HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

ANNUAL FINANCIAL REPORT

For the period
from January 1, 2011 to December 31, 2011

(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

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

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

1. Michael Tsamaz, Chairman and Managing Director

2. Kevin Copp, Board Member

3. Panagiotis Tabourlos, Board Member

We confirm that to the best of our knowledge:

a. The Annual Financial Statements (Consolidated and Separate) of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. for the period January 1, 2011 to December 31, 2011, 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 22, 2012

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

The two members of the Board of Directors, who have signed the above statements, have been authorized to do so in accordance with the decision of the Company's Board of Directors of February 22, 2012.

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 the Hellenic Capital Market Commission and refers to the Annual Financial Statements (Consolidated and Separate) as of December 31, 2011, 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, 2011 to December 31, 2011, the Company's strategy and objectives, the significant events which took place in 2011, a presentation of the main risks and uncertainties for the next year, the Corporate Governance statement, the material transactions with the Company's and the Group's related parties, the significant events after the year-end and additional information as required by the respective law.

A. FINANCIAL HIGHLIGHTS OF 2011

OTE Group Revenue decreased by 8.1% in 2011 compared to 2010 and reached Euro 5,038.3 million, mainly due to:

- Decreased revenues from domestic telephony by 16.8% and revenues from international telephony by 18.8% in comparison with the prior year.
- Decreased revenues from mobile telephony by 5.7% in comparison with the prior year.
- Decreased revenues from sales of telecommunication equipment by 17.4% in comparison with the prior year.
- Decreased revenues from ISDN by 9.3% in comparison with the prior year.
- Decreased revenues from interconnection charges by 12.5% in comparison with the prior year.
- Decreased revenues from prepaid cards by 19.0% in comparison with the prior year.
- Decreased revenues from ADSL and Internet by 4.5% in comparison with the prior year.
- Increased revenues from leased lines, data communication and ATM by 2.5% in comparison with the prior year.
- Increased revenues from services rendered by 6.6% in comparison with the prior year.
- Increased revenues from co-location and revenues from access to the local loop (Local Loop Unbundling - LLU) by 21.5% in comparison with the prior year.
- Increased revenues from Metro Ethernet & IP CORE by 8.5%, in comparison with the prior year.
- Increased other revenues by 10.0% in comparison with the prior year.

OTE's Revenue reached Euro 1,912.2 million, reflecting a decrease by 11.9% compared to the prior year. This is a result of the decrease in revenues from domestic telephony by 15.6%, as well as the decrease in revenues from international telephony by 25.8% and the decrease in sales of telecommunication equipment by 19.0%, ISDN by 9.5%, interconnection charges by 12.1%, leased lines and data ATM communications by 23.3%, prepaid cards by 17.6%, revenues from ADSL and Internet by 4.2% and services rendered by 19.1%. These decreases were partially offset by the increase in revenues from co-location and from access to the local loop (Local Loop Unbundling - LLU) by 22.7%, the increase in revenues from Metro Ethernet & IP CORE by 9.5% and the increase in other revenues by 2.3%.

The Group's Operating Expenses reached Euro 4,696.1 million and reflect a decrease of 8.6% compared to the prior year. This decrease is mainly due to the decrease in cost of telecommunications equipment/write downs by 17.5%, in charges from domestic operators by 14.6%, in depreciation, amortization and impairment by 3.9%, in payroll and employee benefits by 8.1%, in provision for staff retirement indemnities by 20.1%, in provision for youth account by 10.0%, the decrease in cost of early retirement programs by 59.8% and the decrease in other operating expenses by 3.8%. The higher cost of early retirement programs of Euro 171.5 million in 2010 is mainly due to the charge of Euro 129.8 million for IKA-ETAM (as discussed bellow in section C). Moreover, the amount of depreciation, amortization and impairment includes the impairment of ROMTELECOM's assets that amounted to Euro 253.2 million in 2011 and Euro 244.5 million in 2010 (as discussed below in section C). These decreases were partially offset by the increase in charges from international operators by 3.3%.

The Company's Operating Expenses reached Euro 1,712.6 million in 2011 and reflect a decrease of 16.1% compared to the prior year. The decrease in operating expenses is mainly due to the following:

- 21.5% decrease in charges from domestic telecommunications operators.
- 11.3% decrease in depreciation, amortization and impairment.
- 22.0% decrease in the cost of telecommunication equipment/write downs.
- 16.9% decrease in staff retirement indemnities.
- 10.0% decrease in youth account costs.
- 8.1% decrease in other operating expenses.
- 18.9% decrease in charges from international telecommunications operators.
- 7.5% decrease in employee costs.

- 81.3% decrease in the cost of early retirement program (as the cost in 2010 included the charge of Euro 129.8 million from the IKA-ETAM case which is described in section C below).

As a result, **Operating Profit before Financial Activities of the Group** for 2011 reached Euro 352.6 million compared to Euro 384.9 million in 2010 reflecting a decrease of 8.4%. **Operating Profit before Financial Activities of the Company** for the year 2011 reached Euro 201.1 million, compared to Euro 142.2 million last year, reflecting an increase of 41.4%.

The Group's Operating Profit before Depreciation, Amortization and Impairment for 2011 reached Euro 1,662.8 million compared to Euro 1,747.9 million in 2010, reflecting a decrease of 4.9%. The respective margin on revenues reached 33.0% compared to 31.9% in the prior year. Excluding early retirement program costs, **the Group's Operating Profit before Depreciation, Amortization and Impairment** for 2011 reached Euro 1,731.8 million compared to Euro 1,919.4 million in the prior year, reflecting a decrease of 9.8%. The respective margin on revenues reached 34.4% compared to 35.0% in the prior year.

The Company's Operating Profit before Depreciation, Amortization and Impairment for 2011 reached Euro 533.2 million compared to Euro 516.4 million in 2010, reflecting an increase of 3.3%. The respective margin on revenues reached 27.9% compared to 23.8% in the prior year. Excluding early retirement program costs**, the Company's Operating Profit before Depreciation, Amortization and Impairment** for 2011 amounted to Euro 560.3 million compared to Euro 661.1 million in the prior year, reflecting a decrease of 15.2%. The respective margin on revenues reached 29.3% compared to 30.5% in the prior year.

In relation to **the Group's Financial Activities**, interest expense in 2011 was Euro 290.1 million, reflecting a decrease of 5.9% compared to 2010, which is the result of the decrease in the Group's debt. Interest income amounted to Euro 22.2 million for 2011, reflecting a decrease of 13.6% compared to the prior year. Dividend income increased by 93.0% to Euro 27.4 million due to higher dividends from TELEKOM SRBIJA in the current year. Losses from investments reached Euro 0.6 million in 2011 compared to Euro 4.6 million for 2010. Foreign exchange differences resulted in gains of Euro 3.6 million in 2011 compared to Euro 12.1 million losses in the prior year, mainly due to variations of the foreign exchange rate of RON.

Income Tax (expense) of the Group was Euro 128.7 million in 2011, reflecting a decrease of 46.1% compared to the prior year due to the decreased income tax rate, as well as the special contribution, the tax on dividends and the effect of OTE's tax audit that had affected prior year.

Considering all the above, **the Group's net result** of 2011 was a loss of Euro 13.6 million compared to loss of Euro 139.0 million of 2010.

In 2011**, Losses Attributable to Non-Controlling Interests** in the Group's income statement reached Euro 133.3 million from Euro 178.6 million in 2010 reflecting a decrease of 25.4%, mainly due to decreased losses of ROMTELECOM.

As a result of all the above, **the Group's Profit Attributable to the Owners of the Parent** for the year 2011 amounted to Euro 119.7 million compared to Euro 39.6 million in the prior year.

The Group's Net Cash Flows from Operating Activities in 2011 increased by 8.8% in comparison with the prior year, amounting to Euro 1,208.2 million, mainly due to improved working capital and decreased payments for income taxes and early retirement programs which more than offset the decreased profitability.

The Group's Capital Expenditure (CAPEX) for the year 2011 amounted to Euro 716.5 million from Euro 751.1 million in prior year reflecting a decrease of 4.6%. The decrease is due to the decreased capital expenditure of OTE and ROMTELECOM.

The Group's Total Debt as of December 31, 2011 was Euro 4,902.0 million compared to Euro 5,299.8 million at December 31, 2010, reflecting a decrease of 7.5%, whereas the **Group's Net Debt** (interest bearing loans less cash and cash equivalents and other financial assets) at December 31, 2011, reached to Euro 3,865.1 million from Euro 4,283.0 million at December 31, 2010, reflecting an decrease of 9.8%. This decrease is mainly due to the repayment of loans and the increased cash position.

As of December 31, 2011, **the Group's Net Current Assets** (including assets classified as held for sale) amounted to Euro 182.0 million compared to **Net Current Liabilities** of Euro 1,507.8 million as of December 31, 2010. The significant change is mainly due to the repayment within 2011 of borrowings that matured in 2011 of Euro 2,050.4 million and had been included in current liabilities as of December 31, 2010.

B. STRATEGY- OBJECTIVES

The management's goal is to transform OTE into a leading integrated high performance service company. The aspiration for OTE is to:

- Become a leader in Broadband, ICT, and Pay-TV services in the Greek market
- Deliver best services and high value to the customers
- Offer superior customer experience
- Become the best place to work in the Greek market & attract best talents
- Increase the value of the shareholders

In order to achieve those objectives, a transformation program has been established focusing on 8 strategic pillars:

1. Customer Experience
   Main focus on areas: Customer care, customer lifecycle management, sales channels, bill, internet portal and brand communication
2. Products & Services
   Main focus on areas: OTE TV, core products, FMC Products, Voice over IP, ICT, and internet services
3. Cost Reduction
   Focus on reducing both personnel and non personnel operational costs
4. Operations Optimization
   Main focus on areas: Customer service, shops, real estate/facility management, IT systems, support functions, processes & procedures, technical field service, network operating centers
5. Human Resources
   Main focus on areas: Management steering & appraisal, employee appraisal & development
6. Next Generation Access
   Main focus areas: FTTC business case & rollout plan, VDSL service
7. Regulation
   Main focus areas: Manage relationship with HTPC and organizational alignment on regulatory discussions/decisions
8. Group Synergies
   Main focus areas: Synergies with OTE Group, synergies with Deutsche Telekom Group

C. SIGNIFICANT EVENTS OF THE YEAR 2011

NEW TAX LAW

According to the new tax law 3943/2011, the corporate income tax rate of legal entities is set at 20% for 2011 onwards. Furthermore, a 25% withholding tax is imposed on profits distributed by Greek entities which will be borne by the beneficiary and applies to the distribution of profits approved after January 1, 2012. Especially for distribution of profits approved within 2011, the withholding tax rate is 21%. This tax is withheld by the entity which distributes its profits and exhausts the tax liability of the beneficiaries. Withholding tax shall not be imposed on dividends paid to a legal entity established in another Member State of the EU, subject to the conditions of L.2578/1998 (Parent-Subsidiary Directive). In cases of a group whereby an EU parent owns a Greek company, which on its turn owns a Greek subsidiary, the tax that has been withheld upon distribution by the Greek subsidiary to its Greek parent is refunded to the Greek parent when it distributes on its turn a dividend to its EU parent.

DEBT REFINANCING

Drawdown of existing Euro 332.0 million Revolving Credit Facility

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

Redemption of Euro 1,400.4 million notes due February 2011

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

Bonds Buybacks by OTE PLC

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

During 2011 OTE PLC proceeded with partial repurchases of total nominal amount of Euro 376.3 million under the notes Euro 650.0 million 3.75% due on November 11, 2011 along with the payment of accrued interest. The repurchased notes have been cancelled. On November 11, 2011 OTE PLC proceeded with the full redemption of the remaining outstanding amount of Euro 273.7 million notes, along with the payment of accrued interest.

On September 2, 2011, OTE PLC proceeded with the repayment of Euro 20.3 million under the Revolving Credit Facility, along with the payment of accrued interest and the repayment of Euro 29.0 million under the Syndicated Facility, along with the payment of accrued interest.

New Euro 500.0 million notes under the Global Medium-Term Note Program

On April 8, 2011, OTE PLC issued Euro 500.0 million 7.250% notes under the Global Medium-Term Note Program, maturing on April 8, 2014.

The facility contains a change of control clause which is triggered if an entity (other than (i) DEUTSCHE TELEKOM AG, (ii) DEUTSCHE TELEKOM AG together with the Hellenic Republic, any of its agencies or instrumentalities or any entity directly or indirectly controlled by the Hellenic Republic or any of its agencies or instrumentalities, or (iii) any telecommunications operator (other than DEUTSCHE TELEKOM AG) with at least one credit rating issued by either (i) Standard & Poor's Credit Market Services Europe Limited or (ii) Moody's Investors Service España, S.A. (each, together with any successor thereto, a "Rating Agency") equivalent or better than the credit rating of DEUTSCHE TELEKOM AG issued by that Rating Agency at that point in time), gains the power to direct the management and policies of OTE, whether through the ownership of voting capital, by contract or otherwise.

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

Euro 150.0 million Revolving Credit Facility committed by DEUTSCHE TELEKOM AG

On January 31, 2011 OTE PLC signed a Euro 150.0 million Revolving Credit Facility with DEUTSCHE TELEKOM AG with the guarantee of OTE, that matured on January 31, 2012. Until December 30, 2011 which was the end of the availability period OTE PLC did not draw any amount under this facility.

Other bank loans

During 2011, ROMTELECOM fully repaid three of its loans denominated in Korean Won that would mature in 2014, 2018 and 2020 paying an amount of Euro 33.8 million and OTE PLUS repaid loans of Euro 3.6 million.

New Euro 900.0 million Revolving Credit Facility (Bond Loan)

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

On February 10, 2011, OTE drew Euro 600.0 million under this facility and used the proceeds for debt repayment of loans from OTE PLC. On July 13, 2011, OTE drew the remaining Euro 300.0 million under this facility.

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

The Facility also includes two financial covenants, namely:

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

The above covenants are reviewed for compliance with the annual and semi-annual OTE Group financial statements, beginning with the financial period ended on December 31, 2010. The covenants are complied for the current financial period.

New intercompany loan with OTE PLC

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

Repayments of intercompany loans granted from OTE PLC

In January and February 2011, OTE proceeded with the gradual repayment of the remaining outstanding balance of Euro 970.4 million under the intercompany facility maturing on February 13, 2011, along with the payment of accrued interest.

On February 11, 2011, OTE proceeded with a partial prepayment of Euro 88.0 million under the intercompany loan maturing in August 2013, along with the payment of accrued interest.

In March, April and May 2011, OTE proceeded with the gradual repayment of the remaining outstanding balance of Euro 150.0 million under the intercompany loan maturing in November 2011, along with the payment of accrued interest.

On June 23, 2011, OTE proceeded with a partial prepayment of Euro 320.0 million under the intercompany loan maturing in August 2013, along with the payment of accrued interest.

On September 2, 2011, OTE proceeded with the repayment of Euro 20.3 million under the intercompany loan from OTE PLC of Euro 332.0 million maturing in September 2012 along with the payment of accrued interest. Under the same loan on November 22, 2011, OTE proceeded with a partial prepayment of Euro 31.0 million, along with the payment of accrued interest.

New Euro 500.0 million intercompany loan with OTE PLC

On April 8, 2011, OTE signed a Euro 500.0 million intercompany loan, maturing in April 2014. On the same day OTE drew in full this intercompany loan. The loan bears fixed interest rate.

INTEREST RATE SWAPS

In April 2011, OTE converted the Euro 500.0 million fixed rate loan into floating via interest rate swap agreements. The swaps have been designated as fair value hedges both on parent company and group level.

EARLY RETIREMENT PROGRAMS

OTE early retirement program

On March 31, 2011 and on December 9, 2011 OTE announced that it has reached an agreement with the union, regarding early retirement programs with incentives. The respective cost was estimated to Euro 23.4 million and is recorded in the consolidated and separate income statement of 2011, in the line “Cost of early retirement program”.

COSMOTE restructuring plan

On February 28, 2011, COSMOTE announced operational efficiency measures to improve its competitiveness and flexibility to safeguard its sustainable growth potential. The respective cost was estimated to Euro 11.5 million and is recorded in the consolidated income statement of 2011 in the line “Cost of early retirement program”.

ROMTELECOM restructuring plan

In January and May 2011, ROMTELECOM announced restructuring measures for 2011, in order to increase its efficiency and to reduce costs. The respective cost was estimated to Euro 30.4 million and is recorded in the consolidated income statement of 2011, in the line “Cost of early retirement program”.

TELEKOM SRBIJA

Until December 31, 2010, with respect to its investment in TELEKOM SRBIJA, OTE had concluded that, primarily because of the 80% interest of the Serbian government, it did not exercise significant influence over TELEKOM SRBIJA. Furthermore, with respect to its ability to reliably measure the fair value of its investment in TELEKOM SRBIJA, OTE had concluded that it couldn’t do so and therefore this investment was carried at cost.

Following the completion of the discussions and the negotiation process between OTE, TELEKOM SRBIJA and the Government of Serbia and following the approvals from the respective bodies, a Share Purchase Agreement was signed on December 30, 2011 between OTE and TELEKOM SRBIJA for the sale of OTE’s 20% stake in TELEKOM SRBIJA to the latter, at a selling price of Euro 380.0 million. In addition, OTE would receive an interim dividend of not less than Euro 17.0 million for the fiscal year 2011.

The transaction was subject to the fulfillment of certain agreed conditions precedent and would not be completed unless all these conditions were met. The Completion Date had been set to be no later that March 30, 2012. On the Completion Date, OTE would sell and transfer the sale shares to TELEKOM SRBIJA and TELEKOM SRBIJA would purchase the sale shares from OTE. On December 30, 2011, TELEKOM SRBIJA’s Shareholders’ Meeting approved the interim dividend to be declared at an amount of Euro 85.0 million in total for the 100%, resulting to Euro 17.0 million for OTE’s 20% participation. This amount was recognized as dividend income in the consolidated and separate income statement of 2011 with the respective receivable being recognized as an asset.

As a result of the all above, as of December 31, 2011, OTE proceeded to re-value its investment in TELEKOM SRBIJA at a value of Euro 380.0 million, representing the fair value of its share in TELEKOM SRBIJA. Furthermore, the investment in TELEKOM SRBIJA was classified as held-for-sale, as the criteria of IFRS 5 for such classification were met as of December 31, 2011.

CAPITAL REDUCTION OF SUBSIDIARIES

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

OTE PROPERTIES DISSOLUTION AND LIQUIDATION

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

DIVIDEND DISTRIBUTION

On June 23, 2011, the General Assembly of OTE's Shareholders approved the distribution of a dividend from 2010 profits of a total amount of Euro 57.8 million or Euro 0.1179 per share.

IKA-ETAM

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

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

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

By its letter dated October 21, 2011 and received by OTE on November 1, 2011, the Ministry notified OTE of the completion of the above mentioned additional actuarial studies and handed over to OTE a copy of such additional studies. The additional financial burden that the above mentioned actuarial studies state that incurred based on L. 3762/2009, amounts to Euro 3.7 million.

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

The fact that the announcement of the results of the actuarial studies eliminated the uncertainty regarding the amount of the obligation, together with the above mentioned inability to assess whether it is probable to take the suspension (given the first rejection) led to the conclusion that at this stage the existing contingent liability has crystallized. Furthermore, based on the provisions of IAS 10, these developments should be treated as adjusting subsequent events and therefore the amount of Euro 129.8 million was recorded in the 2010 financial statements, while the amount of Euro 3.7 million was recorded in the 2011 financial statements. OTE has not received any payment demand so far.

SHARE OPTION PLAN

On June 23, 2011, OTE's 59th Ordinary General Assembly approved the amendment of terms of the Stock Option Plan in force increasing the total number of Share Option Rights which may be granted at 22,100,000, which corresponds to approximately 4.5% of OTE's shares outstanding. On August 3, 2011 OTE's Board of Directors decided on and approved granting 1,434,073 Additional Options to the executives of OTE and its subsidiaries, 220,000 Basic Options to the executives of OTE and 539,280 Basic and 4,472,690 Additional Options to the executives of COSMOTE group for the year 2010. The preferential purchase price is equal to Euro 5.635 (absolute amount). The terms and conditions of this plan are the same as for the 2008 and 2009 Stock Option Plans, after taking into account the modification of July 2009.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

During 2011, an impairment test was carried out on OTE's participation in COSMOTE and OTE ACADEMY as there were indications that the carrying values were not recoverable. The results of the impairment test showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 428.0 million and Euro 3.5 million respectively was recognized in the 2011 separate income statement in the line "Impairment of investments" (2010: an impairment loss of Euro 0.1 million, Euro 1.6 million and Euro 0.6 million was recognized for COSMOONE, OTE ACADEMY and VOICENET respectively).

IMPAIRMENT OF ROMTELECOM'S ASSETS

As at December 31, 2011, an impairment test was performed by ROMTELECOM with respect to its property, plant and equipment and goodwill, as there were indications that its carrying value exceeds the recoverable amount. The impairment test was performed based on a discounted cash-flow model, using cash-flow projections from financial budgets approved by management and a discount rate of 9.05%. As a result of the impairment test mentioned above, an impairment loss of Euro 253.2 million was charged in the 2011 consolidated income statement (2010: Euro 244.5 million) and is included in the line "Depreciation, amortization and impairment". An amount of Euro 246.0 million was allocated to property, plant and equipment and an amount of Euro 7.2 million was allocated to goodwill.

D. RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

a) Credit risk

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

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

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

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

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

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

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

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and credit facilities to meet the financial obligations falling due in the next 12 months. The Group's and the Company's cash and cash equivalents and financial assets as at December 31, 2011 amounts to Euro 1,036.9 million and Euro 499.3 million, respectively and their debt amounts to Euro 4,902.0 million and Euro 2,996.4 million, respectively.

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

c) Market risk

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

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

i. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the Group's long-term borrowings with floating interest rates.

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

As of December 31, 2011, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 66%/34% (2010: 91%/9%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
(amounts in millions of Euro)	2011	2010	2011	2010
Floating interest rate	1,653.1	479.8	1,174.9	-
Fixed interest rate	3,248.9	4,820.0	1,821.5	2,834.5
TOTAL	**4,902.0**	**5,299.8**	**2,996.4**	**2,834.5**

As of December 31, 2011, three fixed to floating interest rate swap agreements were outstanding, with total notional amount of Euro 565.0 million. The post hedging fixed to floating ratio is 55%/45%.

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

Sensitivity to an interest rates increase of 1% (gain/(loss)):

	GROUP		COMPANY	
(amounts in millions of Euro)	2011	2010	2011	2010
Profit before tax	(10.1)	5.2	(10.6)	1.9

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 of the cash flows of a financial instrument fluctuate due to foreign currency changes.

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

Capital Management

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

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

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

The table below shows a decrease in the gearing ratio in 2011 compared to 2010, mainly due to a decrease in borrowings and an increase in equity:

GROUP (amounts in millions of Euro)	**December 31,**	
Net debt	**2011**	**2010**
Borrowings	4,902.0	5,299.8
Cash and cash equivalents	(683.4)	(1,004.3)
Other financial assets	(353.5)	(12.5)
Net debt	3,865.1	4,283.0
Equity	1,757.3	1,652.6
Gearing ratio	**2.20x**	**2.59x**

d) Other risks

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

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

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

Additional tax burdens
In the previous years the Greek State imposed special tax contributions which materially affected the Group's and the Company's income statement. Given the current fiscal position of the Greek State, additional fiscal measures may be taken, which could have a material adverse effect on the Group's and the Company's financial condition.

Macroeconomic conditions
Macroeconomic conditions in Greece and the fiscal position of the Greek State have deteriorated markedly and this has had and could continue to have a material adverse effect on the Group's and the Company's business, results of operations, financial condition and prospects.

E. CORPORATE GOVERNANCE STATEMENT

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

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

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

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

The principles and practices followed by the Company are reflected in the Articles of Incorporation[1], the Internal Regulation of Operations, the Code of Ethics and Business Conduct[2] and in other regulations or policies of the Company regulating its operations as described here below.

A. Statement of compliance with the Code of Corporate Governance

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

B. Deviations from the Code of Corporate Governance and explanations

More specifically, as per today, the following deviations should be mentioned from the above Code:
(1) The Board of Directors does not determine whether a candidate fulfils the independence criteria before being proposed for election at the General Assembly. However, there is a procedure whereby, during the meeting of the General Assembly for the election of members of the Board of Directors, the independence issues as provided for by L.3016/2002 and by the Code of SEV are mentioned, in order the shareholders to have the necessary information for the submission of their proposals. Also, after the election of independent members and the acceptance of their duties to the Board of Directors and its Committees, the independent members sign a statement confirming that the impediments of article 4 of L. 3016/2002 do not exist. In accordance with the above procedure the Board of Directors has ensured that the independent members fulfill the independence criteria (paragraph 2.4 of the Code).
(2) Until the composition of the present Statement, neither the Articles of Incorporation nor the Regulation of Operations of the Board of Directors provide that the Independent Vice Chairman may request the convening of a meeting and include specific items in the agenda. Two (2) members of the Board of Directors may request the convening of a meeting as provided by the article 20 paragraph 5 of L. 2190/1920. The procedure of article 20 provides the opportunity to every member to request the convening of a meeting with certain issues of daily agenda. Also, there is no specific procedure whereby the Independent Vice Chairman may coordinate the communication between executive and non-executive members of the Board of Directors as the Board of Directors acts and decides as a unity. Moreover, a separate meeting of non-executive members of the Board of Directors without the presence and participation of the executive members in not provided (paragraph 3.4 of the Code) as the non-executive members represent the majority of the members (5 non-executive members and 4 independent) and as a result the decisions are taken after discussion, taking into account all members' opinions.
(3) Other professional commitments of the members of the Board of Directors (including significant non-executive commitments to other companies and non-profit institutions) are not disclosed to the Company. However, according to the law and the effective "Policy against corruption and interest congruence" of OTE Group, each member must disclose in a timely manner their own interests, and any other conflict of interests with those of the Company and its affiliated companies (paragraph 4.2 of the Code).
(4) Until the composition of the present Statement there is no procedure in place providing that the appointment of an executive member of the Board of Directors as non-executive in an affiliated company, pursuant to article 42e par.5 of the CL 2190/1920, has to be approved by OTE's Board of Directors of OTE (paragraph 4.3 of the Code).
(5) There is no Committee established for the election of candidates for members of the Board of Directors after submission of nominations and there is no evaluation process of the members of the Board of Directors and its Committees. Law does not provide for the formation of this Committee and the Company has not provided to establish such a Committee. The shareholders submit the nominations either before or during the Shareholders meeting, according to the procedure provided by the article 27 paragraph 3 sub-paragraph d of L. 2190/1920 as the law states (paragraph 5.4 of the Code).
(6) The Company's Articles of Incorporation does not provide for electronic or by mail voting at the General Assemblies. Though, the Board of Directors has the ability to establish such a procedure, according to the law. However, pursuant to article 28a par.8 of CL 2190/1920, a Ministerial Decision is required in order to define the specifications on ensuring the identity of the voting shareholder. This Ministerial Decision has not yet been issued (Part DII 1.2 of the Code).

