 6) Other comprehensive income (after tax) which was recognized directly in equity for the Group, relates to foreign currency translation and fair value difference from the valuation of available for sale investments and the impact of cash flow hedge. As for the Company relates to the fair value difference of available for sale securities.
- 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.
- 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 2009, amounted to € 208.2 million and € 324.3 million, respectively. Interest income and expense for the year 2009 amounted to € 1.1 million and € 179.6 million respectively. The outstanding balance of receivables and payables from/to related parties as of December 31, 2009 derived from current transactions amounted to € 100.1 million and € 143.5 million, respectively. The outstanding balance of payables to related parties from the loans granted amounted to € 3,038.2 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 2009, amount to € 5.0 million. Based on OTE's share option plan, until December 31, 2009, 399,230 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, for the year 2009 amounted to € 22.0 million and € 13.0 million, respectively. The outstanding balance of receivables and payables, between related parties which are not eliminated, as of December 31, 2009 derived from operating transactions amounted to € 10.1 million and € 6.4 million, respectively.
- 9) Basic earnings per share were calculated based on the weighted average number of shares outstanding.
- 10) There have been reclassifications with no impact on the prior year equity or results of the Group and the Company. These reclassifications are presented in Note 31 of the financial statements.
- 11) The most significant events that have occurred after December 31, 2009 are presented in the Note 32 of the financial statements.

Athens, February 24, 2010

CHAIRMAN AND MANAGING DIRECTOR

VICE CHAIRMAN

CHIEF FINANCIAL OFFICER

CHIEF ACCOUNTING OFFICER

PANAGIS YOURLOUMIS
I.D. Number N 032981

CHARALAMBOS DIMITRIOU
I.D. Number M 092359

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 2009, as well as during the first months of 2010, in compliance with its obligations under Community and National Legislation.

General Shareholder Assemblies' Resolutions

- 10/07/2009 Repeated AGM Resolutions.
- 25/06/2009 AGM Resolutions.
- 6/02/2009 Additional announcement regarding the EGM.
- 6/02/2009 Resolutions of Extraordinary General Assembly of February 6, 2009.

Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom

Invitations to General Shareholder Assemblies

- 25/6/2009 Invitation for the Repeated 57th AGM to be held on July 7, 2009.
- 2/6/2009 AGM Invitation- Invitation to the 57th Ordinary General Meeting to be held on June 24, 2009.
- 16/3/2009 Invitation of Extraordinary General Assembly of shareholders.
- 14/1/2009 Extraordinary General Assembly Invitation.

Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom

Dividends

- 25/6/2009 Dividend for fiscal year 2008.

Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom

Corporate Actions

- 12/10/2009 Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007-Mr Konstantinos Ploumpis member of the management of OTE SA, sold 3.800 shares of OTE SA on October 9, 2009.
- 5/08/2009 Announcement of regulated information- DEUTSHE TELEKOM, where Mr Hamid Akhavan and Mr Guido Kerkhoff members of the Board of management and Mr Kevin Copp senior executive vice-president, on July 31, 2009 purchased 24,507,519 shares of OTE SA. Mr Hamid Akhavan Mr Guido Kerkhoff and Mr Kevin Copp are also members of OTE SA Board of Directors.
- 5/08/2009 Announcement of regulated information in accordance with l. 3556/2007- Following an acquisition of shares and voting rights, the participation of DEUTSHE TELEKOM in OTE SA's share capital and total voting rights stands at 30.0000002%.
- 5/08/2009 Announcement of regulated information in accordance with l. 3556/2007- Following a disposal of shares and voting rights HELLENIC REPUBLIC's participation in OTE SA's total voting rights stands at 20.00000045%.
- 1/07/2009 Cosmote signs agreement for the acquisition of ZAPP.
- 13/05/2009 COSMOFON and Germanos Telekom Skopje sale completion.
- 8/05/2009 Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007-Mr Nikolaos Skorinis husband of Mrs Xeni Skorini member of OTE SA Board of Directors, purchased 5000 shares of OTE SA on May 8, 2009.
- 27/04/2009 Cosmote completes the acquisition of a 12.6% stake in AMC.
- 30/03/2009 Sale of COSMOFON.
- 12/02/2009 Cosmote acquires an additional 12.6% stake in AMC.
- 27/01/2009 Announcement-The Hellenic Telecommunications Organization announces that the Regulated information announcement on January 26, 2009 is not correct.
- 26/01/2009 Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007-Mr Nikolaos Pyrgelis member of the management of OTE SA, purchased 500 shares of OTE SA on January 22, 2009.

Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom

Press Releases

- 19/02/2010 New member in OTE BoD.- Mr Hamid Akhavan, member of OTE BoD submitted his resignation and Mr Rainer Rathgeber was elected in replacement.
- 18/02/2010 Q409 Results announcement details.
- 4/02/2010 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.
- 17/12/2009 2009 EXTEL Investor Relations award for the OTE Chief Operating Officer.
- 23/10/2009 Q309 Results announcement details.
- 22/10/2009 Completion of the voluntary retirement of 601 employees under the VRS Program of 2005-2006.
- 15/10/2009 2009 Third Quarter Results under IFRS to be released on November 5, 2009.



4/09/2009	Change of Chief Internal Audit Officer-Mrs Maria Rontogianni assumes the position of Chief Internal Audit Officer as of September 7, 2009. Mr Kosmas Liaros is leaving the company.
13/08/2009	Change of Chief Financial Officer.
4/08/2009	HELLAS SAT signs an agreement for the provision of satellite TV Services.
30/07/2009	Q209 Results announcement details.
10/07/2009	New BoD member in Cosmote.
26/06/2009	Changes in Cosmote's BoD.
9/06/2009	Resignation of OTE BoD member.
3/06/2009	Award for the 2007 Annual Report.
14/05/2009	Set-up of a new position in OTE Group.
4/05/2009	Q109 Results announcement details.
24/04/2009	2009 First Quarter results under IFRS to be released on May 7, 2009.
26/03/2009	New BoD member.
23/03/2009	OTE announces new time for its full year 2008 results conference call on March 27, 2009.
18/03/2009	Q408 Results announcement Details.
12/03/2009	Financial Calendar 2009.
25/02/2009	2008 Fourth Quarter Results under IFRS to be released on March 27, 2009.
6/02/2009	Composition of the Board of Directors.
9/01/2009	Cancellation of EGM 8/1/2009.

Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom

Insiders' Transactions according to 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

5/11/2009	OTE announces Q309 Financial Results under IFRS-OTE Group reports 2009 Third Quarter Results under IFRS.
6/08/2009	OTE announces Q209 Financial Results under IFRS- OTE Group reports 2009 Second Quarter results under IFRS.
7/05/2009	Q109 Financial Results-OTE Group reports 2009 First Quarter results under IFRS.
27/03/2009	OTE Q4 08 and Full Year Financial Results under IFRS-OTE Group reports 2008 Fourth Quarter and Full Year results under IFRS-.

Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom

IFRS Reports- Figures and Information

5/11/2009	Financial Data and Information in accordance with IFRS-Third Quarter 2009.
5/11/2009	Financial Statements in accordance with IFRS -Interim Condensed Financial Statements (01/01/09-30/09/09).
6/08/2009	Financial Data and Information in accordance with IFRS-Second Quarter 2009.
6/08/2009	Financial Statements in accordance with IFRS -OTE Six Months Financial Report 30.06.09.
7/05/2009	Financial Data and Information in accordance with IFRS-First Quarter 2009.
7/05/2009	Financial Statements in accordance with IFRS -First Quarter 2009.
27/03/2009	Financial Data and Information in accordance with IFRS-Fourth Quarter 2008.
27/03/2009	Financial Statements in accordance with IFRS - Annual Financial Report 2008.

Location on the company's website: www.ote.gr/ Investor Relations/ Financial Results/ Financial Statements of OTE Group and OTE S.A.