For the issues referred in this Statement as deviations from the Code of Corporate Governance of SEV there are no legal requirements or regulatory provisions set by the Hellenic Capital Market Commission, so as the necessary adjustments and measures to be done and adopted by the Company, however, the Company will proceed with the necessary adjustments of the Internal Policies and Rules.

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[1] http://www.ote.gr/portal/page/portal/InvestorRelation/CorporateGovernance/diafaneiaplirofori si/regulations
[2] http://www.ote.gr/portal/page/portal/InvestorRelation/CorporateGovernance/diafaneiaplirofori si/regulations

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

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

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

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

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

Furthermore, an OTE Compliance Committee has been established with primary mission the support, audit and assurance of the implementation of the Compliance policies within the framework of the Compliance Management System. The Commission supports the design of compliance audits. Indicatively, the Committee is competent for the development of compliance programs and the adoption of appropriate and necessary measures, the reporting regarding investigations of allegations for non-compliance with the provisions of the law and company policies, the proposals to the competent department of appropriate sanctions/disciplinary actions in cases of misconduct and provision ad hoc reports to the Board of Directors and the Audit Committee of OTE. Ordinary members of the Committee are the Chief Auditor, the Legal Counsel, the General Director of Human Resources, the Chief of Regulatory Affairs and the Security Director while extraordinarily other executives may participate according to the items of the agenda.

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

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

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

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

1.3 The General Assembly of 6/12/2011 has defined the number of the Board Directors to (11).
The table below includes the members of the Board of Directors from 1/1/2011 until 31/12/2011:

Name	Capacity	Date of appointment (most recent)	End of Term
Michael Tsamaz	Chairman and CEO, Executive member	3/11/2010	2012
Dimitrios Tzouganatos	Vice-Chairman, Independent Non Executive member	23/6/2010	2012
Kevin Copp	Executive member	24/6/2009	2012
Timotheus Höttges	Non Executive member	6/12/2011	2015
Klaus Müller	Non Executive member	15/11/2011	2012
Claudia Nemat	Non Executive member	26/10/2011	2012
Eustathios Anestis	Non Executive member	23/6/2010	2012
Nikolaos Karamouzis	Non Executive member	23/6/2010	2012
Michael Bletsas	Independent Non Executive member	23/6/2010	2012
Panagiotis Tabourlos	Independent Non Executive member	24/6/2009	2012
Vasileios Fourlis	Independent Non Executive member	23/6/2010	2012
Roland Mahler	Non Executive member	17/3/2011	26/10/2011
Guido Kerkhoff	Non Executive member	24/6/2009	17/3/2011
Rainer Rathgeber	Non Executive member	19/2/2010	15/11/2011

The changes in the composition of Board of Directors during 2011 can be summarized as follows:

- Mr Guido Kerkoff submitted his resignation on 17/3/2011 and was replaced by Mr Roland Mahler, who in his turn submitted his resignation on 26/10/2011 and was replaced by Ms Claudia Nemat.
- Mr Rainer Rathgeber submitted his resignation on 15/11/2011 and was replaced by Klaus Müller.
- Mr Timotheus Höttges was defined as the eleventh member of the Board of Directors after the relevant decision of the extraordinary General Assembly of the Company's shareholders on 6/12/2011.

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

1.4. According to the Company's Articles of Incorporation[3]:

The Board of Directors as part of its responsibilities:

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

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

- financial issues,
- matters related to subscribers, subscribers' complaints – requests,
- matters of labour law, health and safety of the Company's employees, who are employed by the Company on any kind of contractual or project basis,
- matters of personal data of the Company's personnel, on intellectual property matters in case intellectual property rights are infringed by creation of archives, saving, processing, transmitting or distribution of works of intellectual property without the permission of the creators through IT systems owned or used by the Company,
- matters related to compliance with personal data legislation and privacy of communications,
- matters related to compliance with market police orders regarding the products and/or services of the Company,

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

- matters regarding the products and/or services of the Company and/or third parties provided through the Company's network,
- matters regarding compliance with fire brigade legislation or with police orders or with any administrative order concerning the operation of the Company's shops and infrastructure, technical or not.

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

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

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

1.5. The Regulation of Operations of the Board of Directors, which has been approved by the Board of Directors, regulates the details of the procedure followed on convening, meeting and deciding. It also refers to the powers of the Chairman and the Vice-Chairman of the Board of Directors.
Concisely, according to the above Regulation, the Chairman is elected by the members and may also hold the position of the CEO. Today, Mr Michael Tsamaz holds the positions of Chairman of the Board of Directors and CEO. The Vice-Chairman, Mr. Dimitrios Tzouganatos is an independent non-executive member of the Board of Directors.

1.6. During 2011 the Board of Directors met 26 times. In principle, the Board of Directors meets at least once a month.
The presences of each member of the Board of Directors during 2011 are described in the following table:

Name	NUMBER OF MEETINGS DURING THE TERM	NUMBER OF MEETINGS BEING PRESENT	NUMBER OF MEETINGS BEING REPRESENTED
Michael Tsamaz	26	26	-
Dimitrios Tzouganatos	26	26	-
Kevin Copp	26	26	-
Timotheus Höttges	4	3	1
Klaus Müller	5	5	-
Claudia Nemat	10	9	1
Eustathios Anestis	26	26	-
Nikolaos Karamouzis	26	18	8
Michael Bletsas	26	26	-
Panagiotis Tabourlos	26	23	3
Vasileios Fourlis	26	25	1
Roland Mahler	12	11	1
Guido Kerkhoff	3	3	-
Rainer Rathgeber	20	19	1

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

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

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

For the fiscal year 2011, the Ordinary General Assembly of Shareholders held on June 23, 2011 has determined the Board of Directors members' remuneration for their participation in the meeting of the Board of Directors in the amount of Euro 2,250 "net" per month, regardless of the number of meetings.

Moreover, with decision of the General Assembly of the shareholders of the Company, the Company covers the travel/ sojourn expenses of the members of the Board of Directors for their attendance at the meetings of the Board and its Committees, from and to the country of their permanent residence, provided that are not covered by their employers as follows:

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

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

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

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

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

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

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

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

The Audit Committee during 2011 consisted of the following members:

- Mr Panagiotis Tabourlos (Chairman – Expert of Financial Matters).
- Mr Dimitrios Tzouganatos (Member).
- Mr Vasileios Fourlis (Member).

For the fiscal year 2011, by resolution of the Ordinary General Assembly held on June 23, 2011, the compensation of the Chairman and the members of the Audit Committee, for their participation in its meetings was determined as follows:
(a) Chairman: Euro 1.350 "net" per meeting in which he participates.
(b) Members: Euro 1.080 "net" per meeting in which they participate.
According to the Regulation of its Operation[4], the Audit Committee holds at least four (4) meetings every year. During 2011, it held fourteen (14) meetings.

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

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

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

In 2011, the Audit Committee dealt with all issues provided in its Regulation including, among others:

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

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

2.2. Compensation and Human Resources Committee, which is appointed by the Company's Board of Directors and consists of a minimum three members of the Board of Directors, at least two of them being non-executive.
The Committee during 2011 consisted of the following members:
Until March 2011, the members were Messers Nikolaos Karamouzis (Chairman), Kevin Copp and Guido Kerkhoff. Following the resignation of Mr Guido Kerkhoff, from April and until October 2011, the members were Messers Nikolaos Karamouzis (Chairman), Kevin Copp and Roland Mahler. From October 2011, and following the resignation of Mr Roland Mahler, the members are Messers Nikolaos Karamouzis (Chairman), Kevin Copp and Claudia Nemat.

For the fiscal year 2011, by resolution of the Ordinary General Assembly held on June 23, 2011, the compensation of the Chairman and the members of the Committee, for their participation in its meetings was determined on the amount of Euro 540 "net" per meeting in which they participate.

According to the Regulation of its Operation, the Compensation and Human Resources Committee holds at least two (2) meetings every year. During 2011 the Committee held one (1) meeting.

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

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

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

In 2011, the Committee dealt with the following issue:

- Agreement on the amendment of the effective Share Option Plan.

E. General Assembly and Shareholders' Rights

1. General Assembly - Operation and Powers

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

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

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

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

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

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

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

2. Participation of the Shareholders

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

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

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

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

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

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

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

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

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

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

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

3. Minority Shareholders' Rights

Following a request by the shareholders, representing the one twentieth (1/20) of the paid-up share capital, the Board of Directors must convoke an extraordinary General Shareholders Meeting, setting the date of the Meeting which must not be later than forty five (45) days from the date or service of the request to the Chairman of the Board of Directors. The request includes the subject of the agenda. If the General Meeting is not convoked by the Board of Directors within twenty (20) days from the service of the relevant request, the convocation is made by the requesting shareholders at the expense of the company by decision of the Single-Member Court of First Instance of the company's seat, issued following the procedure of interim measures. This decision sets the date and place of the Meeting as well as the agenda.

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

Following a request of shareholders, representing 1/20 of the paid-in share capital, the Board of Directors makes available to the shareholders the draft resolutions for the items included in the initial or revised agenda, in accordance with article 27 paragraph 3 of C.L. 2190/1920, at least 6 days before the General Assembly, if the relevant request is communicated to the Board of Directors at least 7 days before the General Assembly.

The Board of Directors is not obliged, in the above cases, to proceed with the inclusion of subjects in the agenda or to publication or notification of the subjects along with the justification or the draft decisions submitted by the shareholders, if their content is contrary to the law and to bonos mores.

Following a request by a shareholder or shareholders representing the one twentieth (1/20) of the paid-up share capital, the chairman of the Meeting is obliged to postpone, only once, the taking of a decision by the General Assembly, ordinary or extraordinary, for all or some subjects of the agenda, setting as date on which the Meeting will continue the date set in the shareholders' request which may not be later that thirty (30) days from the date of the postponement. The General meeting which follows a postponed one is a continuation of the previous one and the publicity formalities of the invitation of shareholders need not be repeated. New shareholders may also participate abiding to the provisions of the Law.

Following the request of any shareholder, communicated to the Company at least 5 full days before the General Assembly, the Board of Directors must provide to the General Assembly, the requested, specific information with respect to matters of the Company, to the extend this information is useful for the actual assessment of the items on the agenda. The Board of Directors may refuse to provide information on the grounds of a substantial cause, which must be mentioned in the minutes.

The Board of Directors may provide an overall response to requests of shareholders of the same content. The obligation of providing information does not exist if the relevant information is already available on the Company's website, especially in a question and answer format.

Following a request by the shareholders representing the one twentieth (1/20) of the paid-up share capital, the Board of Directors must announce to the General Assembly, provided that it is ordinary, the amounts which during the last two years were paid to each member of the Board of Directors or the managers of the Company, as well as any benefit to these persons for any reason or any contract between them and the company. In the above cases, the Board of Directors may decline to provide such information on reasonable grounds exists which must be mentioned in the minutes.

Following a request of shareholders representing 1/5 of the paid-up share capital which is communicated to the Company 5 complete days before the General Assembly, the Board of Directors must provide to the General Assembly information with respect to the course of the Company affairs and the financial condition of the Company. The Board of Directors may refuse to provide this information on reasonable grounds which must be mentioned in the minutes.

Following a request by shareholders representing the one twentieth (1/20) of the paid-up share capital, the decision on any subject of the agenda of the General Assembly is taken by roll-call vote.

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

4. Decisions of the General Assembly (Regular and extraordinary) of the shareholders of OTE S.A. for important issues, which have been taken during 2011:

With decision of the 59th General Assembly of the shareholders of the Company, that took place on June 23, 2011, the articles 9 ("election, composition and duration of the Board of Directors"), 17 ("Invitation-daily report of the General Assembly of the shareholders of the Company"), 18 ("submission of documents for participation in the General Assembly"), 19 ("normal quorum and majority of the General Assembly"), 20 ("extraordinary quorum or majority"), 24 ("non-controling interests") and 28 ("Profit distribution") of the Articles of Incorporation were amended in order to simplify it and adjust it to the provisions of L. 2190/1920, as in force after the amendments in its conditions that became effective after the publication of the L. 3884/2010.

Furthermore, under the decision of the extraordinary Assembly of the shareholders of the Company that took place on December 6, 2011, the increase of the number of the members of the effective Board of Directors, from ten (10) to eleven (11) was approved and the eleventh member of the Board of Directors was elected. Moreover, in the same day, the Board of Directors of OTE S.A. was held and duties were delegated to its Chief Executive Officer.

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

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

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

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

The ICS focuses on the mitigation and avoidance of risks related to the financial reporting processes. The Internal Audit function contributes to this framework by providing assurance through the performance of specific audit activities.

The examination of ICS by the Board of Directors is supported by the Audit Committee's supervision of the Internal Audit activities.

Furthermore, there are mechanisms that support the evaluations and review of the ICS process performed by the Board of Directors. Indicatively, the principles and policies that comprise the Compliance Management System, the Compliance Function, the Compliance Committee, the Compensation and Human Resources Committee.

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

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

F. MATERIAL TRANSACTIONS WITH RELATED PARTIES

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

The OTE Group includes all entities which OTE controls, either directly or indirectly. Transactions and balances between companies in the OTE Group are eliminated on consolidation.

DEUTSCHE TELEKOM AG is a 40% shareholder of OTE and consolidates OTE using the full consolidation method. Therefore, all companies included in the DEUTSCHE TELEKOM group are also considered related parties.

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

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

	2011		2010	
(amounts in millions of Euro)	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	112.7	92.5	140.9	105.6
OTE INTERNATIONAL INVESTMENTS LTD	0.4	3.9	0.5	4.1
HELLAS-SAT	0.4	3.2	0.5	2.0
COSMO-ONE	-	0.6	-	0.5
VOICENET	3.0	3.2	3.8	3.4
HELLASCOM	0.1	8.4	0.2	8.5
OTE SAT – MARITEL	0.9	1.2	1.2	2.0
OTE PLUS	0.4	30.4	0.4	33.7
OTE ESTATE	2.1	61.2	2.5	61.5
OTE-GLOBE	31.3	74.5	40.8	84.1
OTE ACADEMY	0.1	4.2	0.1	4.8
ROMTELECOM	0.1	0.2	-	0.4
TOTAL	**151.5**	**283.5**	**190.9**	**310.6**

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

(amounts in millions of Euro)	2011		2010	
	Group's Sales	Group's Purchases	Group's Sales	Group's Purchases
TELEKOM DEUTSCHLAND	15.4	13.4	16.0	10.4
HRVATSKI TELEKOM	0.2	0.3	0.4	0.5
COMBRIDGE	1.7	0.2	3.1	0.2
CRNOGORSKI TELEKOM	-	0.1	-	-
DETEKON	-	0.1	-	-
ORBITEL	-	0.8	0.1	0.4
MAGYAR	-	0.1	-	-
T-SYSTEMS	1.8	-	-	0.1
T-MOBILE CZECH	0.3	0.1	0.3	0.1
T-MOBILE UK	0.8	1.7	1.0	0.5
T-MOBILE AUSTRIA	0.5	0.3	0.4	0.5
T-MOBILE NETHERLANDS	0.4	0.2	0.5	0.1
T-MOBILE USA	0.4	0.3	0.3	0.3
T-MOBILE HUNGARY	0.7	0.2	0.6	0.2
T-MOBILE TELEKOMUNIKASYON	-	0.3	-	0.4
T-MOBILE SLOVENSKO	1.1	0.4	0.1	-
PCT POLSKA TELEFONIA	0.7	0.1	0.7	0.5
TOTAL	**24.0**	**18.6**	**23.5**	**14.2**

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

(amounts in millions of Euro)	Finance expense OTE	
	2011	2010
OTE PLC	110.0	161.0
TOTAL	**110.0**	**161.0**

The financial activities of the Group with related parties which are not eliminated in the consolidation are analyzed as follows:

(amounts in millions of Euro)	Finance expense Group	
	2011	2010
DEUTSCHE TELEKOM AG	2.0	-
TOTAL	**2.0**	**-**

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

(amounts in millions of Euro)	2011	2010
COSMOTE	-	151.2
OTE ESTATE	-	37.0
OTE SAT – MARITEL	1.2	1.7
OTE INTERNATIONAL INVESTMENTS LTD	-	2.0
TOTAL	**1.2**	**191.9**

As a result of OTE's dividend distribution, an amount of Euro 17.3 million was paid to DEUTSCHE TELEKOM AG within 2011.

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

(amounts in millions of Euro)	2011 Amounts owed to OTE	2011 Amounts owed by OTE	2010 Amounts owed to OTE	2010 Amounts owed by OTE
COSMOTE	46.6	90.5	61.2	59.9
OTE INTERNATIONAL INVESTMENTS LTD	0.2	1.4	0.2	1.1
HELLAS-SAT	0.2	0.4	0.2	0.9
COSMO-ONE	-	0.2	-	0.2
VOICENET	0.8	1.0	0.9	0.6
HELLASCOM	0.1	4.1	-	2.0
OTE SAT – MARITEL	3.6	5.9	2.6	4.5
OTE PLUS	0.2	10.9	0.2	15.6
OTE ESTATE	0.9	18.2	1.3	13.7
OTE-GLOBE	57.6	81.0	61.5	96.3
OTE ACADEMY	0.4	0.7	0.4	0.5
ROMTELECOM	0.2	-	0.2	0.1
TOTAL	**110.8**	**214.3**	**128.7**	**195.4**

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 millions of Euro)	2011 Amounts owed to Group	2011 Amounts owed by Group	2010 Amounts owed to Group	2010 Amounts owed by Group
TELEKOM DEUTSCHLAND	3.2	7.7	5.3	8.2
HRVATSKI TELEKOM	0.2	0.2	-	0.1
DETEKON	-	0.2	-	-
ORBITEL	-	0.2	-	-
MAGYAR	-	0.1	-	-
COMBRIDGE	0.1	-	0.3	-
T-SYSTEMS	0.4	-	0.1	-
T-MOBILE HUNGARY	0.1	0.1	0.1	0.1
T-MOBILE CZECH	-	0.1	0.1	0.1
T-MOBILE UK	0.2	14.7	0.3	0.9
T-MOBILE AUSTRIA	0.1	0.3	0.1	0.1
T-MOBILE NETHERLANDS	0.1	0.4	-	0.2
T-MOBILE USA	0.7	1.3	0.6	1.7
T-MOBILE SLOVENSKO	0.7	0.3	-	-
PCT POLSKA TELEFONIA	0.1	0.3	0.1	0.3
T-MOBILE INTERNATIONAL	-	-	-	1.0
TOTAL	**5.9**	**25.9**	**7.0**	**12.7**

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

(amounts in millions of Euro)	Amounts owed by OTE 2011	Amounts owed by OTE 2010
OTE PLC	2,162.4	2,938.0
TOTAL	**2,162.4**	**2,938.0**

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

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 4.5 million and Euro 4.3 million for the years 2011 and 2010, respectively.

As of December 31, 2011, 2,950,332 options under OTE's share based payment plan have been granted to the Company's key management personnel.

G. SIGNIFICANT EVENTS AFTER THE YEAR END

The most significant events after December 31, 2011 are as follows:

Completion of the sale of TELEKOM SRBIJA

On January 25, 2012, the sale of OTE's 20% entire stake in TELEKOM SRBIJA was completed. According to the Share Purchase Agreement that had been signed on December 30, 2011, OTE received Euro 397.0 million in total, out of which Euro 380.0 miliion represent the selling price and Euro 17.0 million represent the interim dividend of the fiscal year 2011.

HTPC fines to OTE and COSMOTE

On January 25, 2012, HTPC imposed a fine of Euro 2.0 million on OTE and a fine of Euro 1.0 million on COSMOTE for alleged failure to provide the requested information (collocation agreements between OTE and COSMOTE). OTE and COSMOTE intend to appeal against the fines before the Athens Administrative Court of Appeals.

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

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

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

According to the Company's share registry as of December 31, 2011 the Company's ownership was as follows:

Shareholder	Number of shares	Percentage %
Hellenic State	29,409,027	6.00%
IKA–ETAM (refers only to the transfer of 4% from the Hellenic State)	19,606,015	4.00%
DEUTSCHE TELEKOM AG	196,060,156	40.00%
Institutional investors	197,136,017	40.22%
Private investors	47,939,174	9.78%
TOTAL	**490,150,389**	**100.00%**

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

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

Any shareholder that has in their possession any number of shares has the right to participate in the General Assembly of the shareholders of the Company either in person or by proxy. The Greek State, as shareholder, is represented at the General Assembly by the Minister of Finance or by a representative.

Each share is entitled to one vote.

The Company's shareholders are entitled to receive dividends. Following the amendment of the Company's Articles of Incorporation from the General Assembly held on June 23, 2011, the minimum dividend provided to all the shareholders will be conducted according the provisions of the law, as in force.

According to the Company's Articles of Incorporation the General Assembly may decide on the allocation of the remaining profits at its own discretion; for instance, the Assembly may decide on the distribution of shares to Company employees and its affiliated companies. The shares for such a distribution would be derived from share capital increases through capitalization of profits or be covered by the shareholders themselves.

The General Assembly of shareholders maintains all its rights during liquidation. Shareholder's liability is limited to the nominal value of shares that they have in their possession. Shareholders' rights are the ones determined by the provisions of Law 2190/1920.

(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 of Law 3631/2008 (FEK A 6/2008) the acquisition by a shareholder other than the Greek State or state related entities as described in article 42E of C.L. 2190/1920 or by shareholders acting together in a harmonized way of voting rights of 20% and above of the share capital, is subject to the approval of the Inter-ministerial Privatization Committee of Law 3049/2002 which is granted under the requirements of this Law.

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

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

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

According to the shareholders agreement of May 14, 2008 between the Greek State and DEUTSCHE TELEKOM AG, 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, 2011, according to Law 3556/2007 (FEK A' 91/2007), was as follows:

1. The Greek State which as shareholder holds directly 6.00% of the paid-up share capital of the Company. Based on the agreement signed on March 4, 2009 for the transfer of 4% of OTE's share capital from the Greek State to IKA-ETAM, the latter undertakes to exercise its voting rights corresponding to the above shares, in coordination with the Greek State and has to instruct individuals who will be authorized to exercise the voting rights at any General Assembly of the OTE's shareholders on its behalf in the same way the Greek State does.
2. DEUTSCHE TELEKOM AG's direct participation in OTE's paid-up share capital which stands at 40.00%, corresponding to 196,060,156 shares, with respective voting rights.

As of December 31, 2011, 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 Greek State and the public entity under the name "Institute for Social Security - Unified Insurance Fund for Employees" (IKA-ETAM), restrictions on transfer of shares (right of the Greek State to buy back shares of IKA-ETAM and preference in case of sale) are provided. Also the same contract provides restrictions on the exercise of voting shares held by IKA-ETAM. These limitations are imposed on the contractual parties of each agreement.

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

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

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

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

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

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

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

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

- **I.** The increase of the share capital with the issuance of new shares. The amount of the increases cannot exceed the total amount of the share capital as at the date of the transfer of the relevant authority by the General Assembly to the Board of Directors.
- **II.** The issue of bonds up to an amount not exceeding the paid-up share capital, by issuing convertible bonds.

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

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

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

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

The General Assembly of Shareholders decided on April 7, 2009 to approve the purchase of the Company's shares, according to article 16 of C.L. 2190/1920, up to one tenth (1/10) of its total paid-in share capital for a period of 24 months. The Board of Directors with its 2830/6.5.2009 decision delegated the Chief Executive Officer to implement the above decision of the General Assembly of buying own shares. To date no decision has been taken to effectuate the resolution.

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

The Group has entered into various loan agreements and bond issuance agreements in which a change of control clause of OTE is included. If the clause is activated OTE must proceed with prepayment of the loan in line with what is contractually stipulated.

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

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

2) Euro 500.0 million notes under the Global Medium-Term Note Program
On April 8, 2011, OTE PLC issued Euro 500.0 million 7.250% notes under the Global Medium-Term Note Program, maturing on April 8, 2014.

The facility contains a change of control clause which is triggered if an entity (other than (i) DEUTSCHE TELEKOM AG, (ii) DEUTSCHE TELEKOM AG together with the Hellenic Republic, any of its agencies or instrumentalities or any entity directly or indirectly controlled by the Hellenic Republic or any of its agencies or instrumentalities, or (iii) any telecommunications operator (other than DEUTSCHE TELEKOM AG) with at least one credit rating issued by either (i) Standard & Poor's Credit Market Services Europe Limited or (ii) Moody's Investors Service España, S.A. (each, together with any successor thereto, a "Rating Agency") equivalent or better than the credit rating of DEUTSCHE TELEKOM AG issued by that Rating Agency at that point in time), gains the power to direct the management and policies of OTE, whether through the ownership of voting capital, by contract or otherwise.

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

3) Syndicated loan Euro 850.0 million, maturing in September 2012
In the above loan contract, the clause is activated if there is a change of control of OTE as a consequence of which the credit rating of OTE or the resulting new legal entity is downgraded below BBB/Baa2. The clause is not activated if only a change in control of OTE or only a downgrade of the credit rating of OTE below BBB/Baa2 occurs, but both events should simultaneously occur, and also the downgrade of the credit rating should be a result of the change of control.

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

In the event the clause is activated, OTE PLC must notify the banks, which have the right to demand the prepayment of the loan. The current rating of OTE is below BBB/Baa2.

4) Bonds of OTE PLC guaranteed by OTE:
- Euro 600.0 million maturing in February 2015 and
- Euro 900.0 million maturing in May 2016.

According to the terms of these bonds, the clause is activated if both of the following events occur together:
a) Any person or group of persons (other than the Hellenic Republic) acquires directly or indirectly more than 50% of the share capital or of the voting rights of OTE and
b) as a consequence of (a), the rating previously assigned to the bonds by international agencies is withdrawn or downgraded to BB+/Ba1 or their equivalent (Sub-investment grade), within a specific period and with specific terms.

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

According to the term of the bonds, in case the change of control of OTE clause is activated, OTE PLC must immediately notify in writing the bondholders, who in turn have the right, within 45 days to demand from OTE PLC the prepayment of their bonds i.e. the capital and the interest applicable to the date of prepayment. The current rating of OTE is below BB+/Ba1.

OTE'S CREDIT EVALUATION

On January 12, 2011, Moody's Investors Service placed the credit rating of OTE on review for possible downgrade. The ratings review process was triggered by Moody's Investors Service increasing concerns about the macroeconomic environment in Greece, which is increasingly challenging for OTE's performance and would focus on the extent to which the austerity measures implemented by the Greek government might further affect domestic consumption in the medium to long term and therefore curtail OTE's performance.

On March 8, 2011, Standard & Poor's Ratings Services lowered its long-term corporate credit rating on OTE to BB from BBB-. The downgrade followed OTE's weaker-than-expected operating and financial performance in fourth quarter of 2010 and reflected the ongoing deterioration of the company's business risk profile and the increase in its financial leverage to levels no longer compatible with previous rating.

On March 15, 2011, Moody's Investors Service downgraded to Baa3 from Baa2 the long-term issuer rating of OTE.

On May 11, 2011, Moody's Investors Service downgraded to Ba1 from Baa3 the long-term issuer rating of OTE.

On May 13, 2011, Standard & Poor's Ratings Services lowered its long-term corporate credit rating on OTE to BB- from BB.

On June 16, 2011, Moody's Investors Service downgraded to B1 from Ba1 the corporate family rating (CFR) of OTE, following further domestic macroeconomic deterioration in Greece and Moody's Investors Service expectations of weaker operating performance for OTE.

On October 4, 2011, Moody's Investors Service downgraded to B2 from B1 the corporate family rating (CFR) of OTE. The downgrade was based on Moody's Investors Service increasing concerns related to the macroeconomic deterioration in Greece, revised lower GDP for 2011 and also for next year and the likely further negative effect of new austerity measures on consumer spending. In Moody's Investors Service view, this could further affect OTE's revenue trend and cash-flow generation though they believed management is carefully adjusting its cost base.

On October 14, 2011, Standard & Poor's Ratings Services lowered its long-term corporate credit rating on OTE to B from BB-. The rating action reflected the view that the Group's liquidity profile was weakened to less-than-adequate in the absence of any recent refinancing as well as that the macroeconomic conditions in OTE's domestic market were deteriorated, including a potential default of the Hellenic Republic (Greece; CC/Negative/C).

(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 22, 2012

Michael Tsamaz
Chairman and Managing Director

III. AUDITORS’ REPORT OF THE FINANCIAL STATEMENTS

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. and its subsidiaries which comprise the separate and consolidated statement of financial position as of 31 December 2011 and the separate and consolidated income statement and 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 control as management determines is necessary to enable the preparation of separate and consolidated 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 separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated 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 separate and consolidated 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 separate and consolidated financial statements.

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

PricewaterhouseCoopers SA, 268 Kifissias Avenue, 15232 Halandri, Greece
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17 Ethnikis Antistassis Str., 55134 Thessaloniki, T: +30 2310 488880, F: +30 2310 459487

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. and its subsidiaries as at December 31, 2011, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying separate and consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, 22 February 2012
Certified Auditor - Accountant

PricewaterhouseCoopers S.A.
Certified Auditors - Accountants
268, Kifissias Avenue
152 32 Halandri
SOEL Reg. No 113

Marios Psaltis
SOEL Reg. No 38081

IV. ANNUAL FINANCIAL STATEMENTS

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

ANNUAL FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF DECEMBER 31, 2011

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

(TRANSLATED FROM THE GREEK ORIGINAL)

The Annual Financial Statements presented on pages 36-100, were approved by the Board of Directors on February 22, 2012 and are signed by:

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

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

TABLE OF CONTENTS   PAGE

ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 AND FOR THE YEAR THEN ENDED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 AND FOR THE YEAR THEN ENDED

STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2011	2010	2011	2010
ASSETS					
Non-current assets					
Property, plant and equipment	4	4,328.0	4,977.8	1,682.7	1,840.7
Goodwill	5	569.2	572.4	-	-
Telecommunication licenses	6	432.8	331.9	4.2	2.1
Other intangible assets	7	503.5	539.6	27.6	23.3
Investments	8	1.2	156.5	4,108.1	4,778.2
Loans and advances to pension funds	19	121.9	126.2	121.9	126.2
Deferred tax assets	22	246.2	260.4	140.5	195.2
Other non-current assets	9	204.5	154.7	168.2	120.6
Total non-current assets		**6,407.3**	**7,119.5**	**6,253.2**	**7,086.3**
Current assets					
Inventories	10	125.0	160.8	21.9	27.9
Trade receivables	11	928.6	1,010.8	495.1	534.8
Other financial assets	12	353.5	12.5	343.3	2.1
Other current assets	13	213.1	229.9	113.2	108.6
Cash and cash equivalents	14	683.4	1,004.3	156.0	189.0
Total current assets		**2,303.6**	**2,418.3**	**1,129.5**	**862.4**
Assets classified as held for sale	8	380.0	-	380.0	-
TOTAL ASSETS		**9,090.9**	**9,537.8**	**7,762.7**	**7,948.7**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	15	1,171.5	1,171.5	1,171.5	1,171.5
Share premium	15	508.0	510.6	508.0	510.6
Statutory reserve	16	347.2	347.2	347.2	347.2
Foreign exchange and other reserves	16	72.4	(147.3)	183.9	(60.1)
Changes in non-controlling interests	8	(3,321.5)	(3,321.5)	-	-
Retained earnings		2,605.9	2,539.1	934.9	1,401.2
Total equity attributable to owners of the Parent		**1,383.5**	**1,099.6**	**3,145.5**	**3,370.4**
Non-controlling interests		373.8	553.0	-	-
Total equity		**1,757.3**	**1,652.6**	**3,145.5**	**3,370.4**
Non-current liabilities					
Long-term borrowings	18	4,139.1	3,211.4	2,715.7	1,715.4
Provision for staff retirement indemnities	19	285.1	306.6	259.3	273.6
Provision for voluntary leave scheme	19	-	29.9	-	29.9
Provision for youth account	19	240.6	301.4	240.6	301.4
Deferred tax liabilities	22	92.8	66.3	-	-
Other non-current liabilities	20	74.4	43.5	23.3	21.5
Total non-current liabilities		**4,832.0**	**3,959.1**	**3,238.9**	**2,341.8**
Current liabilities					
Trade accounts payable		749.6	769.2	346.6	351.5
Short-term borrowings	21	2.0	5.6	-	-
Short-term portion of long-term borrowings	18	760.9	2,082.8	280.7	1,119.1
Income tax payable	22	15.8	70.9	-	1.6
Deferred revenue		234.6	249.0	237.2	233.1
Provision for voluntary leave scheme	19	166.2	189.4	166.2	189.4
Dividends payable	17	2.3	2.3	2.3	2.3
Other current liabilities	23	570.2	556.9	345.3	339.5
Total current liabilities		**2,501.6**	**3,926.1**	**1,378.3**	**2,236.5**
TOTAL EQUITY AND LIABILITIES		**9,090.9**	**9,537.8**	**7,762.7**	**7,948.7**

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

INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP 2011	GROUP 2010	COMPANY 2011	COMPANY 2010
Revenue					
Domestic telephony	24	1,159.8	1,394.1	876.1	1,037.9
International telephony	24	162.5	200.1	110.3	148.6
Mobile telephony	24	2,076.9	2,202.4	-	-
Other revenue	24	1,639.1	1,686.2	925.8	983.3
Total revenue		**5,038.3**	**5,482.8**	**1,912.2**	**2,169.8**
Other income/ (expense), net	25	**10.4**	**37.0**	**1.5**	**12.5**
Operating expenses					
Payroll and employee benefits		(1,036.4)	(1,128.3)	(628.4)	(679.2)
Provision for staff retirement indemnities	19	(22.2)	(27.8)	(20.1)	(24.2)
Provision for youth account	19	(9.9)	(11.0)	(9.9)	(11.0)
Cost of early retirement program	19	(69.0)	(171.5)	(27.1)	(144.7)
Charges from international operators		(196.5)	(190.3)	(89.0)	(109.7)
Charges from domestic operators		(354.0)	(414.6)	(139.9)	(178.2)
Depreciation, amortization and impairment	4,5,6,7	(1,310.2)	(1,363.0)	(332.1)	(374.2)
Cost of telecommunications equipment/ write downs		(369.1)	(447.3)	(61.5)	(78.8)
Other operating expenses	26	(1,328.8)	(1,381.1)	(404.6)	(440.1)
Total operating expenses		**(4,696.1)**	**(5,134.9)**	**(1,712.6)**	**(2,040.1)**
Operating profit before financial activities		**352.6**	**384.9**	**201.1**	**142.2**
Income and expense from financial activities					
Interest expense		(290.1)	(308.2)	(184.2)	(199.1)
Interest income		22.2	25.7	11.5	8.4
Foreign exchange differences, net		3.6	(12.1)	2.3	(0.5)
Dividend income	8	27.4	14.2	28.6	206.1
Losses from financial assets	8,12	(0.6)	(4.6)	(0.3)	(2.3)
Impairment of investments	8	-	-	(431.5)	(2.4)
Total profit /(loss) from financial activities		**(237.5)**	**(285.0)**	**(573.6)**	**10.2**
Profit / (loss) before tax		**115.1**	**99.9**	**(372.5)**	**152.4**
Income tax expense	22	(128.7)	(238.9)	(40.9)	(91.5)
Profit /(loss) for the year		**(13.6)**	**(139.0)**	**(413.4)**	**60.9**
Attributable to:					
Owners of the parent		119.7	39.6	(413.4)	60.9
Non-controlling interests		(133.3)	(178.6)	-	-
		(13.6)	**(139.0)**	**(413.4)**	**60.9**
Basic earnings per share	27	0.2442	0.0808		
Diluted earnings per share	27	0.2442	0.0808		

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

STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP 2011	GROUP 2010	COMPANY 2011	COMPANY 2010
Profit/ (loss) for the year		**(13.6)**	**(139.0)**	**(413.4)**	**60.9**
Foreign currency translation		(34.1)	(45.4)	-	-
Net gain on cash flow hedge		-	6.8	-	-
Actuarial gains	19,20	50.2	57.7	41.2	60.1
Deferred taxes on actuarial gains		(9.6)	(12.9)	(8.7)	(12.5)
Net movement in available for sale financial assets	8,12	224.6	(5.0)	225.1	(4.8)
Deferred taxes on net movement in available for sale financial assets		(13.6)	-	(13.6)	-
Other comprehensive income for the year		**217.5**	**1.2**	**244.0**	**42.8**
Total comprehensive income/ (loss) for the year		**203.9**	**(137.8)**	**(169.4)**	**103.7**
Attributable to:					
Owners of the parent		339.4	54.3	(169.4)	103.7
Non-controlling interests		(135.5)	(192.1)	-	-
		203.9	**(137.8)**	**(169.4)**	**103.7**

STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

	Attributed to equity holders of the parent								
(Amounts in millions of Euro)	Share capital	Share premium	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total	Non-controlling Interest	Total equity
Balance as at January 1, 2010	**1,171.5**	**505.1**	**344.1**	**(162.0)**	**(3,321.5)**	**2,589.2**	**1,126.4**	**757.7**	**1,884.1**
Profit / (loss) for the year	-	-	-	-	-	39.6	**39.6**	(178.6)	**(139.0)**
Other comprehensive income / (loss)	-	-	-	14.7	-	-	**14.7**	(13.5)	**1.2**
Total comprehensive income / (loss)	**-**	**-**	**-**	**14.7**	**-**	**39.6**	**54.3**	**(192.1)**	**(137.8)**
Transfer to statutory reserve	-	-	3.1	-	-	(3.1)	-	-	-
Dividends	-	-	-	-	-	(93.1)	**(93.1)**	(12.6)	**(105.7)**
Withholding tax related to dividend paid out of dividend income subject to withholding tax	-	-	-	-	-	6.5	**6.5**	-	**6.5**
Share-based payment	-	5.5	-	-	-	-	**5.5**	-	**5.5**
Balance as at December 31, 2010	**1,171.5**	**510.6**	**347.2**	**(147.3)**	**(3,321.5)**	**2,539.1**	**1,099.6**	**553.0**	**1,652.6**
Balance as at January 1, 2011	**1,171.5**	**510.6**	**347.2**	**(147.3)**	**(3,321.5)**	**2,539.1**	**1,099.6**	**553.0**	**1,652.6**
Profit / (loss) for the year	-	-	-	-	-	119.7	**119.7**	(133.3)	**(13.6)**
Other comprehensive income / (loss)	-	-	-	219.7	-	-	**219.7**	(2.2)	**217.5**
Total comprehensive income / (loss)	**-**	**-**	**-**	**219.7**	**-**	**119.7**	**339.4**	**(135.5)**	**203.9**
Dividends (see Note 17)	-	-	-	-	-	(57.8)	**(57.8)**	(43.7)	**(101.5)**
Withholding tax related to dividend paid out of dividend income subject to withholding tax	-	-	-	-	-	4.9	**4.9**	-	**4.9**
Share-based payment	-	(2.6)	-	-	-	-	**(2.6)**	-	**(2.6)**
Balance as at December 31, 2011	**1,171.5**	**508.0**	**347.2**	**72.4**	**(3,321.5)**	**2,605.9**	**1,383.5**	**373.8**	**1,757.3**

STATEMENT OF CHANGES IN EQUITY (SEPARATE)

(Amounts in millions of Euro)	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total equity
Balance as at January 1, 2010	**1,171.5**	**505.1**	**344.1**	**(102.9)**	**1,430.0**	**3,347.8**
Profit for the year	-	-	-	-	60.9	**60.9**
Other comprehensive income	-	-	-	42.8	-	**42.8**
Total comprehensive income	**-**	**-**	**-**	**42.8**	**60.9**	**103.7**
Transfer to statutory reserve	-	-	3.1	-	(3.1)	**-**
Dividends	-	-	-	-	(93.1)	**(93.1)**
Withholding tax related to dividend paid out of dividend income subject to withholding tax	-	-	-	-	6.5	**6.5**
Share-based payment	-	5.5	-	-	-	**5.5**
Balance as at December 31, 2010	**1,171.5**	**510.6**	**347.2**	**(60.1)**	**1,401.2**	**3,370.4**
Balance as at January 1, 2011	**1,171.5**	**510.6**	**347.2**	**(60.1)**	**1,401.2**	**3,370.4**
Loss for the year	-	-	-	-	(413.4)	**(413.4)**
Other comprehensive income	-	-	-	244.0	-	**244.0**
Total comprehensive income / (loss)	**-**	**-**	**-**	**244.0**	**(413.4)**	**(169.4)**
Dividends (see Note 17)	-	-	-	-	(57.8)	**(57.8)**
Withholding tax related to dividend paid out of dividend income subject to withholding tax	-	-	-	-	4.9	**4.9**
Share-based payment	-	(2.6)	-	-	-	**(2.6)**
Balance as at December 31, 2011	**1,171.5**	**508.0**	**347.2**	**183.9**	**934.9**	**3,145.5**

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

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2011	2010	2011	2010
Cash flows from operating activities					
Profit / (loss) before tax		115.1	99.9	(372.5)	152.4
Adjustments for:					
Depreciation, amortization and impairment		1,310.2	1,363.0	332.1	374.2
Share-based payment	30	(2.6)	5.5	(1.0)	2.4
Cost of early retirement program	19	69.0	171.5	27.1	144.7
Provision for staff retirement indemnities	19	22.2	27.8	20.1	24.2
Provision for youth account	19	9.9	11.0	9.9	11.0
Write down of inventories	10	20.9	12.0	6.3	-
Provision for doubtful accounts	26	135.0	125.6	24.5	25.9
Other provisions		(4.5)	(3.4)	(4.6)	(4.3)
Foreign exchange differences, net		(3.6)	12.1	(2.3)	0.5
Interest income		(22.2)	(25.7)	(11.5)	(8.4)
Dividend income	8	(27.4)	(14.2)	(28.6)	(206.1)
Losses and impairments of investments	8,12	0.6	4.6	431.8	4.7
Release of EDEKT fund prepayment	19	35.2	35.2	35.2	35.2
Interest expense		290.1	308.2	184.2	199.1
Working capital adjustments:					
Decrease / (increase) in inventories		14.9	56.3	(0.3)	3.2
Decrease / (increase) in accounts receivable		(86.9)	32.9	(25.1)	12.9
(Decrease) / increase in liabilities (except borrowings)		1.6	(212.3)	(12.5)	(36.5)
Plus /(Minus):					
Payment for early retirement programs and voluntary leave scheme	19	(113.9)	(205.0)	(74.2)	(178.2)
Payment of staff retirement indemnities and youth account, net of employees' contributions	19	(82.4)	(85.4)	(79.4)	(83.9)
Interest and related expenses paid		(284.5)	(256.0)	(174.0)	(161.7)
Income taxes paid		(188.5)	(353.2)	(20.4)	(129.6)
Net cash flows from operating activities		**1,208.2**	**1,110.4**	**264.8**	**181.7**
Cash flows from investing activities					
Acquisition of non-controlling interest		-	(7.9)	-	-
Acquisition of subsidiary net of cash acquired	8	(10.5)	(2.0)	-	-
Purchase of financial assets	12	(435.4)	(69.8)	(435.0)	-
Sale or maturity of financial assets	12	93.7	84.0	93.6	7.1
Loans granted		-	(30.0)	-	(30.0)
Repayments of loans receivable		9.8	9.7	9.8	9.7
Purchase of property plant and equipment and intangible assets		(716.5)	(751.1)	(181.4)	(224.9)
Interest received		17.5	23.5	10.6	6.5
Dividends received		10.4	10.1	11.6	203.0
Return of capital invested in subsidiary	8	-	-	82.0	-
Net cash flows from / (used in) investing activities		**(1,031.0)**	**(733.5)**	**(408.8)**	**(28.6)**
Cash flows from financing activities					
Proceeds from short-term borrowings		-	2.3	-	-
Proceeds from loans granted and issued	18	1,743.6	-	1,743.6	-
Repayment of loans	18,21	(2,142.1)	(139.7)	(1,579.7)	(99.6)
Dividends paid to Company's owners		(52.9)	(88.5)	(52.9)	(88.5)
Dividends paid to non-controlling interests		(43.7)	(12.6)	-	-
Net cash flows from / (used in) financing activities		**(495.1)**	**(238.5)**	**111.0**	**(188.1)**
Net increase / (decrease) in cash and cash equivalents		**(317.9)**	**138.4**	**(33.0)**	**(35.0)**
Cash and cash equivalents, at the beginning of the year		**1,004.3**	**868.8**	**189.0**	**224.0**
Net foreign exchange differences		(3.0)	(2.9)	-	-
Cash and cash equivalents, at the end of the year	14	**683.4**	**1,004.3**	**156.0**	**189.0**

1. CORPORATE INFORMATION

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

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

Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and as of December 31, 2011 holds a 40.00% interest in OTE (see Note 15).

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, 2011 and for the year then ended, were approved for issuance by the Board of Directors on February 22, 2012, although they are subject to the final approval of OTE's General Assembly.

The total numbers of Group and Company employees as of December 31, 2011 and 2010 were as follows:

	GROUP	COMPANY
December 31, 2011	28,474	10,569
December 31, 2010	31,088	10,925

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	2011	2010
			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 TECHNICAL AND BUSINESS SOLUTIONS S.A.– SECURITY SERVICES ("OTE PLUS")	Consulting and security services	Greece	100.00%	100.00%
DIERGASIA ENERGY TECHNICAL COMMERCIAL S.A. – GENERAL CONSTRUCTION COMPANY ("DIERGASIA")	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%
NEXTGEN COMMUNICATIONS SRL ("NEXTGEN")	Telecommunications services	Romania	54.01%	54.01%
S.C. COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE ROMANIA")	Mobile telecommunications services	Romania	86.20%	86.20%
COSMO BULGARIA MOBILE EAD ("GLOBUL")	Mobile telecommunications services	Bulgaria	100.00%	100.00%

COMPANY NAME	LINE OF BUSINESS	COUNTRY	2011 GROUP's OWNERSHIP INTEREST	2010 GROUP's OWNERSHIP INTEREST
COSMO-HOLDING ALBANIA S.A. ("CHA")	Investment holding company	Greece	97.00%	97.00%
ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC")	Mobile telecommunications services	Albania	97.21%	97.21%
COSMOHOLDING CYPRUS LTD ("COSMOHOLDING CYPRUS")	Investment holding company	Cyprus	100.00%	100.00%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	100.00%
E-VALUE S.A.	Marketing services	Greece	100.00%	100.00%
GERMANOS TELECOM ROMANIA S.A.	Retail services	Romania	100.00%	100.00%
SUNLIGHT ROMANIA S.R.L. FILIALA	Retail services	Romania	100.00%	100.00%
GERMANOS TELECOM BULGARIA A.D.	Retail services	Bulgaria	100.00%	100.00%
MOBILBEEEP LTD	Retail services	Greece	100.00%	100.00%
OTE PROPERTIES	Real estate	Greece	100.00%	100.00%
HELLAS SAT S.A.	Satellite communications	Greece	99.05%	99.05%
OTE INVESTMENT SERVICES S.A.	Investment holding company	Greece	100.00%	100.00%
COSMOHOLDING ROMANIA LTD	Investment holding company	Cyprus	100.00%	100.00%
TELEMOBIL S.A. ("ZAPP")	Mobile telecommunications services	Romania	100.00%	100.00%
E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD")	Overdue accounts management	Greece	100.00%	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 or 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 included in the financial statements. On an ongoing basis, management evaluates its estimates, including those related to legal contingencies, allowance for doubtful accounts, the estimated useful life of non-financial assets, impairment of property, plant and equipment, impairment of goodwill and intangible assets, reserve for staff retirement indemnities and youth account, recognition of revenues and expenses and income taxes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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

Impairment of goodwill

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

Provision for income taxes

The provision for income taxes in accordance with IAS 12 "Income taxes", are the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported and the potential additional tax that may be imposed as a result of audits by the taxation authorities. Group entities are subject to income taxes in various jurisdictions and significant management judgment is required in determining provision for income taxes. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which the Group and the Company operate, or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on the Group's and the Company's financial position. Where the actual additional taxes payable are different from the amounts that were initially recorded, these differences will impact the income tax and deferred tax provisions in the period in which such a determination is made. Further details are provided in Note 22.

Deferred tax assets

Deferred income tax assets and liabilities have been provided for the tax effects of temporary differences between the carrying amount and tax base of such assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused losses can be utilized. The Group and the Company have considered future taxable income and followed ongoing feasible and prudent tax planning strategy in the assessment of the recoverability of deferred tax assets. The accounting estimate related to deferred tax assets requires management to make assumptions regarding the timing of future events, including the probability of expected future taxable income and available tax planning opportunities. Further details are provided in Note 22.

Allowance for doubtful trade receivables

The Group and the Company establish an allowance for doubtful accounts sufficient to cover reasonably estimable loss for these accounts. Because of the number of accounts, it is not practical to review the collectibility of each account; therefore, at each reporting date all accounts receivable are assessed based on historical trends, statistical information, future expectations regarding suspended or cancelled customers, reactivation rates for suspended or cancelled customers and collection rates for amounts due from cancelled customers. Other domestic and international 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 11 and Note 32.

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 19.

Estimating the useful life of non-financial assets

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

Contingent liabilities

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

Impairment of property, plant and equipment

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

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

New pronouncements and amendments
The following new and amended IFRS and IFRIC interpretations have been issued but are not effective for the financial year beginning on January 1, 2011. 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:

- **IFRS 7 (Amendment) "Financial Instruments: Disclosures"** – transfers of financial assets (effective for annual periods beginning on or after July 1, 2011). This amendment sets out disclosure requirements for transferred financial assets not derecognized in their entirety as well as on transferred financial assets derecognized in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. This amendment has not yet been endorsed by the EU.

- **IAS 12 (Amendment) "Income Taxes"** (effective for annual periods beginning on or after January 1, 2012). The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 "Investment Property". This amendment has not yet been endorsed by the EU.

- **IAS 1 (Amendment) "Presentation of Financial Statements"** (effective for annual periods beginning on or after July 1, 2012). The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. This amendment has not yet been endorsed by the EU.

- **IAS 19 (Amendment) "Employee Benefits"** (effective for annual periods beginning on or after January 1, 2013). This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between "short-term" and "other long-term" benefits. This amendment has not yet been endorsed by the EU.

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after January 1, 2015). IFRS 9 is the first phase of the International Accounting Standards Board's ("IASB") project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. This standard has not yet been endorsed by the EU.

- **IFRS 13 "Fair Value Measurement"** (effective for annual periods beginning on or after January 1, 2013). IFRS 13 provides new guidance on fair value measurement and disclosure requirements. This standard has not yet been endorsed by the EU.

- **IFRIC 20 "Stripping costs in the production phase of a surface mine"** (effective for annual periods beginning on or after January 1, 2013). This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation does not apply to the Group and the Company. This interpretation has not yet been endorsed by the EU.

- **IFRS 7 (Amendment) "Financial Instruments: Disclosures"** (effective for annual periods beginning on or after January 1, 2013). The IASB has published this amendment to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This amendment has not yet been endorsed by the EU.

- **IAS 32 (Amendment) "Financial Instruments: Presentation"** (effective for annual periods beginning on or after January 1, 2014). This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This amendment has not yet been endorsed by the EU.

Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after January 1, 2013). The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). Earlier application is permitted only if the entire "package" of five standards is adopted at the same time. These standards have not yet been endorsed by the EU:

- **IFRS 10 "Consolidated Financial Statements"** replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships.

- **IFRS 11 "Joint Arrangements".** The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

- **IFRS 12 "Disclosure of Interests in Other Entities"** requires entities to disclose information, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- **IAS 27 (Amendment) "Separate Financial Statements".** This standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 "Consolidated and Separate Financial Statements". The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At the same time, the IASB relocated to IAS 27 requirements from IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" regarding separate financial statements.

- **IAS 28 (Amendment) "Investments in Associates and Joint Ventures"** replaces IAS 28 "Investments in Associates". The objective of this standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, following the issue of IFRS 11.

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 periods beginning on January 1, 2011:

- IAS 24 Related Party Disclosures (Revised)
- IAS 32 Financial Instruments: Presentation (Amended)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amended)
- In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording
- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Reporting
- IFRIC 13 Customer Loyalty Programmes

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.

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, generally accompanying a shareholding of more than one half of the voting rights. 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 ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement.

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. An intercompany 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, and any foreign exchange gains and losses arising are recorded in other comprehensive income.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transations. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

Associates

Associates are those entities in which the Group has significant influence upon, but not control over their financial and operating strategy, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in which the Group has significant influence are accounted for using the equity method of accounting. Under this method the investment is initially recognized at cost, and is adjusted to recognize the investor's share of the profit or loss after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognized in the income statement and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.

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. Foreign Currency Translation

OTE's functional and presentation 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.

Items included in the financial statements of each of the Group's entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Assets and liabilities of entities that have a functional currency different from the presentation currency, 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.

An intercompany 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, and any foreign exchange gains and losses arising are recorded in other comprehensive income.

3. Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred and the fair value of the non-controlling interest in the acquiree over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

4. Telecommunication licenses

Telecommunication licenses are recognized at historical cost. These licenses have a finite useful life and are carried at cost less accumulated amortization. Amortisation is calculated using the straight-line method over their useful lives, being between 5 and 25 years.

5. Other intangible assets

Intangible assets acquired separately are recognised at historical cost, while those acquired from a business combination are recognised at fair value on the date of acquisition. Subsequently, they are carried at cost less accumulated amortization and accumulated impairment losses. All intangible assets have a finite useful life and are amortized on a straight-line basis over their useful life. The useful lives of intangible assets are reviewed on an annual basis, and adjustments, where applicable, are made prospectively.

The main categories of intangible assets are:
Brand name: Recognized on acquisition of Germanos during 2006. The brand name was initially determined to have an indefinite useful life. During 2008, the useful life was reassessed and it was determined to be 15 years from the end of October.
Franchise agreements: Recognised on acquisition of Germanos. These agreements have a useful economic life of 20 years.
Computer software: The useful economic lives are 2 to 10 years.

6. Property, Plant and Equipment

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

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

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

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

Repairs and maintenance costs are expensed as incurred. The cost and related accumulated depreciation of assets retired or sold are removed from the corresponding accounts at the time of sale or retirement, and any gain or loss is included within "Other income/(expense), net" line in the income statement.

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

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

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. 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, and a sale is considered highly probable.

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.

8. Impairment of Non - Financial Assets (excluding goodwill)

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

9. Financial Assets

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 or loss, directly attributable transaction costs. Financial assets are classified as being at fair value through profit or loss, held to maturity, loans and receivables or available-for-sale as appropriate. The Group and the Company determine classification of their financial assets at initial recognition.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognized in the income statement within "Gains/ losses from financial assets". Changes in the fair value of assets classified as available for sale are recognized in other comprehensive income.

The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques, unless the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, where the entity is precluded from measuring these investments at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the settlement date (i.e. the date that the asset is transferred or delivered to the Group or the Company).

Offsetting of financial assets and liabilities

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

Impairment of financial assets

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Group or the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

10. 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 within “Interest expense”.

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.

11. Financial Guarantee Contracts

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

12. Inventories

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

13. 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 amortised cost, 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.

14. Cash and Cash Equivalents

For purposes of the cash flow statement, time deposits are considered to be cash and cash equivalents.

15. Current and Deferred Income Tax

Income tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

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

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

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

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

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

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

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

16. Share Capital
Ordinary shares are classified as equity. Share capital issuance costs, net of related tax, are reflected as a deduction from Share Premium.

17. 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.

18. 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.

Accounting by lessee
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 on a straight-line basis over the period of the lease.

Accounting by lessor
When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income on operating leases is recognized over the term of the lease on a straight-line basis.

19. 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.

20. 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. Gains and losses are recognized in the income statement over the period of the borrowings using the effective interest method.

21. Provisions
Provisions are recognized when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each 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.

22. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

23. Employee Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to a termination and has a detailed formal plan to terminate the employment of current employees without the possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. 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.

24. Advertising Costs

All advertising costs are expensed as incurred.

25. 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.

26. Recognition of Revenues and Expenses

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

Connection charges

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

Monthly network service fees

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

Usage Charges and Value Added Services Fees

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

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

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

Commissions paid for each contract subscriber acquired by the master dealers as well as bonuses paid to master dealers in respect of contract subscribers who renew their annual contracts, are expensed as incurred. 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.

Revenues from construction projects

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

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).

27. 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.

28. Operating Segments

Operating segments are determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the Company and each of the consolidated subsidiaries or the sub-groups included in the consolidation. The reportable segments are determined using the quantitative thresholds required by IFRS 8. Information for operating segments that do not constitute reportable segments is combined and disclosed in the "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 (a) operating profit before depreciation, amortization, impairment and cost of early retirement program, (b) operating profit/(loss) and (c) profit/(loss) for the year.

29. Dividend distribution

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

30. 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.

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 33.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is analyzed as follows:

GROUP	LAND	BUILDINGS	TELECOM EQUIPMENT	TRANSPORTATION MEANS	FURNITURE & FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2009								
Cost	49.0	932.9	12,562.3	50.6	474.3	509.8	105.7	14,684.6
Accumulated depreciation	-	(349.3)	(8,460.0)	(33.8)	(342.0)	-	-	(9,185.1)
Net book value 31/12/2009	**49.0**	**583.6**	**4,102.3**	**16.8**	**132.3**	**509.8**	**105.7**	**5,499.5**
Additions	0.6	32.9	602.8	1.8	3.5	362.7	41.3	1,045.6
Disposals and transfers - cost	-	7.8	(217.1)	(1.9)	(19.9)	(394.2)	(56.3)	(681.6)
Disposals and transfers - accumulated depreciation	0.4	1.4	334.0	4.8	20.0	-	-	360.6
Exchange differences - cost	(0.5)	(7.4)	(56.7)	(0.2)	(1.9)	(1.6)	-	(68.3)
Exchange differences - accumulated depreciation	-	5.2	40.4	0.3	1.6	-	-	47.5
Depreciation charge for the year - impairment	(0.4)	(84.5)	(1,110.8)	(5.9)	(23.9)	-	-	(1,225.5)
Net book value 31/12/2010	**49.1**	**539.0**	**3,694.9**	**15.7**	**111.7**	**476.7**	**90.7**	**4,977.8**
31/12/2010								
Cost	49.1	966.2	12,891.3	50.3	456.0	476.7	90.7	14,980.3
Accumulated depreciation	-	(427.2)	(9,196.4)	(34.6)	(344.3)	-	-	(10,002.5)
Net book value 31/12/2010	**49.1**	**539.0**	**3,694.9**	**15.7**	**111.7**	**476.7**	**90.7**	**4,977.8**
Additions	1.6	23.5	492.3	4.4	9.9	239.2	32.7	803.6
Disposals and transfers - cost	-	19.0	(336.2)	(7.5)	(3.2)	(340.3)	(44.1)	(712.3)
Disposals and transfers - accumulated depreciation	-	-	409.9	5.6	5.9	-	-	421.4
Exchange differences - cost	-	(4.3)	(40.6)	(0.2)	(1.2)	(0.6)	-	(46.9)
Exchange differences - accumulated depreciation	-	3.2	33.0	0.1	1.0	-	-	37.3
Depreciation charge for the year - impairment	(0.7)	(49.1)	(1,056.8)	(7.7)	(30.7)	-	(7.9)	(1,152.9)
Net book value 31/12/2011	**50.0**	**531.3**	**3,196.5**	**10.4**	**93.4**	**375.0**	**71.4**	**4,328.0**
31/12/2011								
Cost	50.0	1,004.4	13,006.8	47.0	461.5	375.0	71.4	15,016.1
Accumulated depreciation	-	(473.1)	(9,810.3)	(36.6)	(368.1)	-	-	(10,688.1)
Net book value 31/12/2011	**50.0**	**531.3**	**3,196.5**	**10.4**	**93.4**	**375.0**	**71.4**	**4,328.0**

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

Property, plant and equipment includes investment property of Euro 106.2 as of December 31, 2011 (December 31, 2010: Euro 86.0), the fair value of which exceeds the above mentioned carrying amount.

Borrowing costs capitalized during the year ended December 31, 2011 and 2010 by the Group as part of the cost of qualifying assets amount to Euro 10.5 and Euro 10.3, respectively. The amounts were calculated based on an average rate of capitalization for the year ended December 31, 2011 and 2010 which was 6.2% and 5.5% 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, 2011 is Euro 6.4 (December 31, 2010: Euro 13.6).

Impairment test of ROMTELECOM

As at December 31, 2011, an impairment test was performed by ROMTELECOM with respect to its property, plant and equipment and goodwill, as there were indications that the carrying value exceeds the recoverable amount. The impairment test was performed based on a discounted cash-flow model, using cash-flow projections from financial budgets approved by management and a discount rate of 9.05%. As a result of the impairment test mentioned above, an impairment loss of Euro 253.2 was charged in the 2011 consolidated income statement (2010: Euro 244.5) and is included in the line "Depreciation, amortization and impairment". An amount of Euro 246.0 was allocated to property, plant and equipment (telecommunication equipment) and an amount of Euro 7.2 was allocated to goodwill (see Note 5).

COMPANY	BUILDINGS	TELECOMMUNICATION EQUIPMENT	TRANSPORTATION MEANS	FURNITURE & FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2009							
Cost	53.7	7,542.3	41.7	141.1	324.5	83.9	8,187.2
Accumulated depreciation	(12.1)	(6,009.0)	(35.2)	(134.5)	-	-	(6,190.8)
Net book value 31/12/2009	**41.6**	**1,533.3**	**6.5**	**6.6**	**324.5**	**83.9**	**1,996.4**
Additions	4.6	257.5	-	2.3	209.7	41.4	515.5
Disposals and transfers – cost	-	(260.0)	(1.3)	(7.1)	(249.9)	(53.9)	(572.2)
Disposals and transfers – accumulated depreciation	-	248.0	1.3	7.1	-	-	256.4
Depreciation charge for the year	(3.5)	(345.9)	(2.0)	(4.0)	-	-	(355.4)
Net book value 31/12/2010	**42.7**	**1,432.9**	**4.5**	**4.9**	**284.3**	**71.4**	**1,840.7**
31/12/2010							
Cost	58.3	7,539.8	40.4	136.3	284.3	71.4	8,130.5
Accumulated depreciation	(15.6)	(6,106.9)	(35.9)	(131.4)	-	-	(6,289.8)
Net book value 31/12/2010	**42.7**	**1,432.9**	**4.5**	**4.9**	**284.3**	**71.4**	**1,840.7**
Additions	10.2	226.4	1.7	1.6	162.0	32.7	434.6
Disposals and transfers - cost	-	(279.3)	(1.4)	(6.2)	(224.9)	(32.0)	(543.8)
Disposals and transfers – accumulated depreciation	-	262.3	1.4	6.2	-	-	269.9
Depreciation charge for the year - impairment	(4.2)	(301.8)	(2.2)	(2.6)	-	(7.9)	(318.7)
Net book value 31/12/2011	**48.7**	**1,340.5**	**4.0**	**3.9**	**221.4**	**64.2**	**1,682.7**
31/12/2011							
Cost	68.5	7,486.9	40.7	131.7	221.4	64.2	8,013.4
Accumulated depreciation	(19.8)	(6,146.4)	(36.7)	(127.8)	-	-	(6,330.7)
Net book value 31/12/2011	**48.7**	**1,340.5**	**4.0**	**3.9**	**221.4**	**64.2**	**1,682.7**

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

Borrowing costs capitalized during the year ended December 31, 2011 and 2010 as part of the cost of qualifying assets amount to Euro 10.5 and Euro 10.3, respectively. The amounts were calculated based on an average rate of capitalization for the year ended December 31, 2011 and 2010 which was 6.2% and 5.5% respectively.

For the acquisition of the assets above, OTE has received government grants in the past the unamortized amount of which at December 31, 2011 is Euro 4.2 (December 31, 2010: Euro 10.5). There are no unfulfilled conditions or contingencies attached to these grants.

5. GOODWILL

Goodwill is analyzed as follows:

GROUP	2011	2010
Carrying value January 1	**572.4**	**577.4**
Foreign exchange differences	(3.2)	(4.6)
Business combination – finalization of purchase price allocation (see Note 8)	7.2	-
Acquisition of subsidiary - final adjustment	-	(0.4)
Acquisition of subsidiary	-	1.5
Impairment (see Note 8)	(7.2)	(1.5)
Carrying value December 31	**569.2**	**572.4**

Goodwill relates to the mobile telecommunication business of the Group and comprises the operations in the countries set out below that have been defined as the cash generating units for which impairment testing is performed.

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

COUNTRY	2010	Foreign exchange differences	2011
Greece	376.6	-	376.6
Albania	55.0	-	55.0
Romania	80.5	(3.2)	77.3
Bulgaria	60.3	-	60.3
TOTAL	**572.4**	**(3.2)**	**569.2**

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 four 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 are as follows:

Assumptions 2011	Greece	Romania	Bulgaria	Albania
Discount rate	11.21%	9.20%	7.41%	9.43%
Rate of increase/(decrease) of revenue	(0.29)%	2.46%	(3.42)%	0.64%
EBITDA margin (2012-2021)	36.3%-38.6%	21.2%-32.4%	31.1%-40.0%	40.6%-46.6%

Assumptions 2010	Greece	Romania	Bulgaria	Albania
Discount rate	8.76%	10.21%	8.08%	9.88%
Rate of increase/(decrease) of revenue	(0.65)%	4.86%	0.10%	(1.87)%
EBITDA margin (2011-2020)	36.1%-38.5%	15.9%-32.0%	39.9%-43.8%	43.3%-53.5%

For the projection of cash flows beyond a ten years period, a growth rate of 2% was assumed for all cash generating units. The main assumptions used by management in projecting cash flows as part of the annual impairment test of goodwill are the following:

- Risk-free rate: The risk free rate was determined on the basis of external figures derived from the relevant active 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, 2011, no impairment losses were identified in the recorded amounts of goodwill.

Any significant changes in the assumptions used resulting from future developments in the macroeconomic situation and continued intense competition may have a negative impact in these countries.

6. TELECOMMUNICATION LICENSES

Telecommunication licenses are analyzed as follows:

GROUP	2011	2010
Net book value January 1	331.9	365.0
Additions	141.2	8.3
Transfers, cost	3.8	(1.6)
Transfers, accumulated amortization	(0.2)	-
Exchange differences, cost	(1.5)	0.3
Exchange differences, accumulated amortization	1.1	(0.4)
Amortization charge for the year	(43.4)	(36.6)
Write-offs, cost	(0.6)	(37.4)
Write-offs, accumulated amortization	0.5	34.3
Net book value December 31	**432.8**	**331.9**
<u>December 31</u>		
Cost	723.6	580.7
Accumulated amortization	(290.8)	(248.8)
Net book value	**432.8**	**331.9**

COMPANY	2011	2010
Net book value January 1	2.1	2.5
Additions	2.6	-
Amortization charge for the year	(0.5)	(0.4)
Net book value December 31	**4.2**	**2.1**
December 31		
Cost	8.8	6.2
Accumulated amortization	(4.6)	(4.1)
Net book value	**4.2**	**2.1**

Telecommunication licenses comprise of licenses acquired primarily from the Group's mobile and TV operations.

On November 14, 2011, COSMOTE secured additional spectrum in the 900 & 1800 MHz bands in the auction conducted by HTPC and also renewed its current licence in the 900MHz band, for an amount of Euro 118.8 (Euro 77.6 for GSM 900 and Euro 41.2 for DCS 1800). The 70% (Euro 83.2) of the total amount was paid in 2011, while the remaining 30% (Euro 35.6) will be paid in three equal annual installments plus interest. The first installment will take place in 2015, the second in 2016 and the third in 2017 (see Note 20). The licenses have not yet been put into operation.

During 2011, AMC acquired 3G license for an amount of Euro 16.8 as well as other telecommunication licenses for Euro 2.0, GLOBUL acquired a new license LDMS for Euro 0.9, ROMTELECOM acquired other licenses for Euro 0.1 and OTE acquired TV licence for an amount of Euro 2.6.

7. OTHER INTANGIBLE ASSETS

The movement of other intangible assets is as follows:

GROUP	2011	2010
Net book value January 1	**539.6**	**620.3**
Additions	50.2	14.9
Disposals, cost	(0.5)	(33.4)
Disposals, accumulated amortization	1.0	33.3
Transfers, cost	19.5	9.2
Transfers accumulated amortization	0.4	0.1
Exchange differences, cost	(1.2)	(5.8)
Exchange differences, accumulated amortization	1.2	0.4
Amortization charge for the year	(106.7)	(99.4)
Net book value December 31	**503.5**	**539.6**
December 31		
Cost	1,141.9	1,073.9
Accumulated amortization	(638.4)	(534.3)
Net book value	**503.5**	**539.6**

Other intangible assets in the Group's statement of financial position are comprised mainly of the identifiable assets recognized as a result of the acquisition of GERMANOS during 2006. These identifiable assets recognized relate mainly to the GERMANOS brand name, but also include franchise agreements and customer relationships. 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 2011 and 2010 consolidated income statement amounted to Euro 27.5 and Euro 27.5, respectively, and the net book value of the GERMANOS brand name as of December 31, 2011 (considering also the positive effect of exchange differences of Euro 0.1), amounted to Euro 318.1 (December 31, 2010: Euro 345.5).

COMPANY	2011	2010
Net book value January 1	**23.3**	**30.3**
Additions	0.2	0.1
Transfers, cost	17.0	11.4
Disposals, cost	-	(0.1)
Amortization charge for the year	(12.9)	(18.4)
Net book value December 31	**27.6**	**23.3**
December 31		
Cost	196.2	179.0
Accumulated amortization	(168.6)	(155.7)
Net book value	**27.6**	**23.3**

There are no intangible assets with indefinite useful life as of December 31, 2011 and 2010.

8. INVESTMENTS – BUSINESS COMBINATIONS

Investments are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
(a) Investments in subsidiaries	-	-	4,106.9	4,622.0
(b) Other investments	1.2	156.5	1.2	156.2
TOTAL	**1.2**	**156.5**	**4,108.1**	**4,778.2**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	2011	2010
COSMOTE	100.00%	Greece	3,083.7	3,513.3
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	453.9	483.9
HELLAS-SAT	99.05%	Cyprus	194.7	194.7
COSMO-ONE	30.87%	Greece	0.5	0.5
VOICENET	100.00%	Greece	3.1	3.1
HELLASCOM	100.00%	Greece	4.4	8.4
OTE SAT- MARITEL	94.08%	Greece	4.6	11.2
OTE PLC	100.00%	U.K.	-	-
OTE PLUS	100.00%	Greece	3.8	3.8
OTE ESTATE	100.00%	Greece	193.2	234.1
OTE GLOBE	100.00%	Greece	163.7	163.7
OTE INSURANCE	100.00%	Greece	0.1	0.6
OTE ACADEMY	100.00%	Greece	1.2	4.7
TOTAL			**4,106.9**	**4,622.0**

The movement of investments in subsidiaries is as follows:

	COMPANY	
	2011	2010
Balance at January 1	4,622.0	4,621.1
Share options granted to management of subsidiaries (see Note 30)	(1.6)	3.2
Impairment	(431.5)	(2.3)
Reduction of share capital of subsidiaries	(82.0)	-
Balance at December 31	**4,106.9**	**4,622.0**

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

SHARE OPTION PLAN

As described in Note 30, OTE has implemented a Share Option Plan for executives, including executives of COSMOTE Group. The Share Option Plan grants to these executives the opportunity, subject to vesting conditions, to purchase OTE's shares at a potentially preferential purchase price. COSMOTE's related result (income) for the Share Option Plan for 2011 is Euro 1.6 (2010: Euro 3.2 expense) and in OTE's separate financial statements has been recorded in equity with an equal movement of the carrying value of OTE's investment in COSMOTE.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

During 2011, an impairment test was carried out on OTE's participation in COSMOTE and OTE ACADEMY as there were indications that the carrying values were not recoverable. The results of the impairment test showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 428.0 and Euro 3.5 respectively was recognized in the 2011 separate income statement in the line "Impairment of investments" (2010: an impairment loss of Euro 0.1, Euro 1.6 and Euro 0.6 was recognized for COSMOONE, OTE ACADEMY and VOICENET respectively).

CAPITAL REDUCTION OF SUBSIDIARIES

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

OTE PROPERTIES DISSOLUTION AND LIQUIDATION

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

Changes in non-controlling interests

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

	2011	2010
COSMOTE	3,132.2	3,132.2
GERMANOS	171.7	171.7
OTENET	12.3	12.3
HELLASCOM	(3.3)	(3.3)
HELLAS-SAT	1.2	1.2
VOICENET	1.1	1.1
AMC	6.3	6.3
TOTAL	**3,321.5**	**3,321.5**

(b) Other investments are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
TELEKOM SRBIJA	-	155.1	-	155.1
Other	1.2	1.4	1.2	1.1
TOTAL	**1.2**	**156.5**	**1.2**	**156.2**

Movement in other investments is analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Balance at January 1	156.5	157.0	156.2	156.3
Fair value adjustment of TELEKOM SRBJIA through equity (see below)	224.9	-	224.9	-
Classification of investment as held for sale (see below)	(380.0)	-	(380.0)	-
Impairment	-	-	-	(0.1)
Other movements through income statement	(0.2)	(0.5)	0.1	-
Balance at December 31	**1.2**	**156.5**	**1.2**	**156.2**

DIVIDEND INCOME

The Group's dividend income is analyzed as follows:

GROUP	2011	2010
TELEKOM SRBIJA	27.4	14.1
Other available for sale investments	-	0.1
TOTAL	**27.4**	**14.2**

OTE's dividend income is analyzed as follows:

COMPANY	2011	2010
COSMOTE	-	151.2
OTE ESTATE	-	37.0
OTE SAT- MARITEL	1.2	1.7
OTE INTERNATIONAL INVESTMENTS LTD	-	2.0
TELEKOM SRBIJA	27.4	14.1
Other available for sale investments	-	0.1
TOTAL	**28.6**	**206.1**

Dividend income from TELEKOM SRBIJA consists of Euro 17.0 for the fiscal year 2011 (see below) and Euro 10.4 for the fiscal year 2010 (approved by its Shareholders' Meeting on June 28, 2011).

ASSETS CLASSIFIED AS HELD FOR SALE

TELEKOM SRBIJA

Until December 31, 2010, with respect to its investment in TELEKOM SRBIJA, OTE had concluded that, primarily because of the 80% interest of the Serbian government, it did not exercise significant influence over TELEKOM SRBIJA. Furthermore, with respect to its ability to reliably measure the fair value of its investment in TELEKOM SRBIJA, OTE had concluded that it couldn't do so and therefore this investment was carried at cost.

Following the completion of the discussions and the negotiation process between OTE, TELEKOM SRBIJA and the Government of Serbia and following the approvals from the respective bodies, a Share Purchase Agreement was signed on December 30, 2011 between OTE and TELEKOM SRBIJA for the sale of OTE's 20% stake in TELEKOM SRBIJA to the latter, at a selling price of Euro 380.0. In addition, OTE would receive an interim dividend of not less than Euro 17.0 for the fiscal year 2011.

The transaction was subject to the fulfillment of certain agreed conditions precedent and would not be completed unless all these conditions were met. The Completion Date had been set to be no later than March 30, 2012. On the Completion Date, OTE would sell and transfer the sale shares to TELEKOM SRBIJA and TELEKOM SRBIJA would purchase the sale shares from OTE. On December 30, 2011, TELEKOM SRBIJA's Shareholders' Meeting approved the interim dividend to be declared at an amount of Euro 85.0 in total for the 100%, resulting to Euro 17.0 for OTE's 20% participation. This amount was recognized as dividend income in the consolidated and separate income statement of 2011 with the respective receivable being recognized as an asset (see Note 13).

As a result of all the above, as of December 31, 2011, OTE proceeded to re-value its investment in TELEKOM SRBIJA at a value of Euro 380.0, representing the fair value of its share in TELEKOM SRBIJA. Thus, an amount of Euro 224.9 representing the fair value gain net of the corresponding deferred tax of Euro 13.6 was recognized in the "Other comprehensive income" line in the statement of comprehensive income of 2011.

Furthermore, the investment in TELEKOM SRBIJA was classified as held-for-sale, as the criteria of IFRS 5 for such classification were met as of December 31, 2011. For recent developments subsequent to December 31, 2011, please refer to Note 34.

BUSINESS COMBINATIONS

On February 23, 2011, ROMTELECOM signed a business transfer agreement with DTH Television Group S.A., the provider of the TV services under the "Boom" trademark. The scope of the agreement for ROMTELECOM was to take over the assets and customer base. The Competition Council approved the transfer. The transfer became effective on May 12, 2011. The total consideration was Euro 4.0. The purchase price allocation ("PPA") was completed in December 2011 and the fair value of assets acquired and liabilities assumed at acquisition date, is presented in the table below. The impact of the finalization of the PPA on the non-current assets and the respective depreciation from the acquisition date to December 31, 2011 was not significant.

On March 25, 2011, ROMTELECOM signed a business transfer agreement with DIGITAL CABLE SYSTEMS S.A., the provider of the TV services under the "AKTA" trademark. The scope of the agreement for ROMTELECOM was to take over the assets and customer base. The Competition Council approved the transfer. The transfer became effective on June 1, 2011. The total consideration was Euro 6.5. The PPA was completed in December 2011 and the fair value of assets acquired and liabilities assumed at acquisition date, is presented in the table below. The impact of the finalization of the PPA on the non-current assets and the respective depreciation from the acquisition date to December 31, 2011 was not significant.

As of December 31, 2011 the total consideration for the above mentioned transactions (Euro 10.5) has been paid.

	Fair value at acquisition date based on the final PPA		
	BOOM	AKTA	TOTAL
Assets			
Non-current assets			
Property, plant and equipment	0.7	0.4	1.1
Intangible assets	1.0	1.6	2.6
TOTAL ASSETS	**1.7**	**2.0**	**3.7**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	0.1	0.3	0.4
TOTAL LIABILITIES	**0.1**	**0.3**	**0.4**
NET ASSETS ACQUIRED	**1.6**	**1.7**	**3.3**
Purchase price	4.0	6.5	10.5
Goodwill (see Note 5)	**2.4**	**4.8**	**7.2**

The resulting goodwill of Euro 7.2 in total, has been considered impaired and written-off through the income statement.

Within 2010, NEXTGEN, a fully owned subsidiary of ROMTELECOM, concluded a number of network acquisitions. The contracts cover network assets, customer base and personnel and the acquisitions qualified as business combinations. NEXTGEN received in 2010 the approval of these transactions from the Competition Council and the acquisitions were consolidated effective July 1, 2010. The total consideration was Euro 22.8 and the assets acquired had been recorded in the line "Property, plant and equipment" in the December 31, 2010 consolidated statement of financial position based on a preliminary PPA, out of which an amount of Euro 15.2 was depreciated / written–off by the year end. The PPA was completed in July 2011 and the fair value of assets acquired and liabilities assumed at acquisition date, is presented in the table below.

	Fair value at acquisition date based on the final PPA
Assets	
Non-current assets	
Property, plant and equipment	2.9
Intangible assets	6.8
TOTAL ASSETS	**9.7**
Liabilities	
Non-current liabilities	
Deferred tax liabilities	1.0
TOTAL LIABILITIES	**1.0**
NET ASSETS ACQUIRED	**8.7**
Purchase price	22.8
Goodwill	**14.1**

The difference between the carrying amount of property, plant and equipment based on the initial allocation and the carrying amount based on the final allocation was reversed in the December 31, 2010 consolidated statement of financial position. The resulting goodwill of Euro 14.1 as shown above has been considered impaired and written-off. The impact of the finalization of the PPA on the non-current assets and the respective depreciation / write–off from the acquisition date to December 31, 2011 was not significant.

9. OTHER NON-CURRENT ASSETS

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Loans and advances to employees	143.3	119.7	143.2	119.6
Accrued income / Deferred expenses (long-term)	7.4	15.8	-	-
Derivative financial instruments (see Note 18)	29.3	6.8	24.3	-
Other	24.5	12.4	0.7	1.0
TOTAL	**204.5**	**154.7**	**168.2**	**120.6**

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 1.87% and 1.67% for 2011 and 2010, respectively. The discount factor used in the calculation of the present value of the loans is the rate used for the actuarial valuation of staff retirement indemnities which is 4.7% for 2011 and 4.6% for 2010 (see Note 19).

10. INVENTORIES

Inventories are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Merchandise	86.8	115.0	16.2	20.9
Other materials	38.2	45.8	5.7	7.0
TOTAL	**125.0**	**160.8**	**21.9**	**27.9**

The write down of inventories for the Group and the Company for 2011 amounts to Euro 20.9 and Euro 6.3 respectively (2010: 12.0 and nill) and is recorded in the consolidated and separate income statement in the line "Cost of telecommunications equipment / write downs".

11. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Subscribers	1,639.1	1,605.7	856.9	845.0
International traffic	53.4	52.2	38.9	38.3
Due from subsidiaries (see Note 29)	-	-	110.7	128.7
Unbilled revenue	67.2	86.5	25.1	34.8
	1,759.7	**1,744.4**	**1,031.6**	**1,046.8**
Less:				
Allowance for doubtful accounts	(831.1)	(733.6)	(536.5)	(512.0)
TOTAL	928.6	1,010.8	495.1	534.8

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Balance at January 1	(733.6)	(769.5)	(512.0)	(609.7)
Charge for the year (see Note 26)	(135.0)	(125.6)	(24.5)	(25.9)
Write-offs	23.3	142.9	-	123.6
Sale of doubtful accounts to third parties	14.2	17.0	-	-
Foreign exchange differences	(0.1)	1.6	-	-
Reversal of provision	0.1	-	-	-
Balance at December 31	**(831.1)**	**(733.6)**	**(536.5)**	**(512.0)**

The aging analysis of trade receivables is as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Not impaired and not past due	577.9	624.5	381.3	405.1
Not impaired and past due:				
Less than 30 days	99.1	108.7	42.6	44.3
Between 31 and 180 days	122.2	126.2	54.3	55.6
More than 180 days	129.4	151.4	16.9	29.8
TOTAL	928.6	1,010.8	495.1	534.8

12. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Marketable securities:				
Held for trading - Bonds	3.5	3.5	-	-
Available for sale – Bonds	341.7	-	341.7	-
Available for sale – Shares	-	0.1	-	-
Available for sale – Mutual funds	2.8	3.6	1.6	2.1
Non – marketable securities:				
Available for sale – Securities	5.5	5.3	-	-
TOTAL	353.5	12.5	343.3	2.1

The available for sale bonds mature by April 2012.

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Balance at January 1	12.5	35.4	2.1	16.3
Additions of available for sale assets	435.4	69.8	435.0	-
Sales – maturities of available for sale assets	(93.7)	(84.0)	(93.6)	(7.1)
Foreign exchange differences	-	0.4	-	-
Realized loss from sales	-	(2.3)	-	(2.3)
Impairment through income statement	(0.4)	(1.8)	(0.4)	-
Fair value adjustments through other comprehensive income	(0.3)	(5.0)	0.2	(4.8)
Balance at December 31	**353.5**	**12.5**	**343.3**	**2.1**

13. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Advances to EDEKT, short-term portion (see Note 19)	-	35.2	-	35.2
Loan to Auxiliary fund, short-term portion (see Note 19)	10.1	10.1	10.1	10.1
Due from OTE Leasing customers (see Note 31)	25.5	25.5	25.5	25.5
Loans and advances to employees	9.1	8.1	9.1	8.1
VAT recoverable	8.1	8.3	-	-
Income tax receivable	26.9	14.0	10.7	-
Other prepayments	48.8	48.7	27.6	22.1
Deferred expenses	9.1	18.2	5.1	1.5
Dividends receivable (see Note 8)	17.0	-	17.0	-
Other	58.5	61.8	8.1	6.1
TOTAL	**213.1**	**229.9**	**113.2**	**108.6**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Cash in hand	3.9	3.1	1.0	1.0
Short-term bank deposits	679.5	1,001.2	155.0	188.0
TOTAL	**683.4**	**1,004.3**	**156.0**	**189.0**

15. SHARE CAPITAL – SHARE PREMIUM

OTE's share capital as of December 31, 2011, 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, 2011 and 2010 amounted to Euro 508.0 and Euro 510.6, respectively, the decrease (Euro 2.6) being the amount charged to the 2011 consolidated income statement under the Group's Share Option Plan (see Note 30).

The following is an analysis of the ownership of OTE's shares as of December 31, 2011:

Shareholder	Number of shares	Percentage %
Hellenic State	29,409,027	6.00%
IKA–ETAM (refers only to the transfer of 4% from the Hellenic State)	19,606,015	4.00%
DEUTSCHE TELEKOM AG	196,060,156	40.00%
Institutional investors	197,136,017	40.22%
Private investors	47,939,174	9.78%
TOTAL	**490,150,389**	**100.00%**

On July 11, 2011, DEUTSCHE TELEKOM AG acquired an additional 10.00% of OTE's share capital (49,015,038 shares and corresponding voting rights). Following this acquisition, the participation of DEUTSCHE TELEKOM AG in the total share capital and voting rights of OTE increased to 40.00%, which equals to 196,060,156 shares and to the corresponding voting rights.

16. 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, 2011 and 2010, this reserve amounted to Euro 347.2. 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	
	2011	2010	2011	2010
Reserve for available for sale financial assets	224.8	0.2	225.1	-
Deferred taxes on available for sale financial assets	(13.6)	-	(13.6)	-
Foreign currency translation	(115.2)	(85.3)	-	-
Cumulative amount of actuarial losses recognized in equity	(32.1)	(80.3)	(37.0)	(78.2)
Deferred taxes on cumulative amount of actuarial losses recognized in equity	8.5	18.1	9.4	18.1
TOTAL	72.4	(147.3)	183.9	(60.1)

The movement in the reserve for available for sale financial assets is mainly due to the fair value gain of the investment in TELEKOM SRBIJA of Euro 224.9 (see Note 8).

17. DIVIDENDS

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

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

The General Assembly of OTE's Shareholders held on June 23, 2011 amended the Articles of Incorporation and from now on the minimum dividend provided to Shareholders will be conducted according to the provision of the law as in force.

On June 23, 2011, the General Assembly of OTE's Shareholders approved the distribution of a dividend from 2010 profits of a total amount of Euro 57.8 or Euro 0.1179 (in absolute amount) per share. The amount of dividends payable as of December 31, 2011, amounted to Euro 2.3 (December 31, 2010: Euro 2.3). According to the new tax law 3943/2011, a 25% withholding tax is imposed on profits distributed by Greek entities which will be borne by the beneficiary and applies to the distribution of profits approved after January 1, 2012. Especially for distribution of profits approved within 2011, the withholding tax rate is 21%.

18. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	2011	2010
(a) Syndicated loans	1,651.1	474.2
(b) Global Medium-Term Note Program	3,244.9	4,781.1
(c) Other bank loans	4.0	38.9
Total long-term debt	**4,900.0**	**5,294.2**
Short-term portion	(760.9)	(2,082.8)
Long-term portion	**4,139.1**	**3,211.4**

(a) Syndicated Loans

Euro 850.0 Syndicated facility

On September 2, 2005, OTE PLC signed a Euro 850.0 Syndicated Credit Facility with banks, guaranteed by OTE. The facility had a five year term with an extension option of 1+1 year subject to lenders' consent. The facility consists of: a) a Euro 500.0 Term Loan with floating interest of Euribor plus margin and b) a Euro 350.0 Revolving Credit Facility with floating interest rate of Euribor plus margin for drawn amount and a commitment fee for the undrawn amount. The loan bears a "margin adjustment clause" whereby the margin is adjustable based on OTE's long-term credit rating. The loan agreement includes a change of control clause which is triggered when there is a change of control in OTE which will result in the 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. The current rating of OTE is below BBB/Baa2.

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

On January 26, 2011, OTE PLC drew in full the Euro 332.0 Revolving Credit Facility under the Euro 850.0 Syndicated Facility. On September 2, 2011, OTE PLC proceeded with:
- The repayment of Euro 20.3 under the Revolving Credit Facility, along with the payment of accrued interest and
- The repayment of Euro 29.0 under the Syndicated Facility, along with the payment of accrued interest.

Following the repayments of the above maturing portion of the Term Loan and the Revolving Credit Facility on September 2, 2011, the outstanding amounts under the Term Loan and the Revolving Credit Facility at December 31, 2011 are Euro 445.2 and 311.7 respectively.

Euro 900.0 Revolving Credit Facility (Bond Loan)

On February 9, 2011, OTE signed a Euro 900.0 Revolving Credit Facility (Bond Loan) with a consortium of banks. On February 10, 2011, OTE drew Euro 600.0 and on July 13, 2011, OTE drew the rest Euro 300.0 that was available under the Euro 900.0 Revolving Credit Facility. The specific transaction is described in detail below under the Company section.

(b) Global Medium Term-Note Program

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

As of December 31, 2011, the total nominal value of the outstanding bonds under the Global Medium-Term Note Program was Euro 3,238.0 and is analyzed as follows:
- Euro 1,243.0 notes (nominal value) at a fixed rate of 5.0%, issued in August 2003, maturing on August 5, 2013. As of December 31, 2011 the outstanding balance is Euro 1,243.8 (2010: Euro 1,244.9).
- Euro 600.0 notes (nominal value) at a fixed rate of 6.0%, issued in February 2008, maturing on February 12, 2015. As of December 31, 2011 the outstanding balance is Euro 598.0 (2010: Euro 597.4).
- Euro 895.0 notes (nominal value) at a fixed rate of 4.625%, issued in November 2006, maturing on May 20, 2016. As of December 31, 2011 the outstanding balance is Euro 889.6 (2010: Euro 893.5).
- Euro 500.0 notes (nominal value) at a fixed rate of 7.25%, issued in April 2011, maturing on April 8, 2014. As of December 31, 2011 the outstanding balance is Euro 513.5 including the hedge adjustment of Euro 16.5.

These bonds are listed on the Luxembourg Stock Exchange.

On February 21, 2011, OTE PLC proceeded with a partial repurchase of total nominal amount of Euro 5.0 of the Euro 900.0 4.625% notes due in May 2016. The repurchased notes have been cancelled.

The following notes were fully redeemed during the year:

Regarding the Euro 1,400.4 notes (nominal value) with fixed rate of 5.375%, issued in February 2008, maturing on February 14, 2011 with outstanding balance as of December 31, 2010 Euro 1,400.2, in January and February 2011, OTE PLC proceeded with partial repurchases of total nominal amount of Euro 29.7. On February 14, 2011, OTE PLC proceeded with the full redemption of the remaining outstanding amount of Euro 1,370.7 notes, along with the payment of accrued interest.

Regarding the Euro 650.0 notes (nominal value) with fixed rate of 3.75%, issued in November 2005, maturing in November 2011, OTE proceeded with partial repurchases and the full redemption of the remaining outstanding amount as follows:

- In March, April, May, June, July, September and October 2011, OTE PLC proceeded with partial repurchases of total nominal amount of Euro 376.3 along with the payment of accrued interest. The repurchased notes were cancelled.
- On November 11, 2011 OTE PLC proceeded with the full redemption of the remaining outstanding amount of Euro 273.7 notes, along with the payment of accrued interest.

Change of control clause

The Euro 900.0 and Euro 600.0 notes include a change of control clause applicable to OTE which is triggered if both of the following events occur:

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

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

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

Step-up clause

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

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

The step-up clause was triggered on March 8, 2011 when Standard and Poor’s downgraded OTE to BB from BBB-. The step-up clause will start accruing from the next interest payment date, i.e. from February 2012 onwards.

Euro 500.0 notes under the Global Medium-Term Note Program

On April 8, 2011, OTE PLC issued Euro 500.0 7.250% notes under the Global Medium-Term Note Program, maturing on April 8, 2014.

The facility contains a change of control clause which is triggered if an entity (other than (i) DEUTSCHE TELEKOM AG, (ii) DEUTSCHE TELEKOM AG together with the Hellenic Republic, any of its agencies or instrumentalities or any entity directly or indirectly controlled by the Hellenic Republic or any of its agencies or instrumentalities, or (iii) any telecommunications operator (other than DEUTSCHE TELEKOM AG) with at least one credit rating issued by either (i) Standard & Poor’s Credit Market Services Europe Limited or (ii) Moody's Investors Service España, S.A. (each, together with any successor thereto, a "Rating Agency") equivalent or better than the credit rating of DEUTSCHE TELEKOM AG issued by that Rating Agency at that point in time), gains the power to direct the management and policies of OTE, whether through the ownership of voting capital, by contract or otherwise.

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

Euro 150.0 Revolving Credit Facility committed by DEUTSCHE TELEKOM AG

On January 31, 2011 OTE PLC signed a Euro 150.0 Revolving Credit Facility with DEUTSCHE TELEKOM AG with the guarantee of OTE, that matured on January 31, 2012. Until December 30, 2011 which was the end of the availability period OTE PLC did not draw any amount under this facility.

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

(c) Other bank loans

ROMTELECOM had obtained in prior years four long-term loans in Euro and Korean Won. During 2011 and up to November 2, 2011, ROMTELECOM fully repaid the three Korean Won denominated loans that would mature in 2014, 2018 and 2020 paying an amount of Euro 33.8. Therefore only one loan (from European Investment Bank in Euro) is outstanding as of December 31, 2011 which has an outstanding balance of Euro 4.0 as of December 31, 2011 and matures in November 2012.

The weighted average interest rate of the Group's long-term borrowings for the years ended December 31, 2011 and 2010 was approximately 5.4% and 4.8%, respectively.

Derivatives

On July 21, 2008, OTE PLC entered into an interest rate swap for Euro 65.0 maturing on August 5, 2013. The swap has been designated as the fair value hedge of a portion of OTE PLC's Euro 1,243.0 bond, which bears a fixed rate of 5.0% and matures in 2013. The gain from the change in the fair value of the swap is recorded in the line "Interest expense" in the 2011 consolidated income statement and is offset by the loss from the change in fair value of the bond. Any ineffectiveness arising is not material. The fair value of the swap was Euro 5.0 in favor for OTE PLC as of December 31, 2011 (see Note 9).

On April 8, 2011, OTE entered into two interest rate swaps agreements with a notional amount of Euro 250.0 each maturing on April 8, 2014. The swaps have been designated as fair value hedges at group level under the OTE PLC Euro 500.0 Notes. The fair value of the above mentioned swaps as of December 31, 2011, is Euro 24.3 (see Note 9).

As of December 31, 2011, OTE had received a collateral of total Euro 11.6 under the existing Credit Support Annex (CSA) to the ISDA Agreements related to the swaps (see Note 23). This inflow is presented in the statement of cash flows in "Proceeds from loans granted and issued".

During 2011, ROMTELECOM used Euro / Korean Won FX Non Deliverable Forward ("NDF") agreements with the purpose of hedging part of the exposure in Korean Won stemming from the ROMTELECOM outstanding loans in Korean Won. These NDFs were being rollovered during 2011 up to November 2, 2011 when all "NDF" agreements were closed since all Korean Won denominated loans were fully repaid.

COMPANY	2011	2010
(a) Syndicated loans	894.2	-
(b) Intercompany loans from OTE PLC	2,102.2	2,834.5
Total long-term debt	**2,996.4**	**2,834.5**
Short-term portion	(280.7)	(1,119.1)
Long-term portion	**2,715.7**	**1,715.4**

(a) Syndicated loans

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

On February 10, 2011, OTE drew Euro 600.0 under this Bond Loan and used the proceeds for debt repayment of loans from OTE PLC. On July 13, 2011, OTE drew the remaining Euro 300.0 that was available under the Euro 900.0 Revolving Credit Facility.

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

The Facility also includes two financial covenants, namely:

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

The above covenants are reviewed for compliance with the annual and semi-annual OTE Group financial statements, beginning with the financial period ended on December 31, 2010. The covenants are complied for the current financial year.

Arrangement and agency fees totalling to Euro 10.4 were recognized against the loan and are amortized over its two year period. As of December 31, 2011, an amount of Euro 4.6 has been amortized and the outstanding balance of the syndicated loan is Euro 894.2.

(b) Intercompany loans from OTE PLC

The intercompany loans from OTE PLC as of December 31, 2011 are analyzed as follows:

- Loan of nominal value Euro 710.0 with a fixed interest rate, granted in August 2003, maturing in August 2013. The outstanding balance as of December 31, 2011 is Euro 710.0 (2010: Euro 1,118.0).
- Loan of nominal value Euro 600.0, with a fixed interest rate, granted in February 2008, maturing in February 2015. The outstanding balance as of December 31, 2011 is Euro 598.0 (2010: Euro 597.4).
- Loan of nominal value Euro 280.7 with floating interest of six month Euribor plus margin, granted in September 2005, maturing in September 2012. The outstanding balance as of December 31, 2011 is Euro 280.7.
- Loan of nominal value Euro 500.0, with a fixed rate, granted in April 2011, maturing in April 2014. The outstanding balance as of December 31, 2011 is Euro 513.5 including a hedge adjustment of Euro 16.5.

Regarding the loan of nominal value Euro 710.0 maturing in August 2013, OTE proceeded with partial prepayments in 2011 as follows :

- On February 11, 2011, OTE proceeded with a partial prepayment of Euro 88.0, along with the payment of accrued interest.
- On June 23, 2011, OTE proceeded with a partial prepayment of Euro 320.0, along with the payment of accrued interest.

Regarding the loan of nominal value Euro 280.7 maturing in September 2012 the following actions took place in 2011:

- On January 26, 2011, OTE proceeded with the full drawdown of the amount of Euro 332.0.
- On September 2, 2011, OTE proceeded with the repayment of Euro 20.3, along with the payment of accrued interest.
- On November 22, 2011, OTE proceeded with a partial prepayment of Euro 31.0, along with the payment of accrued interest.

On April 8, 2011, OTE signed a Euro 500.0 intercompany loan with OTE PLC, maturing in April 2014. The loan bears fixed interest rate. The outstanding amount of the loan as of December 31, 2011 includes a hedge adjustment of Euro 16.5 (see description of interest rate swap below).

Regarding the loan of nominal value Euro 970.4 with a fixed interest rate, granted in February 2008, maturing in February 2011, during January and February 2011, OTE proceeded with the gradual repayment of the remaining outstanding balance of Euro 970.4, along with the payment of accrued interest.

Regarding the loan of nominal value Euro 150.0 with a fixed interest rate, granted in November 2005, maturing in November 2011, during March, April and May 2011, OTE proceeded with the gradual repayment of the remaining outstaning balance of Euro 150.0 along with the payment of accrued interest.

The weighted average interest rate of the Company’s long-term borrowings for the years ended December 31, 2011 and 2010, was approximately 6.2% and 5.5% respectively.

Interest rate swaps

In April 2011, OTE converted the Euro 500.0 fixed rate loan into floating via interest rate swap agreements. The swaps have been designated as fair value hedges both on parent company and group level. The fair value of the above mentioned swaps as of December 31, 2011, is Euro 24.3 (see Note 9).

As of December 31, 2011, OTE had received a collateral of total Euro 11.6 under the existing Credit Support Annex (CSA) to the ISDA Agreements related to the swaps (see Note 23). This inflow is presented in the statement of cash flows in “Proceeds from loans granted and issued”.

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

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

Defined Contribution Plans:

(a) Main Pension Fund (TAP-OTE) / IKA-ETAM

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

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

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

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

(b) Auxiliary Pension Fund/ TAYTEKO

The Auxiliary Fund-Lump Sum segment provides members with a lump sum benefit upon retirement or death. The Auxiliary Pension Benefit Fund provides to those members, who were members prior to 1993, with a pension of 20% of salary after 30 years service. Law 2084/92 has fixed minimum contributions and maximum benefits, after 35 years of service, for new entrants from 1993. As a result of Law 3655/2008, the two segments of the Auxiliary fund (the Lump – Sum Payment segment and the Additional Pension segment) were incorporated from October 1, 2008 into TAYTEKO.

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

Loans and advances to pension funds are analyzed as follows:

GROUP and COMPANY	2011	2010
Loans and advances to:		
EDEKT	-	35.2
Auxiliary Fund	1.9	2.1
Interest bearing loan to Auxiliary Fund (L. 3371/2005)	117.1	122.2
Interest-free loan to Auxiliary Fund (L. 3762/2009)	13.0	12.0
TOTAL	**132.0**	**171.5**
Loans and advances to:		
EDEKT	-	35.2
Auxiliary Fund	0.5	0.5
Interest bearing loan to Auxiliary Fund (L. 3371/2005)	9.6	9.6
Short-term portion (See Note 13)	**10.1**	**45.3**
Long-term portion	**121.9**	**126.2**

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 was up to Euro 180.0, which would be granted partially in accordance with the Fund's needs, as determined by the above mentioned Law and the related Ministerial Decision. If the Lump Sum benefits exceeded the amount of Euro 180.0, OTE would grant the additional amount, which could not exceed the amount of Euro 10.0. In this case, the above mentioned agreement would be amended in order to include the final amount of the loan and to update the repayment schedule.

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

Based on L. 3762/2009 (Voluntary Leave Scheme program for 600 employees) OTE was required to grant an interest-free long-term loan to TAYTEKO for the Lump Sum benefits that TAYTEKO will be required to pay to these employees. The respective loan agreement was signed in June 2010 for a nominal amount of Euro 30.0, being an interest free loan with a duration of 22 years. At the date of the contractual commitment, the loan was discounted to its present value and as a result an amount of approximately Euro 18.6 was charged as a finance expense in the 2010 income statement. During 2011, Euro 1.0 was unwinded.

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 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	
	2011	2010	2011	2010
Current service cost	13.8	19.5	12.3	16.4
Loss from termination benefits	0.3	-	-	-
Amortization of past service cost	8.1	8.3	7.8	7.8
P&L effect recorded in "Provision for staff retirement indemnities"	**22.2**	**27.8**	**20.1**	**24.2**
P&L effect recorded in "Interest expense"	15.0	16.6	12.5	14.5
Total P&L effect	**37.2**	**44.4**	**32.6**	**38.7**

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Defined benefit obligation - beginning of the year	340.4	358.0	307.0	334.2
Current service cost	13.8	19.5	12.3	16.4
Interest cost	15.0	16.6	12.5	14.5
Actuarial gains	(37.3)	(30.5)	(28.3)	(32.8)
Foreign exchange differences	0.3	(0.1)	-	-
Loss from termination benefits	0.3	-	-	-
Prior service cost arising during the year	-	3.7	-	-
Benefits paid	(21.6)	(26.8)	(18.6)	(25.3)
Defined benefit obligation - end of the year	**310.9**	**340.4**	**284.9**	**307.0**
Unrecognized past service costs	(25.8)	(33.8)	(25.6)	(33.4)
Liability in the statement of financial position	**285.1**	**306.6**	**259.3**	**273.6**

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Discount rate	3% - 7.1%	4.6%-8.7%	4.7%	4.6%
Assumed rate of future salary increases	(10.1)%- 5.6%	2.2%-7.0%	(10.1)%-3.3%	2.2%-3.2%

The negative rate of future salary increases resulted from the Collective Labour Agreement between OTE and the Union for the reduction of personnel costs.

If the discount rate used in the valuation was 1% higher then the defined benefit obligation for staff retirement indemnities would decrease by about 7.5%.

(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 contribution which for the period up to November 6, 2011 can reach up to an amount of 10 times the maximum between the average salary of OTE employees or the result of 86 times the daily wage salary of the unskilled worker, depending on the number of years of contributions. For the period after November 7, 2011, following an amendment of the program, OTE's contribution can reach up to an amount of 3 times the maximum between the average salary of OTE employees or the result of 86 times the daily wage salary of the unskilled worker depending on the number of years of the employee's contributions and the amount of these contributions. The provision for benefits under the Youth Account is based on an independent actuarial study. The total actuarial liability is split into two parts; one is treated as "post employment employee benefit" and the other as "other long-term employee benefit". The part of the total Youth Account liability that is being classified as "other long-term employee benefit" relates to employees who will still be active employees at the time when their children will be eligible for the lump sum benefit. The remaining part of the liability is being classified as "post employment benefit".

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

	2011			2010		
GROUP and COMPANY	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Current service cost	10.2	5.0	15.2	14.5	6.7	21.2
Actuarial gains	-	(6.8)	(6.8)	-	(12.4)	(12.4)
Amortization of past service cost	1.5	-	1.5	2.2	-	2.2
P&L effect recorded in "Provision for youth account "	**11.7**	**(1.8)**	**9.9**	**16.7**	**(5.7)**	**11.0**
P&L effect recorded in "Interest expense"	5.4	2.4	**7.8**	7.3	3.1	**10.4**
Total P&L effect	**17.1**	**0.6**	**17.7**	**24.0**	**(2.6)**	**21.4**

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

	2011			2010		
GROUP and COMPANY	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Projected benefit obligation - beginning of the year	162.5	72.9	**235.4**	207.0	87.3	**294.3**
Service cost-benefits earned during the year	10.2	5.0	**15.2**	14.5	6.7	**21.2**
Interest cost on projected benefit obligation	5.4	2.4	**7.8**	7.3	3.1	**10.4**
Actuarial gains	(12.1)	(6.8)	**(18.9)**	(19.5)	(12.4)	**(31.9)**
Benefits paid	(44.6)	(16.2)	**(60.8)**	(46.8)	(11.8)	**(58.6)**
Projected benefit obligation - end of the year	**121.4**	**57.3**	**178.7**	**162.5**	**72.9**	**235.4**
Unrecognized past service costs	-	-	-	(1.5)	-	**(1.5)**
Benefit liability	**121.4**	**57.3**	**178.7**	**161.0**	**72.9**	**233.9**
Employee's accumulated contributions			**61.9**			**67.5**
Liability in the statement of financial position			**240.6**			**301.4**

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

	2011	2010
Discount rate	4.2%	3.7%
Assumed rate of general pay increases	1.6%	2.5%

If the discount rate used in the valuation was 1% higher then the defined benefit obligation for youth account would decrease by about 5.5%.

Voluntary Leave Scheme

The movement of the provision for the cost of the OTE's Voluntary Leave Scheme based on L. 3371/2005 and L. 3762/2009 is as follows:

	2011	2010
Balance at January 1	**219.3**	**258.9**
Payments during the year	(58.1)	(154.0)
Adjustments due to changes in assumptions	-	(21.6)
Adjustment due to time value of money	1.3	6.2
Obligation arising from the actuarial study of IKA-ETAM (see below)	3.7	129.8
Balance at December 31	**166.2**	**219.3**

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

	2011	2010
Short-term portion	166.2	189.4
Long-term portion	-	29.9
TOTAL	**166.2**	**219.3**

The table below describes the components included in the line "Cost of early retirement program" of the income statement:

	GROUP		COMPANY	
	2011	2010	2011	2010
Other early retirement programs' cost (see below)	(65.3)	(63.3)	(23.4)	(36.5)
Voluntary Leave Scheme - Adjustments due to changes in assumptions	-	21.6	-	21.6
Obligation arising from the actuarial study of IKA-ETAM (see below)	(3.7)	(129.8)	(3.7)	(129.8)
TOTAL	**(69.0)**	**(171.5)**	**(27.1)**	**(144.7)**

IKA-ETAM

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

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

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

By its letter dated October 21, 2011 and received by OTE on November 1, 2011, the Ministry notified OTE of the completion of the above mentioned additional actuarial studies and handed over to OTE a copy of such additional studies. The additional financial burden that the above mentioned actuarial studies state that incurred based on L. 3762/2009, amounts to Euro 3.7.

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

The fact that the announcement of the results of the actuarial studies eliminated the uncertainty regarding the amount of the obligation, together with the above mentioned inability to assess whether it is probable to take the suspension (given the first rejection) led to the conclusion that at this stage the existing contingent liability has crystallized. Furthermore, based on the provisions of IAS 10, these developments should be treated as adjusting subsequent events and therefore the amount of Euro 129.8 was recorded in the 2010 financial statements, while the amount of Euro 3.7 was recorded in the 2011 financial statements. OTE has not received any payment demand so far.

EARLY RETIREMENT PROGRAMS

OTE early retirement program

On March 31, 2011 and on December 9, 2011 OTE announced that it has reached agreements with the union, regarding early retirement programs with incentives. The respective cost was estimated to Euro 23.4 and is recorded in the consolidated and separate income statement of 2011, in the line “Cost of early retirement program”.

COSMOTE restructuring plan

On February 28, 2011, COSMOTE announced operational efficiency measures to improve its competitiveness and flexibility to safeguard its sustainable growth potential. The respective cost was estimated to Euro 11.5 and is recorded in the consolidated income statement of 2011, in the line “Cost of early retirement program”.

ROMTELECOM restructuring plan

In January and May 2011, ROMTELECOM announced restructuring measures for 2011, in order to increase its efficiency and to reduce costs. The respective cost was estimated to Euro 30.4 and is recorded in the consolidated income statement of 2011, in the line “Cost of early retirement program”.

Amounts paid during 2011, in relation to early retirement programs were Euro 55.8 for the Group and Euro 16.1 for the Company and were fully provided for.

20. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Asset retirement obligation	10.0	9.1	-	-
Provision for obligation of phone credits	16.4	17.7	16.4	17.7
Unpaid balance for renewal and acquisition of licences (see Note 6)	35.6	-	-	-
Unpaid balance for 3G license	1.5	5.0	-	-
Other	10.9	11.7	6.9	3.8
TOTAL	**74.4**	**43.5**	**23.3**	**21.5**

The actuarial gain recognized in the line other comprehensive income in the statement of comprehensive income for 2011 regarding the provision for phone credits amounts to Euro 0.8 (2010: Euro 7.8).

21. SHORT-TERM BORROWINGS

The outstanding balance of short-term borrowings as of December 31, 2011 for the Group amounted to Euro 2.0 (December 31, 2010: Euro 5.6), and is analyzed as follows:

- Loan of E-VALUE S.A. of Euro 2.0, with a floating interest rate. The outstanding balance of this loan as of December 31, 2011 amounts to Euro 2.0 (December 31, 2010: Euro 2.0).

During 2011, OTE PLUS repaid loans of Euro 3.6.

The weighted average interest rate of the short-term borrowings for the years ended December 31, 2011 and 2010, was approximately 5.8% and 2.9%, respectively.

22. INCOME TAXES – DEFERRED TAXES

In accordance with the Greek tax regulations, the income tax rate was 24% for 2010 and it would be gradually reduced as follows: 23% for 2011, 22% for 2012, 21% for 2013 and 20% for 2014 onwards. Following the new tax law 3943/2011, the income tax rate is 20% for 2011 onwards.

The effect of the change in the income tax rate resulted in a tax expense amounting to Euro 18.7 for the Group and Euro 14.3 for the Company, of which Euro 0.4 was charged in equity, due to the re-measurement of the deferred tax position. These charges have been recorded in the consolidated and separate income statement of 2011.

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

Tax returns are filed annually. With respect to the financial years up to and including 2010, 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. From the financial year 2011 and onwards, the tax returns are subject to the audit tax certificate process (described below). Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated.

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

New tax law

According to the new tax law 3943/2011, the corporate income tax rate of legal entities is set at 20% for 2011 onwards.

Furthermore, a 25% withholding tax is imposed on profits distributed by Greek entities which will be borne by the beneficiary and applies to the distribution of profits approved after January 1, 2012. Especially for distribution of profits approved within 2011, the withholding tax rate is 21%. This tax is withheld by the entity which distributes its profits and exhausts the tax liability of the beneficiaries. Withholding tax shall not be imposed on dividends paid to a legal entity established in another Member State of the EU, subject to the conditions of L.2578/1998 (Parent-Subsidiary Directive). In cases of a group whereby an EU parent owns a Greek company, which on its turn owns a Greek subsidiary, the tax that has been withheld upon distribution by the Greek subsidiary to its Greek parent is refunded to the Greek parent when it distributes on its turn a dividend to its EU parent.

Audit tax certificate

From the financial year 2011 and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days from the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of at least 9% of all companies for which a "Tax Compliance Report" has been submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance. The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

Unaudited tax years

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

COMPANY	Open Tax Years
OTE	From 2009
COSMOTE	From 2010
OTE INTERNATIONAL INVESTMENTS LTD	From 2010
HELLAS SAT	From 2008
COSMO-ONE	From 2010
VOICENET	From 2004
HELLASCOM	From 2010
OTE PLC	From 2005
OTE SAT-MARITEL	From 2007
OTE PLUS	From 2010
OTE ESTATE	From 2008
OTE-GLOBE	From 2010

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

The Group provides, when considered appropriate, on a company by company basis for possible additional taxes that may be imposed by the tax authorities.

- The tax audit of COSMOTE for the fiscal year 2009 was completed during 2011, without any impact to the Group.
- The tax audit of OTE-GLOBE for the fiscal years 2007-2009 was completed during 2011, without any impact to the Group.
- The tax audit of AMC for the fiscal years 2008-2009 was completed during 2011 and the impact to the Group amounted to Euro 0.3. The rational of these additional taxes is being questioned by AMC which has already appealed and undertook all necessary actions against them.
- The tax audit of GERMANOS for the fiscal years 2008-2009 was completed during 2011 and the impact to the Group amounted to Euro 1.1.
- The tax audit of OTE INTERNATIONAL INVESTMENTS LTD for the fiscal years 2003-2009 was completed during 2011, without any impact to the Group.
- OTE PLUS has settled the unaudited years 2008-2009 according to L. 3888/2010 and the impact to the Group amounted to Euro 0.4.
- OTE ACADEMY has settled the unaudited years 2007-2009 according to L. 3888/2010 and the impact to the Group amounted to Euro 0.1.
- HELLAS SAT S.A. has settled the unaudited years 2008-2009 according to L. 3888/2010 without any significant impact for the Group.

For the Greek companies in the Group, the tax audit for the financial year 2011 is being performed by PricewaterhouseCoopers S.A. Upon completion of the tax audit, these companies' management does not expect that significant additional tax liabilities will arise, in excess of those provided for and disclosed in the financial statements.

The major components of income tax expense for the years ended December 31, 2011 and 2010 are as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Current income tax	111.0	168.1	8.3	30.7
Special contribution (Law 3845/2010)	-	69.3	-	15.9
Tax on dividends (Law 3697/2008 & Law 3943/2011)	0.2	19.0	0.2	19.0
Differences arising from tax audits	1.9	30.0	-	30.0
Deferred income tax – Effect due to change in the income tax rate	18.3	5.1	13.9	4.7
Reversal of provision (Law 3888/2010)	-	(5.5)	-	-
Deferred income tax	(2.7)	(47.1)	18.5	(8.8)
Total income tax	**128.7**	**238.9**	**40.9**	**91.5**

Income tax payable for the Group and the Company as of December 31, 2011 amounted to Euro 15.8 and nill, respectively.

A reconciliation between the income tax expense and the accounting profit multiplied by tax rates in force (2011: 20%, 2010: 24%) is as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Profit / (loss) before tax	115.1	99.9	(372.5)	152.4
Statutory tax rate	20%	24%	20%	24%
Tax at statutory rate	23.0	24.0	(74.5)	36.6
Non-taxable and specially taxed income	-	-	(0.2)	(46.1)
Effect of different rates in foreign countries	7.0	16.9	-	-
Effect of changes to tax rates	18.3	5.1	13.9	4.7
Expenses non-deductible for tax purposes	55.3	53.5	15.2	25.5
Impairment loss in investments non-deductible for tax purposes	-	-	86.3	0.6
Tax losses for which no deferred tax asset was recognized	14.4	15.1	-	-
Special contribution (Law 3808/2009)	-	69.3	-	15.9
Tax on dividends (Law 3697/2008)	0.2	19.0	0.2	19.0
Differences arising from tax audits	1.9	30.0	-	30.0
Reversal of provision (Law 3888/2010)	-	(5.5)	-	-
Other	8.6	11.5	-	5.3
Income tax	**128.7**	**238.9**	**40.9**	**91.5**

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

	Statement of financial position		Income statement	
GROUP	2011	2010	2011	2010
Voluntary leave scheme	36.8	52.3	(15.5)	(8.9)
Staff retirement indemnities	51.2	56.7	1.5	7.0
Youth account	35.8	49.2	(11.0)	(10.0)
Employee benefits	16.7	16.9	-	(2.0)
Property, plant and equipment	76.8	82.0	(5.2)	0.5
Provisions	74.2	86.2	(12.0)	(6.1)
Carry forward tax losses	27.0	21.5	5.5	0.6
Deferred income	4.3	5.7	(1.4)	(2.6)
Fair value adjustment on acquisitions of subsidiaries	-	-	1.7	(24.4)
Other	16.9	21.2	(4.3)	(0.8)
Deferred tax asset (before offset)	**339.7**	**391.7**		
Offset of deferred tax liabilities	(93.5)	(131.3)		
Deferred tax asset (after offset)	**246.2**	**260.4**		
Deferred tax liabilities (before offset)				
Property, plant and equipment	(73.9)	(91.1)	17.1	75.4
Capitalized interest	(17.8)	(20.6)	2.8	1.5
Unbilled revenue	(1.1)	(0.2)	(0.9)	-
Loan fees	(2.2)	(1.1)	(1.1)	1.2
Fair value adjustment on acquisition of subsidiaries	(70.9)	(80.9)	10.4	(0.4)
Fair value gain on available for sale investment	(13.6)	-	-	-
Accrued dividend income	(3.4)	-	(3.4)	-
Interest rate swaps	(1.6)	-	(1.6)	-
Other	(1.8)	(3.7)	1.8	11.0
	(186.3)	**(197.6)**		
To be offset against deferred tax asset	93.5	131.3		
Deferred tax liabilities (after offset)	**(92.8)**	**(66.3)**		
Deferred tax income/(expense)			**(15.6)**	**42.0**
Deferred tax assets, net	**153.4**	**194.1**		

COMPANY	Statement of financial position		Income statement	
	2011	2010	2011	2010
Voluntary leave scheme	36.8	52.3	(15.5)	(8.9)
Staff retirement indemnities	49.1	54.3	0.9	6.2
Youth account	35.8	49.2	(11.0)	(10.0)
Employee benefits	16.5	16.9	(0.2)	0.4
Provisions	66.3	75.9	(9.6)	1.8
Deferred income	4.3	5.0	(0.7)	(0.4)
Other	0.3	0.2	0.1	0.2
Deferred tax assets (before offset)	**209.1**	**253.8**		
Offset of deferred tax liabilities	(68.6)	(58.6)		
Deferred tax assets (after offset)	**140.5**	**195.2**		
Property, plant and equipment	(30.0)	(38.4)	8.4	12.5
Capitalized interest	(17.4)	(19.6)	2.2	1.5
Loan fees	(2.2)	(0.6)	(1.6)	0.8
Fair value gain on available for sale investment	(13.6)	-	-	-
Interest rate swaps	(1.6)	-	(1.6)	-
Accrued dividend income	(3.4)	-	(3.4)	-
Other	(0.4)	-	(0.4)	-
Deferred tax liabilities	**(68.6)**	**(58.6)**		
To be offset against deferred tax assets	68.6	58.6		
Deferred tax income/(expense)			**(32.4)**	**4.1**
Deferred tax assets, net	**140.5**	**195.2**		

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Deferred tax (net) – beginning of the year	194.1	160.8	195.2	203.6
Deferred tax charged to the income statement	(15.6)	42.0	(32.4)	4.1
Deferred tax through other comprehensive income	(23.2)	(12.9)	(22.3)	(12.5)
Foreign exchange differences	(1.9)	4.2	-	-
Deferred tax (net)- end of the year	**153.4**	**194.1**	**140.5**	**195.2**

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
2012	95.8
2013	57.0
2016 and onwards	121.5
TOTAL	274.3

23. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Employer contributions	68.6	70.4	53.6	53.1
Payroll	51.6	48.9	25.5	24.9
Other taxes - duties	96.8	98.3	28.7	36.3
Interest payable	145.2	153.4	109.4	103.5
Provisions for litigation and for other liabilities	83.0	92.3	82.4	91.3
Customer advances	37.9	29.2	25.3	22.1
Accrued expenses	2.2	1.6	3.1	3.1
Cash collateral on interest rate swaps (see Note 18)	11.6	-	11.6	-
Other	73.3	62.8	5.7	5.2
TOTAL	570.2	556.9	345.3	339.5

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Balance at January 1	92.3	109.8	91.3	108.8
Addition during the year	-	2.8	-	2.8
Utilized	(4.8)	(16.0)	(4.4)	(16.0)
Unused amounts reversed	(4.5)	(4.3)	(4.5)	(4.3)
Balance at December 31	**83.0**	**92.3**	**82.4**	**91.3**

24. REVENUE

Revenue is analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
DOMESTIC TELEPHONY				
Monthly network service fees	641.8	751.2	435.6	500.9
Local and long-distance calls				
-Fixed to fixed	328.2	401.9	295.9	357.1
-Fixed to mobile	126.8	170.9	90.6	120.0
	455.0	572.8	386.5	477.1
Other	63.0	70.1	54.0	59.9
	1,159.8	**1,394.1**	**876.1**	**1,037.9**
INTERNATIONAL TELEPHONY				
International traffic	60.4	70.9	38.6	46.1
Dues from international operators	72.6	89.2	42.0	62.1
Dues from mobile operators	29.5	40.0	29.7	40.4
	162.5	**200.1**	**110.3**	**148.6**
MOBILE TELEPHONY	**2,076.9**	**2,202.4**	**-**	**-**
OTHER REVENUE				
Prepaid cards	19.6	24.2	19.6	23.8
Leased lines and Data ATM communications	302.9	295.5	106.4	138.8
Integrated Services Digital Network (ISDN)	118.7	130.8	107.3	118.5
Sales of telecommunication equipment	340.3	412.0	29.4	36.3
Internet/ ADSL	297.7	311.6	213.2	222.6
Co-location/ Local Loop	207.1	170.5	202.2	164.8
Metro Ethernet & IP CORE	46.1	42.5	38.0	34.7
Provision for services	133.1	124.9	110.9	137.0
Interconnection charges	70.2	80.2	63.9	72.7
Miscellaneous	103.4	94.0	34.9	34.1
	1,639.1	**1,686.2**	**925.8**	**983.3**
TOTAL REVENUE	**5,038.3**	**5,482.8**	**1,912.2**	**2,169.8**

25. OTHER INCOME/ (EXPENSE), NET

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Forfeiture of letters of guarantee	1.8	13.9	1.8	13.9
Rents	9.2	10.7	0.4	0.5
Income/ (expense) from penalties, net	0.8	6.8	-	-
Other	(1.4)	5.6	(0.7)	(1.9)
TOTAL	**10.4**	**37.0**	**1.5**	**12.5**

26. OTHER OPERATING EXPENSES

Other operating expenses are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Third party fees	208.5	210.6	97.3	109.9
Cost of telecommunication materials, repairs and maintenance	136.1	156.1	47.6	63.2
TV costs	75.4	61.9	32.2	24.3
Advertising and promotion costs	156.9	175.7	30.0	37.8
Utilities	157.7	165.0	60.3	62.2
Provision for doubtful accounts (see Note 11)	135.0	125.6	24.5	25.9
Travel costs	12.1	15.2	5.2	7.0
Commissions to independent commercial distributors	203.4	233.3	-	-
Payments to Audiotex providers	4.8	4.0	3.9	3.1
Rents	110.0	110.7	70.1	72.3
Taxes, other than income tax	62.8	54.9	14.5	14.4
Transportation costs	10.4	11.3	5.1	6.2
Other	55.7	56.8	13.9	13.8
TOTAL	**1,328.8**	**1,381.1**	**404.6**	**440.1**

27. EARNINGS PER SHARE

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

Earnings per share are analyzed as follows:

GROUP	2011	2010
Profit attributable to owners of the parent	119.7	39.6
Weighted average number of shares for basic earnings per share	490,150,389	490,150,389
Share options	17,829,196	12,680,487
Weighted average number of shares adjusted for the effect of dilutions	490,150,389	490,150,389
Basic earnings per share	0.2442	0.0808
Diluted earnings per share	0.2442	0.0808

(Earnings per share are in absolute amounts)

For 2011 and 2010 the outstanding options did not have a dilutive effect on earnings per share and, therefore, are not included in the earnings per share calculation.

28. OPERATING SEGMENT INFORMATION

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

Using the quantitative thresholds OTE, COSMOTE group and ROMTELECOM have been determined to be reportable segments. Information about operating segments that do not constitute reportable segments has been combined and disclosed in an "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.
- ROMTELECOM is a provider of local, long-distance and international fixed-line voice telephony and internet access services in Romania.

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

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

2011	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	1,760.7	2,436.3	627.6	213.7	5,038.3	-	5,038.3
Intersegment revenue	151.5	163.6	27.5	251.1	593.7	(593.7)	-
Interest income	11.5	8.2	3.6	229.1	252.4	(230.2)	22.2
Interest expense	(184.2)	(102.4)	(2.3)	(230.7)	(519.6)	229.5	(290.1)
Depreciation, amortization and impairment	(332.1)	(494.1)	(418.7)	(67.8)	(1,312.7)	2.5	(1,310.2)
Dividend income	28.6	-	-	51.3	79.9	(52.5)	27.4
Income tax expense	(40.9)	(72.5)	(11.4)	(3.9)	(128.7)	-	(128.7)
Operating profit / (loss)	201.1	410.4	(299.6)	41.1	353.0	(0.4)	352.6
Profit / (loss) for the year	(413.4)	243.5	(310.3)	73.3	(406.9)	393.3	(13.6)
Operating profit before depreciation, amortization, impairment and cost of early retirement program	560.3	916.0	149.5	108.9	1,734.7	(2.9)	1,731.8
Segment assets	7,762.7	4,074.4	941.6	5,708.7	18,487.4	(9,396.5)	9,090.9
Segment liabilities	4,617.2	2,867.5	170.2	4,433.3	12,088.2	(4,754.6)	7,333.6
Expenditures for segment assets	181.4	430.0	84.5	20.6	716.5	-	716.5

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

Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the column eliminations. The segment assets shown in "Other" include loans and interest receivable by OTE PLC of an amount of Euro 4,243.6 which is eliminated at Group level.

The asset classified as held for sale is included in the OTE segment.

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	
	2011	2010	2011	2010
Greece	3,480.4	3,819.1	3,741.7	3,952.1
Albania	86.4	106.9	169.8	156.2
Bulgaria	379.6	388.4	521.8	538.7
Romania	1,068.4	1,146.3	1,325.2	1,689.3
Other	23.5	22.1	74.9	85.4
TOTAL	**5,038.3**	**5,482.8**	**5,833.5**	**6,421.7**

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. The analysis of revenue per service / product is shown in note 24.

29. RELATED PARTY DISCLOSURES

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

The OTE Group includes all entities which OTE controls, either directly or indirectly (see Note 1). Transactions and balances between companies in the OTE Group are eliminated on consolidation.

DEUTSCHE TELEKOM AG is a 40% shareholder of OTE and consolidates OTE using the full consolidation method. Therefore, all companies included in the DEUTSCHE TELEKOM group are also considered related parties.

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

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

	2011		2010	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	112.7	92.5	140.9	105.6
OTE INTERNATIONAL INVESTMENTS LTD	0.4	3.9	0.5	4.1
HELLAS-SAT	0.4	3.2	0.5	2.0
COSMO-ONE	-	0.6	-	0.5
VOICENET	3.0	3.2	3.8	3.4
HELLASCOM	0.1	8.4	0.2	8.5
OTE SAT – MARITEL	0.9	1.2	1.2	2.0
OTE PLUS	0.4	30.4	0.4	33.7
OTE ESTATE	2.1	61.2	2.5	61.5
OTE-GLOBE	31.3	74.5	40.8	84.1
OTE ACADEMY	0.1	4.2	0.1	4.8
ROMTELECOM	0.1	0.2	-	0.4
TOTAL	**151.5**	**283.5**	**190.9**	**310.6**

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

	2011		2010	
	Group's sales	Group's purchases	Group's sales	Group's purchases
TELEKOM DEUTSCHLAND	15.4	13.4	16.0	10.4
HRVATSKI TELEKOM	0.2	0.3	0.4	0.5
COMBRIDGE	1.7	0.2	3.1	0.2
CRNOGORSKI TELEKOM	-	0.1	-	-
DETEKON	-	0.1	-	-
ORBITEL	-	0.8	0.1	0.4
MAGYAR	-	0.1	-	-
T-SYSTEMS	1.8	-	-	0.1
T-MOBILE CZECH	0.3	0.1	0.3	0.1
T-MOBILE UK	0.8	1.7	1.0	0.5
T-MOBILE AUSTRIA	0.5	0.3	0.4	0.5
T-MOBILE NETHERLANDS	0.4	0.2	0.5	0.1
T-MOBILE USA	0.4	0.3	0.3	0.3
T-MOBILE HUNGARY	0.7	0.2	0.6	0.2
T-MOBILE TELEKOMUNIKASYON	-	0.3	-	0.4
T-MOBILE SLOVENSKO	1.1	0.4	0.1	-
PCT POLSKA TELEFONIA	0.7	0.1	0.7	0.5
TOTAL	**24.0**	**18.6**	**23.5**	**14.2**

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

	Finance expense OTE	
	2011	2010
OTE PLC	110.0	161.0
TOTAL	**110.0**	**161.0**

The financial activities of the Group with related parties which are not eliminated in the consolidation are analyzed as follows:

	Finance expense Group	
	2011	2010
DEUTSCHE TELEKOM AG	2.0	-
TOTAL	**2.0**	**-**

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

	2011	2010
COSMOTE	-	151.2
OTE ESTATE	-	37.0
OTE SAT – MARITEL	1.2	1.7
OTE INTERNATIONAL INVESTMENTS LTD	-	2.0
TOTAL	**1.2**	**191.9**

As a result of OTE's dividend distribution, an amount of Euro 17.3 was paid to DEUTSCHE TELEKOM AG within 2011.

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

	2011		2010	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	46.6	90.5	61.2	59.9
OTE INTERNATIONAL INVESTMENTS LTD	0.2	1.4	0.2	1.1
HELLAS-SAT	0.2	0.4	0.2	0.9
COSMO-ONE	-	0.2	-	0.2
VOICENET	0.8	1.0	0.9	0.6
HELLASCOM	0.1	4.1	-	2.0
OTE SAT – MARITEL	3.6	5.9	2.6	4.5
OTE PLUS	0.2	10.9	0.2	15.6
OTE ESTATE	0.9	18.2	1.3	13.7
OTE-GLOBE	57.6	81.0	61.5	96.3
OTE ACADEMY	0.4	0.7	0.4	0.5
ROMTELECOM	0.2	-	0.2	0.1
TOTAL	**110.8**	**214.3**	**128.7**	**195.4**

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:

	2011		2010	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
TELEKOM DEUTSCHLAND	3.2	7.7	5.3	8.2
HRVATSKI TELEKOM	0.2	0.2	-	0.1
DETEKON	-	0.2	-	-
ORBITEL	-	0.2	-	-
MAGYAR	-	0.1	-	-
COMBRIDGE	0.1	-	0.3	-
T-SYSTEMS	0.4	-	0.1	-
T-MOBILE HUNGARY	0.1	0.1	0.1	0.1
T-MOBILE CZECH	-	0.1	0.1	0.1
T-MOBILE UK	0.2	14.7	0.3	0.9
T-MOBILE AUSTRIA	0.1	0.3	0.1	0.1
T-MOBILE NETHERLANDS	0.1	0.4	-	0.2
T-MOBILE USA	0.7	1.3	0.6	1.7
T-MOBILE SLOVENSKO	0.7	0.3	-	-
PCT POLSKA TELEFONIA	0.1	0.3	0.1	0.3
T-MOBILE INTERNATIONAL	-	-	-	1.0
TOTAL	**5.9**	**25.9**	**7.0**	**12.7**

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

	Amounts owed by OTE	
	2011	2010
OTE PLC	2,162.4	2,938.0
TOTAL	**2,162.4**	**2,938.0**

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

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 4.5 and Euro 4.3 for the years 2011 and 2010, respectively.

As of December 31, 2011, 2,950,332 options under OTE's share based payment plan have been granted to the Company's key management personnel.

The main transactions between the Group companies are described below:

OTE-GLOBE

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

VOICENET

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

OTE ESTATE

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

OTE INTERNATIONAL INVESTMENTS LTD

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

COSMO-ONE

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

OTE SAT – MARITEL

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

OTE PLUS

OTE PLUS provides consulting services to OTE.

COSMOTE

OTE invoices COSMOTE with commissions for mobile connections made through OTE.
OTE invoices COSMOTE for leased lines.
OTE and COSMOTE have income and expenses for interconnection depending to which of the two entities network the codes terminate, including international telephony traffic which passes through the two networks.
COSMOTE provides OTE with mobile equipment.

OTE ACADEMY

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

HELLASCOM

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

HELLAS- SAT

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

OTE PLC

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

DEUTSCHE TELEKOM AG GROUP OF COMPANIES

OTE has income and expenses which arise from transactions with incoming, outgoing and transit traffic to and from the network of the companies that belong to DEUTSCHE TELEKOM group.

30. SHARE OPTION PLAN

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

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

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

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

The Options vest as follows:

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

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

On June 23, 2011, OTE's 59th Ordinary General Assembly approved the amendment of terms of the Stock Option Plan in force increasing the total number of Share Option Rights which may be granted at 22,100,000, which corresponds to approximately 4.5% of OTE's shares outstanding. On August 3, 2011 OTE's Board of Directors decided on and approved granting 1,434,073 Additional Options to the executives of OTE and its subsidiaries, 220,000 Basic Options to the executives of OTE and 539,280 Basic and 4,472,690 Additional Options to the executives of COSMOTE group for the year 2010. The preferential purchase price is equal to Euro 5.635 (absolute amount). The terms and conditions of this plan are the same as for the 2008 and 2009 Stock Option Plans described above, after taking into account the modification of July 2009.

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. During 2011, OTE finalized the estimates about the most probable discount on the exercise price of all outstanding options. As at December 31, 2011 the discount for options that vested in October 2009 and 2010 was set to 0% for both the top management and the middle management and the most probable discount on the exercise price of all other outstanding options was set to 15% for the top management and 10% for the middle management. The expense as at December 31, 2010 was calculated taking into account a discount on the exercise price of 20% for the top management and 15% for the middle management for all options vesting in 2009 and afterwards.

Based on this revised estimate OTE adjusted the cumulative remuneration expense and the amounts recognized are analyzed as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Expense /(income) arising from share-based payment transactions	(2.6)	5.5	(1.0)	2.4

Further details of the plan are as follows:

	2011		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	12,680,487	13.44	8,674,600	15.59
Granted	6,666,043	4.96	4,671,436	9.32
Forfeited / Canceled	(1,517,334)	12.26	(665,549)	12.57
Outstanding at the end of the year	17,829,196	11.41	12,680,487	13.44
Exercisable at the end of the year	8,339,471	16.84	6,712,896	15.00

Plan	Year of issuance	Options granted	Share price at grant date	Comments
Plans of COSMOTE group	Original grant dates range from 27/10/05-31/10/07	3,440,290	15.48	modified on 09/07/08 and on 10/07/09
2008 OTE plan	06/02/08	3,141,620	21.38	modified on 09/07/08 and on 10/07/09
2009 OTE plan	06/03/09	3,225,670	10.40	modified on 10/07/09
2010 OTE plan	28/01/2010	4,671,436	9.90	
2011 OTE plan	03/08/2011	6,666,043	4.08	

The weighted average remaining contractual term outstanding as of December 31, 2011 and 2010 is 3.5 years.

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

	2011	2010
Weighted average share price (absolute amount)	4.08	9.90
Weighted average exercise price (absolute amount)	4.79	9.57
Weighted average expected volatility	35.7%	25.6%
Weighted average exercise period	3.8 years	4.7 years
Weighted average risk free rate	1.10%	2.25%
Weighted average expected dividend (absolute amount)	0.00 – 0.004	0.50 – 0.75
Weighted average option value (absolute amount)	0.84	1.65

31. LITIGATION AND CLAIMS – COMMITMENTS

A. OUTSTANDING LEGAL CASES

The Group and the Company have made appropriate provisions in relation to litigations and claims, when it is probable an outflow of recourses will be required to settle the obligations and it can be reasonably estimated.
The most significant outstanding legal cases as at December 31, 2011, are as follows:

CIVIL PROCEEDINGS

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

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

Forthnet S.A.: In 2002, Forthnet S.A. filed a civil claim, claiming an amount of Euro 26.7 plus interest for damages incurred by it due to loss of customers as a result of OTE's allegedly discriminatory policy in favor of OTENET. The hearing which was scheduled for April 19, 2007, was suspended and rescheduled for June 5, 2008 and was again suspended and rescheduled for January 28, 2010, when was again suspended and rescheduled for February 28, 2013.

Teledome S.A.: Teledome S.A. filed four 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, and for the fourth lawsuit (Euro 3.6) the Court ordered factual investigation. The investigator has already been appointed and the completion of the factual investigation is expected. Furthermore, Teledome S.A. filed six lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming approximately Euro 11.0 plus interest in damages, due to suspension of its subscriber's number portability and due to alleged breach of contractual obligations arising out of disconnection of telecommunication services. For two lawsuits of Euro 4.6, the Court rejected Teledome's claims. Teledome appealed the decision before the Court of Appeals, which rejected it on January 25, 2007. Teledome S.A. appealed against this adverse decision and its appeal was discussed on November 27, 2008 by the Court of Appeals and it was rejected. A lawsuit of Euro 0.9 was rejected by the Court on January 25, 2007. Teledome appealed against it and its appeal was heard on November 26, 2009 but no decision was issued and the hearing was rescheduled for November 4, 2010, when it was rejected. The lawsuit of Euro 4.4 was heard on March 6, 2008 and was rejected by the court. Teledome appealed against this decision and the hearing is pending. Regarding the lawsuit of Euro 0.5, the Court ordered factual investigation. The factual investigation was filed and after the hearing on December 9, 2009 at the same Court, the appeal was partially accepted for an amount of Euro 0.1. The lawsuit of Euro 0.6 was heard on September 26, 2007 and the Court concluded that the claim up to an amount of Euro 0.3 was valid. However, both OTE and Teledome S.A. have appealed against the decision, which appeal, was heard on December 4, 2008 and the Court accepted OTE's appeal and rejected Teledome's appeal. Finally, Teledome filed a law suit against OTE before the Athens Multi Member Court claiming Euro 54.1 plus interest for damages for so called unlawful termination of its leased lines by OTE which resulted in Teledome S.A.'s bankruptcy. This claim was heard on March 18, 2009 and March 26, 2009. According to Court's decision the hearing was postponed and Teledome S.A. is required to deposit a guarantee amounting Euro 1.1 for court expenses. Teledome S.A. has appealed against this decision and the appeal was heard before the Athens Multi Member of First Instance Court on September 29, 2010. Because of Teledome S.A.'s denial to deposit the guarantee, OTE applied for withdrawal of Teledome S.A.'s order. Finally, Bank of Cyprus has appealed additional intervention in favor of Teledome S.A. before the Athens Multi Member Court of First Instance. All appeals were heard on September 29, 2010. For these cases a decision was issued, by which the appeals of Teledome S.A. and the additional intervention of Bank of Cyprus were rejected, while the appeal of OTE was accepted. Against this decision all OTE's defendants appealed and the appeals are scheduled to be heard by the Court of Appeals on April 26, 2012.

TELLAS S.A.: TELLAS filed two claims against OTE totaling Euro 6.2 for the triggering of penalty clauses for the loss suffered for the delayed delivery of leased lines and for claims relating to non compliance of OTE with costing obligations. The cases were scheduled to be heard by the Athens Multi Member Court on September 16, 2010 but were postponed for March 7, 2013.

LAN-NET S.A.: In May 2009, LAN-NET filed a claim against OTE before the Court of First Instance for an aggregate amount of Euro 175.6, claiming restitution for alleged illegal termination of services. The hearing of this case was scheduled for February 17, 2011, when it was postponed and rescheduled for May 30, 2013.

FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A.: FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A. filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 9.1 plus interest for breach of contract. The hearing was scheduled for November 8, 2007. Subsequently, the company filed with the Multi Member Court of First Instance a new lawsuit against OTE for Euro 8.7 plus interest withdrawing its previous lawsuit. The hearing by the Court, initially scheduled for November 8, 2007 was rescheduled to October 23, 2008, when the case was heard and a decision was issued rejecting the lawsuit. FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A. appealed against this decision and the hearing scheduled for February 9, 2012 was suspended.

Franchisees lawsuits:

1. Helias Koutsokostas & Company Limited Partnership filed a lawsuit against OTE claiming alleged damages for an amount of Euro 7.9. OTE filed a lawsuit against this company before the Multi-Member Court of First Instance for an amount for Euro 0.7. The hearing, initially scheduled for October 13, 2005 was suspended and a new hearing was scheduled for February 21, 2008, but was adjourned. The applicant has not performed any action since then.

2. K. Prinianakis S.A. filed a lawsuit against OTE claiming Euro 10.9 in damages. The case was heard on November 15, 2007 and the Court partially accepted the claim for the amount of Euro 0.1. Against this decision OTE has filed an appeal which was scheduled for September 29, 2011, when it was rescheduled for September 27, 2012. OTE filed a counterclaim against K. Prinianakis for an amount of Euro 0.3 in damages. This claim was heard on November 13, 2008 and the Court partially accepted it. Against this decision K. Prinianakis S.A. has filed an appeal which was scheduled for September 29, 2011, when it was rescheduled for September 27, 2012.
3. DEP INFO Limited filed a lawsuit against OTE claiming Euro 7.0 for damages. OTE has filed its own lawsuit against this company claiming Euro 1.7 in damages. Both hearings were held on March 9, 2006 and the court rejected DEP INFO Limited lawsuit, while it accepted OTE's lawsuit. DEP INFO Limited filed an appeal against this decision which was heard on January 24, 2008 and the court rejected the company's appeal and ordered a factual investigation for the accurate determination of OTE's claim.
4. Infoshop S.A. filed a lawsuit against OTE claiming alleged damages for the amount of Euro 7.0. A hearing scheduled for November 15, 2007 was suspended and a new hearing was scheduled for November 13, 2008 and the decision of the Court rejected the entire claim.
5. S.P. COM S.A. filed a lawsuit against OTE before the Athens Multi-Member Court of First Instance requesting the annulment of the termination from OTE of their franchise contract, claiming an amount of Euro 7.3 in damages plus interest. The hearing of this case is scheduled for March 14, 2012.

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

Payphones Duties: From 1999 to 2007, the Municipality of Thessaloniki charged OTE with duties and penalties of a total amount of Euro 15.0 for the installation and operation of payphones within the area of its responsibility. OTE strongly disputed the above assessments and filed appeals before the competent administrative courts and prepaid 40% of the above duties and penalties, amount that will be refunded to OTE if the outcome of that case will be favorable to the Company. OTE's appeals for years 1999-2000 were rejected. The courts held in OTE's favor for the year 2001 in the first and second instance. The Municipality of Thessaloniki has filed appeals before the Council of State, which are pending. No duties and penalties have been charged for 2008-2009. For 2010 and 2011 duties and penalties amounting to Euro 3.4 and Euro 1.0 respectively were charged, against which OTE has appealed.

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

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

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

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

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

D.N.K. Sports marketing and promotion LTD: On April 24, 2011, "D.N.K. Sports marketing and promotion LTD" filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an amount of Euro 5.1 for economic and moral damages. For the same case D.N.K. Sports marketing and promotion LTD" has filed Injunctive Measures and it was scheduled to be heard on October 17, 2011, but the hearing was suspended for May 15, 2013.

Siemens Enterprise Communications S.A.: Siemens Enterprise Communications S.A filed a lawsuit against OTE requesting from OTE to recognize specific contracts that have been transferred to Siemens Enterprise Communications S.A. from SIEMENS S.A. and to contract for debt underwriting for the debt of SIEMENS S.A. to Siemens Enterprise Communications S.A.

Moreover, Siemens Enterprise Communications S.A claims an amount of Euro 3.7 plus interest from the day that each invoice of the contracts became overdue. The case will be heard before the Athens Multi Member Court of First Instance on January 15, 2014.

Siemens S.A. Electrotechnical Projects and Products: Siemens S.A. Electrotechnical Projects and Products filed a lawsuit against OTE before the Athens Multi Member Court of First Instance claiming the payment of an aggregate amount of Euro 5.5 plus interest from outstanding invoices. The case is scheduled to be heard on March 5, 2014.

ROMTELECOM'S CUSTOM AUTHORITIES AUDIT

ROMTELECOM is currently subject to a custom authorities' audit focusing on import transactions during 2007-2009. A final decision of the customs authorities on this issue is expected within 2012.

The most significant lawsuits and administrative disputes regarding COSMOTE and its subsidiaries, as of December 31, 2011 are the following:

COSMOTE

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

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

HTPC imposed a fine against COSMOTE of Euro 2.0 for violation of the law in relation to the information of subscribers of the increase of the minimum airtime. COSMOTE has appealed against this decision before the Athens Administrative Court of Appeals, which will be heard on March 8, 2012.

GLOBUL

In December 2009, OFFICEL, former agent of GLOBUL, filed a lawsuit against GLOBUL claiming an amount of Euro 2.0 for unpaid airtime, bonus etc. for the period May 2007 – September 2009. The same agent in March 2010 filed a lawsuit against GLOBUL arguing that the agency contract was terminated by the fault of GLOBUL and claiming compensation of approximately Euro 10.0. On May 16, 2011 the Court postponed the hearing for the second lawsuit until a decision is reached for the first lawsuit. Both cases are pending.

TELECOM SLOVENIJE NOTICES OF CLAIMS

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

On June 8, 2011 TELEKOM SLOVENIJE partially quantified its alleged damages in the amount of approximately Euro 10.5, with additional sums to be further quantified. It is noted that in accordance with the terms of the share purchase agreement, COSMOTE is obliged to indemnify TELEKOM SLOVENIJE only for claims against COSMOFON that refer to the period prior to the sale and where the amount of loss exceeds Euro 2.0 (Euro 1.2 based on current data). During the development of the proceedings, COSMOTE partially accepted its liability to compensate part of the requirements of TELEKOM SLOVENIJE, amounting to approximately Euro 3.2 (based on current data) provided that TELEKOM SLOVENIJE will be forced to pay these amounts to third parties. COSMOTE intends to oppose to the rest of the claims.

AMC

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

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

COSMOTE ROMANIA

On November 3, 2011, SC Trimen SRL, which has been submitted to an insolvency procedure, filed a request asking the Court to oblige COSMOTE ROMANIA for the payment of approximately Euro 2,9 representing the estimated damage incurred by it from the anti competitive actions carried on by COSMOTE ROMANIA. The file has been sent to a specialized section of the Court and the discussion of the case is pending.

GERMANOS

GERMANOS is a party to certain lawsuits before the Court of First Instance regarding franchise agreements between GERMANOS and the franchisees of the chain GERMANOS. The applicants claim an amount of approximately Euro 15.5. The hearings of these cases are scheduled within 2012 and 2013 except for one case which was heard in January 2009 and the Court rejected the claim.

In April 2009, the claim of a former agent of GERMANOS of Euro 1.1 plus interest, regarding breach of conditions of payment of airtime commissions following the termination of the contract between GERMANOS and VODAFONE, was rejected by the Court. The applicant appealed against this decision and the appeal was heard in January 2011. The Athens Court of Appeals rejected the appeal and the claims of the aforementioned commercial partner as vague. The same plaintiff filed again a new claim alleging the same amount and the hearing of this case is set for November 20, 2013.

CRIMINAL PROCEEDINGS

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

As part of the investigation process, the expert's report prepared by the independent accounting firms was submitted to the Investigating Judge on March 17, 2010 and concluded that the price paid by COSMOTE for the acquisition of GERMANOS was fair and that COSMOTE did not suffer loss or damage as a result of the acquisition (rather the acquisition was to the corporate benefit of COSMOTE). In January 2011, the Investigating Judge concluded his investigation and sent the file to the District Attorney of Athens, in order to bring the case to the Judicial Council for a final decision. The decision of the District Attorney of Athens was dismissive and finally ceased the prosecution against all the accused.

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

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

The Judicial Council of Athens accepted the proposal of the District Attorney of Athens and by the 1693/2010 ruling, referred the former CEO of OTE (acting in this position until November 3, 2010), and the CEO of ROMTELECOM (acting in the past as OTE's General Director of Technology) to a first instance hearing before the Three Member Court of Appeal of Athens. Furthermore, for the rest of the accused ordered the cessation of the prosecution. OTE had instructed an independent accountant's report into the pricing of the relevant contracts, and based on the accountant's findings, remained confident that the allegations are without merit.

The Court of Appeals of Athens issued a dismissive decision by the 2902/2011 rulling, which finally ceased the prosecution against all the accused.

FINES OF HTPC AGAINST OTE:

On November 29, 2006, HTPC imposed a fine against OTE of total amount of Euro 3.0, due to violation of Number Portability Rules and Competition Rules. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 1.0. OTE has appealed against this decision before the Council of State which will be heard on May 29, 2012.

On July 26, 2007 HTPC imposed a fine amounting Euro 20.1, for alleged abuse of its dominant position in broadband market in the form of margin squeeze. OTE has filed an appeal before the Athens Court of Appeals against this fine which was partially accepted reducing the fine to Euro 10.1. Against this decision both OTE and HTPC have appealed before the Council of State which will be heard on March 13, 2012.

On July 26, 2007, HTPC imposed a fine amounting Euro 4.0, for violations of the existing legislation concerning compliance with HTPC's cost control decisions for the year 2003, having as proof wholesale leased lines (including interconnection leased lines). OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 2.5. OTE has appealed against this decision before the Council of State, which will be heard on March 27, 2012.

On July 26, 2007, HTPC imposed a fine amounting Euro 1.0 for violations in the existing legislation concerning breaches in the obligation to pay penalties for delivery delays and repair of leased lines. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 0.7. OTE has appealed against this decision before the Council of State, which will be heard on May 22, 2012.

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

On October 5, 2007, HTPC imposed a fine for a total amount of Euro 3.0 for alleged non-compliance with regard to OTE's obligations relating to the Local Loop Unbundling (L.L.U). Against this decision OTE has filed an appeal demanding its annulment which was heard before the Athens Administrative Court of Appeals on January 20, 2009 but no decision was issued and the hearing was rescheduled for June 14, 2011 and a 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 and the fine was cancelled.

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

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

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

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

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

On May 5, 2009, HTPC imposed a fine of Euro 2.0 to OTE for violation of telecommunications law and specifically on the Company's obligation, as a company with significant market power (SMP) in the relevant market, to maintain maximum price level at the retention fee for calls from subscribers of its network to subscribers of mobile network providers. OTE has appealed against this decision, before the Athens Administrative Court of Appeals. The appeal has been postponed and was heard on May 13, 2010. Similarly, the above mentioned decision was announced to OTE again and OTE has appealed against it, before the Athens Administrative Court of Appeals and the appeal will be heard after postponement on September 26, 2012.

B. COMMITMENTS

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Capital commitments	120.4	163.8	42.5	59.0
Operating commitments	826.7	854.9	200.4	211.3
TOTAL	**947.1**	**1,018.7**	**242.9**	**270.3**

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

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Up to 1 year	335.7	319.0	144.4	87.8
1 to 5 years	390.8	461.3	77.3	151.4
Over 5 years	220.5	238.4	21.2	31.1
TOTAL	**947.1**	**1,018.7**	**242.9**	**270.3**

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

	Carrying Amount		Fair value	
GROUP	**2011**	**2010**	**2011**	**2010**
Financial Assets				
Available-for-sale	350.0	9.0	350.0	9.0
Held for trading	3.5	3.5	3.5	3.5
Trade receivables	928.6	1,010.8	928.6	1,010.8
Loans to Auxiliary Fund	132.0	136.3	156.4	150.0
Other loans	152.4	127.8	152.4	127.8
Cash and cash equivalents	683.4	1,004.3	683.4	1,004.3
Derivative financial instruments	29.3	6.8	29.3	6.8
Financial Liabilities				
Long-term borrowings	4,139.1	3,211.4	2,992.3	3,001.3
Short-term borrowings	762.9	2,088.4	762.9	2,081.9
Trade accounts payable	749.6	769.2	749.6	769.2
Derivative financial instruments	-	0.3	-	0.3

	Carrying Amount		Fair value	
COMPANY	**2011**	**2010**	**2011**	**2010**
Financial Assets				
Available-for-sale	343.3	2.1	343.3	2.1
Trade receivables	495.1	534.8	495.1	534.8
Loans to Auxiliary Fund	132.0	136.3	156.4	150.0
Other loans	152.3	127.7	152.3	127.7
Cash and cash equivalents	156.0	189.0	156.0	189.0
Derivative financial instruments	24.3	-	24.3	-
Financial Liabilities				
Long-term borrowings	2,715.7	1,715.4	2,108.7	1,639.8
Short-term borrowings	280.7	1,119.1	280.7	1,117.7
Trade accounts payable	346.6	351.5	346.6	351.5

The fair value of cash and cash equivalents, trade receivables, other loans 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, 2011, the Group and the Company held the following financial instruments measured at fair value:

GROUP	Fair value 2011	Fair value 2010	Fair value hierarchy
Financial Assets			
Available-for-sale shares	-	0.1	Level 1
Available-for-sale mutual funds	2.8	3.6	Level 1
Available-for-sale bonds	341.7	-	Level 1
Available-for-sale securities	5.5	5.3	Level 3
Held for trading bonds	3.5	3.5	Level 1
Other loans	152.4	127.8	Level 2
Derivative financial instruments	29.3	6.8	Level 2
Financial Liabilities			
Derivative financial instruments	-	0.3	Level 2

COMPANY	Fair value 2011	Fair value 2010	Fair value hierarchy
Financial Assets			
Available-for-sale mutual funds	1.6	2.1	Level 1
Available-for-sale bonds	341.7	-	Level 1
Other loans	152.3	127.7	Level 2
Derivative financial instruments	24.3	-	Level 2

a) Credit risk

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

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

Trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and the diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is considered to exist for amounts receivable from the telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Group and the Company. For this category the Group and the Company assess the credit risk following the established policies and procedures and make the appropriate provision for impairment (see Note 11).

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

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

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

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities (see Notes 9, 13 and 19) and loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme (see Note 19). The above mentioned loans are not considered to expose the Group and the Company to a significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and credit facilities to meet the financial obligations falling due in the next 12 months. The Group's and the Company's cash and cash equivalents and financial assets as at December 31, 2011 amounts to Euro 1,036.9 and Euro 499.3 respectively and their debt amounts to Euro 4,902.0 and Euro 2,996.4, respectively.

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

The analysis of the undiscounted contractual payments of the financial liabilities of the Group and the Company is as follows:

GROUP

December 31, 2011	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term bonds OTE PLC	175.8	1,426.3	2,242.4	-	3,844.5
Syndicated loan OTE PLC and OTE	846.0	940.8	-	-	1,786.8
Borrowings - ROMTELECOM	4.2	-	-	-	4.2
Other borrowings	2.2	-	-	-	2.2
Trade accounts payable	749.6	-	-	-	749.6
TOTAL	1,777.8	2,367.1	2,242.4	-	6,387.3

December 31, 2010	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term bonds OTE PLC	2,290.2	140.1	2,138.4	941.6	5,510.3
Syndicated loan OTE PLC	34.4	450.0	-	-	484.4
Borrowings - ROMTELECOM	9.8	9.5	12.4	11.3	43.0
Other borrowings	5.6	-	-	-	5.6
Trade accounts payable	769.2	-	-	-	769.2
TOTAL	3,109.2	599.6	2,150.8	952.9	6,812.5

The Group has excluded derivative financial instruments from the above analysis.

Guarantees

OTE has guaranteed the borrowings of its subsidiary, OTE PLC as follows:

- As at December 31, 2011: Euro 4,297.4
- As at December 31, 2010: Euro 5,267.6

COMPANY

December 31, 2011	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Intercompany loans (OTE PLC)	396.6	827.2	1,223.6	-	2,447.4
Syndicated loan OTE	77.6	940.8	-	-	1,018.4
Trade accounts payable	346.6	-	-	-	346.6
TOTAL	820.8	1,768.0	1,223.6	-	3,812.4

December 31, 2010	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Intercompany loans (OTE PLC)	1,273.1	94.5	1,884.7	-	3,252.3
Trade accounts payable	351.5	-	-	-	351.5
TOTAL	1,624.6	94.5	1,884.7	-	3,603.8

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 the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the Group's long-term borrowings with floating interest rates.

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

As of December 31, 2011, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 66%/34% (2010: 91%/9%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Floating interest rate	1,653.1	479.8	1,174.9	-
Fixed interest rate	3,248.9	4,820.0	1,821.5	2,834.5
TOTAL	4,902.0	5,299.8	2,996.4	2,834.5

As of December 31, 2011, three fixed to floating interest rate swap agreements were outstanding, with total notional amount of Euro 565.0. The post hedging fixed to floating ratio is 55%/45%.

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

Sensitivity to an interest rates increase of 1% (gain / (loss)):

	GROUP		COMPANY	
	2011	2010	2011	2010
Profit before tax	(10.1)	5.2	(10.6)	1.9

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 of the cash flows of a financial instrument fluctuate due to foreign currency changes.

The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies. The main currencies within the Group are the Euro, Ron (Romania) and the Lek (Albania). The following table demonstrates the sensitivity to a reasonably possible change in the functional currency exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

	Effect on profit before tax	
Change in functional currency exchange rate	2011	2010
+10%	36.1	32.5
-10%	(36.1)	(32.5)

As of December 31, 2011, subsidiaries of COSMOTE had Euro 718.9 loans payable to COSMOTE (December 31, 2010: Euro 750.4) which are treated as part of the net investment of the foreign operation as settlement is neither planned nor probable in the foreseeable future. The currency translation differences are recorded in other comprehensive income. If the exchange rate RON/EUR changes by 1%, the effect in total equity of the Group would be Euro 7.3 (2010: Euro 7.4).

Capital Management

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

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

An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity) which is monitored at a Group level. Net Debt includes interest bearing loans and notes, less cash and cash equivalents and other financial assets.
The table below shows a decrease in the gearing ratio in 2011 compared to 2010, due to a decrease in borrowings and an increase in equity:

GROUP	**December 31,**	
Net debt	**2011**	**2010**
Borrowings	4,902.0	5,299.8
Cash and cash equivalents	(683.4)	(1,004.3)
Other financial assets	(353.5)	(12.5)
Net debt	3,865.1	4,283.0
Equity	1,757.3	1,652.6
Gearing ratio	**2.20x**	**2.59x**

33. RECLASSIFICATIONS

In the consolidated and separate income statements and in the consolidated and separate statements of cash flows of 2010, the amount reflected in “Provision for staff retirement indemnities and youth account” has been analyzed and reflected in “Provision for staff retirement indemnities” and in “Provision for youth account”.

In the consolidated and separate statements of financial position of 2010, an amount of Euro 84.2 and Euro 23.3 respectively has been reclassified from “Property, plant and equipment” to “Other intangible assets” for better presentation of the Group’s and the Company’s software.

In the consolidated statement of cash flows of 2010, an amount of Euro 12.0 has been reclassified from “Decrease / (increase) in inventories” to “Write down of inventories” for better presentation of the Group’s movement in inventories.

In the consolidated statement of financial position of 2010, an amount of Euro 74.0 has been reclassified from “Other current liabilities” to “Trade accounts payable” for better presentation.

34. EVENTS AFTER THE FINANCIAL POSITION DATE

The most significant events after December 31, 2011 are as follows:

Completion of the sale of TELEKOM SRBIJA

On January 25, 2012, the sale of OTE’s 20% entire stake in TELEKOM SRBIJA was completed. According to the Share Purchase Agreement that had been signed on December 30, 2011, OTE received Euro 397.0 in total, out of which Euro 380.0 represent the selling price and Euro 17.0 represent the interim dividend of the fiscal year 2011.

HTPC fines to OTE and COSMOTE

On January 25, 2012, HTPC imposed a fine of Euro 2.0 on OTE and a fine of Euro 1.0 on COSMOTE for alleged failure to provide the requested information (collocation agreements between OTE and COSMOTE). OTE and COSMOTE intend to appeal against the fines before the Athens Administrative Court of Appeals.

V. FINANCIAL DATA AND INFORMATION

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

AR.MAE 347/06/B86/10

REGISTERED OFFICE: 99 KIFISSIAS AVE - 15124 MAROUSI, ATHENS

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM JANUARY 1, 2011 TO DECEMBER 31, 2011

(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 22, 2012
The Certified Auditor : Marios Psaltis RN ICA(GR): 38081
Auditing Company : PricewaterhouseCoopers S.A. Certified Auditors - Accountants SOEL REG: No 113
Type of Auditor's Opinion : Unqualified

Composition of the Board of Directors:

1. Michael Tsamaz, Chairman and Managing Director, Executive Member
2. Dimitrios Tzouganatos,Vice-Chairman,Independent Non-Executive Member
3. Kevin Copp, Executive Member
4. Timotheus Höttges, Non - Executive Member
5. Klaus Müller, Non - Executive Member
6. Claudia Nemat, Non - Executive Member
7. Eustathios Anestis, Non - Executive Member
8. Nikolaos Karamouzis, Non - Executive Member
9. Michael Bletsas, Independent, Non - Executive Member
10. Panagiotis Tabourlos, Independent, Non - Executive Member
11. Vasileios Fourlis, Independent, Non - Executive Member

DATA FROM STATEMENT OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
ASSETS				
Property, plant and equipment	4.328,0	4.977,8	1.682,7	1.840,7
Intangible assets	1.505,5	1.443,9	31,8	25,4
Other non current assets	573,8	697,8	4.538,7	5.220,2
Inventories	125,0	160,8	21,9	27,9
Trade receivables	928,6	1.010,8	495,1	534,8
Other current assets	566,6	242,4	456,5	110,7
Cash and cash equivalents	683,4	1.004,3	156,0	189,0
Assets classified as held for sale	380,0	-	380,0	-
TOTAL ASSETS	**9.090,9**	**9.537,8**	**7.762,7**	**7.948,7**
EQUITY AND LIABILITIES				
Share capital	1.171,5	1.171,5	1.171,5	1.171,5
Other equity items	212,0	(71,9)	1.974,0	2.198,9
Equity attributable to shareholders of the parent (a)	1.383,5	1.099,6	3.145,5	3.370,4
Non-controlling interests (b)	373,8	553,0	-	-
Total equity (c) = (a) + (b)	**1.757,3**	**1.652,6**	**3.145,5**	**3.370,4**
Long-term borrowings	4.139,1	3.211,4	2.715,7	1.715,4
Provisions / Other non current liabilities	692,9	747,7	523,2	626,4
Short-term borrowings	762,9	2.088,4	280,7	1.119,1
Other current liabilities	1.738,7	1.837,7	1.097,6	1.117,4
Total liabilities (d)	**7.333,6**	**7.885,2**	**4.617,2**	**4.578,3**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**9.090,9**	**9.537,8**	**7.762,7**	**7.948,7**

DATA FROM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-31.12.2011	01.01-31.12.2010	01.01-31.12.2011	01.01-31.12.2010
Total revenue	5.038,3	5.482,8	1.912,2	2.169,8
Profit before taxes, investment and financial activities	**352,6**	**384,9**	**201,1**	**142,2**
Profit / (loss) before tax	115,1	99,9	(372,5)	152,4
Profit / (loss) after tax (A)	**(13,6)**	**(139,0)**	**(413,4)**	**60,9**
Attributable to:				
- Owners of the parent	119,7	39,6	(413,4)	60,9
- Non controlling interests	(133,3)	(178,6)	-	-
Other comprehensive income after tax (B)	**217,5**	**1,2**	**244,0**	**42,8**
Total comprehensive income / (loss) after tax (A)+(B)	**203,9**	**(137,8)**	**(169,4)**	**103,7**
Attributable to:				
- Owners of the parent	339,4	54,3	(169,4)	103,7
- Non controlling interests	(135,5)	(192,1)	-	-
Basic earnings per share (in €)	**0,2442**	**0,0808**		
Dividend per share (in €)			0,0000	0,1179
Profit before taxes, investment, financial activities and depreciation, amortization and impairment	**1.662,8**	**1.747,9**	**533,2**	**516,4**

DATA FROM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Total equity at the beginning of the year (01.01.2011 and 01.01.2010)	1.652,6	1.884,1	3.370,4	3.347,8
Total comprehensive income / (loss) after tax	203,9	(137,8)	(169,4)	103,7
Share-based payments	(2,6)	5,5	(2,6)	5,5
Dividends	(101,5)	(105,7)	(57,8)	(93,1)
Withholding tax related to dividend paid out of dividend income subject to withholding tax	4,9	6,5	4,9	6,5
Total equity at the end of the year (31.12.2011 and 31.12.2010)	**1.757,3**	**1.652,6**	**3.145,5**	**3.370,4**

DATA FROM STATEMENT OF CASH FLOWS (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-31.12.2011	01.01-31.12.2010	01.01-31.12.2011	01.01-31.12.2010
Cash flows from operating activities				
Profit / (loss) before tax	115,1	99,9	(372,5)	152,4
Adjustments for:				
Depreciation, amortization and impairment	1.310,2	1.363,0	332,1	374,2
Share-based payment	(2,6)	5,5	(1,0)	2,4
Cost of early retirement program	69,0	171,5	27,1	144,7
Provisions for staff retirement indemnities	22,2	27,8	20,1	24,2
Provisions for youth account	9,9	11,0	9,9	11,0
Write down of inventories	20,9	12,0	6,3	-
Provisions for doubtful accounts	135,0	125,6	24,5	25,9
Other provisions	(4,5)	(3,4)	(4,6)	(4,3)
Foreign exchange differences, net	(3,6)	12,1	(2,3)	0,5
Interest income	(22,2)	(25,7)	(11,5)	(8,4)
Dividend income	(27,4)	(14,2)	(28,6)	(206,1)
Losses and impairments of investments	0,6	4,6	431,8	4,7
Release of EDEKT fund prepayment	35,2	35,2	35,2	35,2
Interest expense	290,1	308,2	184,2	199,1
Working capital adjustments:				
Decrease / (increase) in inventories	14,9	56,3	(0,3)	3,2
Decrease / (increase) in accounts receivable	(86,9)	32,9	(25,1)	12,9
(Decrease) / increase in liabilities (except borrowings)	1,6	(212,3)	(12,5)	(36,5)
Plus/ (Minus):				
Payment of early retirement programs and voluntary leave scheme	(113,9)	(205,0)	(74,2)	(178,2)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(82,4)	(85,4)	(79,4)	(83,9)
Interest and related expenses paid	(284,5)	(256,0)	(174,0)	(161,7)
Income taxes paid	(188,5)	(353,2)	(20,4)	(129,6)
Net cash flows from operating activities (a)	**1.208,2**	**1.110,4**	**264,8**	**181,7**
Cash flows from investing activities				
Acquisition of non-controlling interest	-	(7,9)	-	-
Acquisition of subsidiary net of cash acquired	(10,5)	(2,0)	-	-
Purchase of financial assets	(435,4)	(69,8)	(435,0)	-
Sale or maturity of financial assets	93,7	84,0	93,6	7,1
Loans granted	-	(30,0)	-	(30,0)
Repayments of loans receivable	9,8	9,7	9,8	9,7
Purchase of property, plant and equipment and intangible assets	(716,5)	(751,1)	(181,4)	(224,9)
Interest received	17,5	23,5	10,6	6,5
Dividends received	10,4	10,1	11,6	203,0
Return of capital invested in subsidiary	-	-	82,0	-
Net cash flows from / (used in) investing activities (b)	**(1.031,0)**	**(733,5)**	**(408,8)**	**(28,6)**
Cash flows from financing activities				
Proceeds from short-term borrowings	-	2,3	-	-
Proceeds from loans granted and issued	1.743,6	-	1.743,6	-
Repayment of loans	(2.142,1)	(139,7)	(1.579,7)	(99,6)
Dividends paid to Company's owners	(52,9)	(88,5)	(52,9)	(88,5)
Dividends paid to non-controlling interests	(43,7)	(12,6)	-	-
Net cash flows from / (used in) financing activities (c)	**(495,1)**	**(238,5)**	**111,0**	**(188,1)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**(317,9)**	**138,4**	**(33,0)**	**(35,0)**
Cash and cash equivalents at the beginning of the year	**1.004,3**	**868,8**	**189,0**	**224,0**
Net foreign exchange differences	(3,0)	(2,9)	-	-
Cash and cash equivalents at the end of the year	**683,4**	**1.004,3**	**156,0**	**189,0**

ADDITIONAL DATA AND INFORMATION

1) The companies which are included in the annual financial statements (consolidated and separate), their country, the Group's participating interest (direct and indirect) and the method of consolidation, are presented in Notes 1 and 8 of the financial statements.
2) The fiscal years that are unaudited by the tax authorities for the Company and the Group's subsidiaries and the results of the tax audits completed, are presented in Note 22 of the financial statements.
3) On December 30, 2011 a Share Purchase Agreement was signed for the sale of OTE's 20% in TELEKOM SRBIJA to the latter at a selling price of Euro 380.0 million. Further details are 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, 2011 for litigations and other risks, as well as for unaudited tax years are as follows: a) for the Group € 83.0 million and € 27.0 million respectively and b) for the Company € 82.4 million and € 18.0 million respectively. The most significant outstanding legal cases are presented in Note 31 of the financial statements.
5) Number of employees at the end of the year: Group 28,474 (31.12.2010: 31,088), Company 10,569 (31.12.2010: 10,925).
6) Other comprehensive income after tax for the year 2011 which was recognized directly in equity for the Group, relates to foreign currency translation € (34.1) million, actuarial gains € 40.6 million (net of deferred taxes) and the net movement of available for sale investments € 211.0 million (net of deferred taxes). As for the Company, it relates to actuarial gains € 32.5 million (net of deferred taxes) and the net movement of available for sale financial assets € 211.5 million (net of deferred taxes).
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 40.00% interest in OTE as of December 31, 2011.
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 2011, amounted to € 151.5 million and € 283.5 million, respectively. Interest expense for the year 2011 amounted to € 110.0 million. The outstanding balance of receivables and payables from/to related parties as of December 31, 2011 derived from current transactions amounted to € 110.8 million and € 214.3 million, respectively. The outstanding balance of payables to related parties from the loans received amounted to € 2,162.4 million. Dividend income from related parties amounts to € 1.2 million. Dividends paid to related parties in 2011 amounted to € 17.3 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 2011, amount to € 4.5 million. Based on OTE's share option plan, until December 31, 2011, 2,950,332 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 2011 amounted to € 24.0 million and € 18.6 million, respectively. Interest expense which is not eliminated for the year 2011 amounted to € 2.0 million. The outstanding balance of receivables and payables, between related parties which are not eliminated, as of December 31, 2011 derived from operating transactions amounted to € 5.9 million and € 25.9 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 33 of the financial statements.
11) The most signicant events that have occurred after December 31, 2011 are presented in the Note 34 of the financial statements.

Athens, February 22, 2012

CHAIRMAN AND MANAGING DIRECTOR	BOARD MEMBER AND GROUP CHIEF FINANCIAL OFFICER	OTE CHIEF FINANCIAL OFFICER	CHIEF ACCOUNTING OFFICER
MICHAEL TSAMAZ I.D. Number AB 516212	KEVIN COPP I.D. Number 446059212	GEORGE MAVRAKIS I.D. Number T 004893	KONSTANTINOS VASILOPOULOS I.D.Number Π 529399 License Number 032033

VI. INFORMATION PURSUANT TO ARTICLE 10 OF LAW 3401/2005

The table below incorporates by reference the information of Article 10 of Law 3401/2005 regarding the Company, its shares and the securities market, which have been published and made available to the public during year 2011, as well as during the first months of 2012, in compliance with its obligations under Community and National Legislation.

General Shareholder Assemblies' Resolutions	
07/12/2011	EGM Resolutions-held on 6/12/2011.
23/06/2011	59th Ordinary General Meeting Resolutions – held on 23/06/2011.
Location on the company's website: www.ote.gr/ Company/ Investor Relations/ Newsroom	
Invitations to General Shareholder Assemblies	
14/11/2011	Exraordinary General Meeting of Shareholders of 06/12/2011.
01/06/2011	Invitation to the 59th Ordinary General Assembly of Shareholders of 23/06/2011.
Location on the company's website: www.ote.gr/ Company/ Investor Relations/ Newsroom	
Dividend	
24/06/2011	Dividend Information- Euro 0,1179 per share- Dividend payment instructions.
Location on the company's website: www.ote.gr/ Company/ Investor Relations/ Newsroom	
Corporate Actions	
27/01/2012	Announcement of Regulated Information: Completion of the sale of OTE's stake in TELEKOM SRBIJA - OTE received Euro 397.0 million in total, Euro 380.0 million from the share transaction and Euro 17.0 million for the dividend for fiscal year 2011.
30/12/2011	Announcement of Regulated Information: OTE sells its 20% stake in TELEKOM SRBIJA - OTE signed a share purchase agreement to sell the 20% stake in TELEKOM SRBIJA subject of fulfillment of agreed conditions precedent.
29/11/2011	Response to HCMC's Letter - relative to the disposal of 20% stake of OTE in TELEKOM SRBIJA.
16/11/2011	Change of member in OTE's BoD - Following a resignation of the non executive member Mr Rainer Rathgeber, Mr Klauss Muller was elected as new member.
26/10/2011	New member in OTE BoD - Following a resignation of the non executive member Mr Roland Mahler, Mrs Claudia Nemat was elected as new member.
04/10/2011	Announcement of Regulated Information: Liable person's transaction notification of Mr Mavrakis OTE Chief Financial Officer.
29/08/2011	Announcement of Regulated Information: Liable person's transaction notification of Mr Konstantinos Christopoulos- Head of Strategy Planning and Financial Services.
29/08/2011	Announcement of Regulated Information: Liable person's transaction notification of Mr Tsamaz CEO of OTE SA.
10/08/2011	Announcement of Regulated Information: Liable person's transaction notification of Mr Mavrakis OTE Chief Financial Officer.
09/08/2011	Announcement of Regulated Information: Liable person's transaction notification of Mr Konstantinos Christopoulos- Head of Strategy Planning and Financial Services.
14/07/2011	Announcement of Regulated Information: DEUTSCHE TELEKOM AG's, participation in OTE's share capital and total voting rights stands at 40,00000008%, following an acquisition of shares and voting rights on July 11, 2011.
13/07/2011	Announcement of Regulated Information: DEUTSCHE TELEKOM AG where Mr Rainer Rathgeber and Roland Mahler are members of the management on July 11, 2011 purchased 49,015,038 shares of OTE of a total value of 391,630,153.62 Euros.
12/07/2011	Announcement of Regulated Information: Disposal of shares & voting rights by the Hellenic Republic - Following a disposal of shares and voting rights, which took place on July 11, 2011, Hellenic Republic's direct and indirect participation in OTE SA's total voting rights stands at 10%.
14/06/2011	Announcement of Regulated Information: EFG EUROBANK ERGASIAS S.A. where Mr Nikolaos Karamouzis, Member of the Board of Directors of OTE SA, is Deputy Chief Executive Officer and Executive Member of the Board of Directors, on 9/6/2011, became the owner of 235,000 shares of OTE, as a result of the merger of EFG Eurobank Ergasias SA with the Investment Company DIAS SA.
05/04/2011	Announcement of Regulated Information: Completion of Euro 500 million Bond Issuance - 3 years Fixed Rate Notes with an annual coupon 7,250%.
11/02/2011	Announcement of Regulated Information: EFG EUROBANK ERGASIAS S.A. where Mr Nikolaos Karamouzis, Member of the Board of Directors of OTE SA, is Deputy Chief Executive Officer and Executive Member of the Board of Directors, on 9/2/2011, sold 70,000 shares of OTE SA.
10/02/2011	OTE announces that, it signed an agreement for a Euro 900.0 million Euros Revolving Credit Bond Loan facility with a consortium of 8 Greek and 8 International Banks.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	

Press Releases	
27/01/2012	Q4 and Full Year 2011 results announcement date - on 23rd February 2012.
21/12/2011	Response to HCMC's letter- referring to the negotiations with TELEKOM SRBIJA for the disposal to it of OTE's 20% participation.
09/12/2011	Emploee exit program with incentives - Up to Euro 55,000 to employees that will leave the Company within 2012 and fulfill certain criteria.
14/11/2011	Cosmote acquires further spectrum in the 900 and 1800 Mhz Bands.
10/11/2011	Announcement of Q3 2011 Financial Results.
27/10/2011	OTE Q3 2011 Financial Results announcement- Conference call details.
13/10/2011	Q3 2011 Results Announcement Date.
29/09/2011	OTE files Form 15F with SEC.
23/09/2011	On 22/9/2011 OTE reached an agreement with Unions, following lengthy negotiations, on the framework of a three year Collective Labour Agreement.
04/08/2011	Announcement of Q2 2011 Financial Results.
22/07/2011	OTE Q2 2011 Financial Results announcement - Conference call details.
07/07/2011	Q2 2011 Results announcement date.
21/06/2012	Form 20-F Filing.
06/05/2011	Announcement of Q1 2011 Financial Results.
02/05/2011	Q1 2011 Financial Results announcement date – Conference call details.
13/04/2011	Q1 2011 Financial Results announcement date.
31/03/2011	Employee exit plan with incentives - up to 25,000 Euros for approximately 250 OTE employees who are eligible for this employee exit program in accordance with the time of service recognition that a recent regulation allows for.
17/03/2011	Announcement of regulated information - Replacement of BoD member - Following the submitted resignation of Mr Guido Kerkhoff, Mr Roland Mahler was elected as a new member of OTE BoD, in replacement of Mr Guido Kerkhoff.
28/2/2011	Measures at OTE for the reduction of operating costs - aiming to ensure its viability.
25/02/2011	Announcement of Q4 and full year 2010 results.
21/02/2011	Financial Calendar 2011.
16/02/2011	Announcement of regulated information - Organizational changes since 17 February 2011.
11/02/2011	Q4 2010 Financial Results announcement –Conference call details.
09/02/2011	Announcement of Regulated information - Dissolution and liquidation of OTE properties REIC - OTE SA announces that, following the decision of OTE ESTATE's Board of Directors, the Extraordinary General Meeting of Shareholders of its Subsidiary OTE PROPERTIES, has decided to proceed with the dissolution and liquidation of OTE PROPERTIES .
31/01/2011	Announcement of Regulated information - Financial burden of pension funds due to VRS - OTE announces that on 28.1.2011 the Ministry of Labor and Social Insurance notified OTE of the results of the actuarial studies that the additional financial burden of the Pension Funds, incurred as a result of OTE's voluntary retirement programs implemented during 2005-2006 was set at Euro 129.8 million. The Company intends to exercise any legal right in order to defend its interests.
27/01/2011	2010 Fourth Quarter Results under IFRS to be released on February 25, 2011.
19/01/2011	Announcement of regulated information - Organizational change - Ms Irini Nikolaidi assumed the new position of OTE Group Legal Counsel-Executive Director of Legal and Regulatory Affairs of OTE Group on 19/1/2011. She also assumes the position of Legal Counsel of OTE and General Director of Legal Affairs. She continues to hold the position of Legal Counsel, Competition and Legal Affairs General Director of Cosmote. Mr Passias, who held the position of Legal Counsel of OTE left the Company today.
14/01/2011	Announcement of regulated information - Departure of Chief Operating Officer - OTE Announces that Mr Iordanis Aivazis who held the position of Chief Operating Officer left the Company on 31.12.2010.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	

Transactions Notifications of the liable persons in compliance with L3340/2005 and 3/347/12.7.2005 Decision of the Hellenic Capital Market Commission
Location on the company's website : www.ote.gr/ Company/Investor Relations/Corporate Governance/Transparency and Information Disclosure/ Transactions Notifications in compliance with L3340/2005

Financial Results	
10/11/2011	Financial Results according to IFRS-Third Quarter 2011 Results.
04/8/2011	Financial Results according to IFRS-Second Quarter 2011 Results.
06/5/2011	Financial Results according to IFRS -First Quarter 2011 Results.
25/2/2011	Financial Results according to IFRS –Fourth Quarter 2010 Results.
Location on the Company's website: www.ote.gr/ Investor Relations/ Newsroom	

IFRS Reports - Figures and Information	
10/11/2011	Financial Data and Information in accordance with IFRS - Third Quarter 2011.
10/11/2011	Financial Statements in accordance with IFRS –Interim Condensed Financial Statements (01/01/11-30/09/11).
04/08/2011	Financial Data and Information in accordance with IFRS-Second Quarter 2011.
04/08/2011	Financial Statements in accordance with IFRS – OTE Six Months Financial Report 30/06/11.
06/05/2011	Financial Data and Information in accordance with IFRS - First Quarter 2011.
06/05/2011	Financial Statements in accordance with IFRS – First Quarter 2011.
25/02/2011	Financial Data and Information in accordance with IFRS - Fourth Quarter 2010.
25/02/2011	Financial Statements in accordance with IFRS - Annual Financial Report 2010.
Location on the Company's website: www.ote.gr/ Investor Relations/ Financial Results/ Financial Statements of OTE Group and OTE S.A.	

Note: The Financial Statements, the Independent Auditor's Reports and the Reports of the Board of Directors can be found at the web page: www.ote.gr/ Company/Investor Relations/ Financial Results/ Financial Statements of OTE Group Companies and are available both in English and Greek.