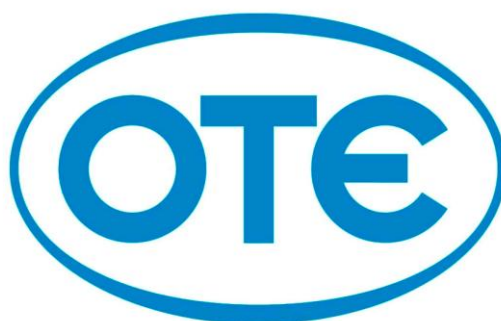


# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.



**INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)  
AS OF MARCH 31, 2011**

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

**(TRANSLATED FROM THE GREEK ORIGINAL)**

The Interim Condensed Financial Statements presented on pages 1-21 were approved by the Board of Directors on May 5, 2011 and are signed by:

Chairman  
& Managing Director

Board Member & Group  
Chief Financial Officer

OTE Chief Financial  
Officer

Chief Accounting Officer

Michael Tsamaz

Kevin Copp

George Mavrakis

Konstantinos Vasilopoulos

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

INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND FOR THE THREE MONTH PERIOD THEN ENDED

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND FOR THE THREE MONTH PERIOD THEN ENDED

1. CORPORATE INFORMATION .....	9
2. BASIS OF PREPARATION .....	10
3. SIGNIFICANT ACCOUNTING POLICIES .....	10
4. INVESTMENTS .....	11
5. SHARE CAPITAL .....	12
6. DIVIDENDS .....	12
7. LONG-TERM BORROWINGS .....	12
8. INCOME TAXES .....	14
9. REVENUE .....	15
10. OTHER INCOME/ (EXPENSE), NET .....	16
11. COST OF EARLY RETIREMENT PROGRAM .....	16
12. OTHER OPERATING EXPENSES .....	17
13. OPERATING SEGMENT INFORMATION .....	17
14. EARNINGS PER SHARE .....	18
15. RELATED PARTY DISCLOSURES .....	19
16. SHARE OPTION PLAN .....	20
17. LITIGATION AND CLAIMS .....	21
18. RECLASSIFICATIONS .....	21
19. EVENTS AFTER THE FINANCIAL POSITION DATE .....	21

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

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	31/03/2011	31/12/2010	31/03/2011	31/12/2010
ASSETS					
Non-current assets					
Property, plant and equipment		4,990.9	5,061.9	1,810.8	1,864.0
Goodwill		575.0	572.4	-	-
Telecommunication licenses		325.1	331.9	2.0	2.1
Other intangible assets		449.2	455.5	-	-
Investments	4	156.3	156.5	4,696.5	4,778.2
Loans and advances to pension funds		125.0	126.2	125.0	126.2
Deferred tax assets		268.0	260.4	174.6	195.2
Other non-current assets		162.2	154.7	129.2	120.6
Total non-current assets		7,051.7	7,119.5	6,938.1	7,086.3
Current assets					
Inventories		171.6	160.8	28.1	27.9
Trade receivables		982.0	1,010.8	531.2	534.8
Other financial assets		12.8	12.5	2.1	2.1
Other current assets		237.3	229.9	94.1	108.6
Cash and cash equivalents		469.1	1,004.3	63.1	189.0
Total current assets		1,872.8	2,418.3	718.6	862.4
TOTAL ASSETS		8,924.5	9,537.8	7,656.7	7,948.7
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	5	1,171.5	1,171.5	1,171.5	1,171.5
Share premium	5	511.1	510.6	511.1	510.6
Statutory reserve		347.2	347.2	347.2	347.2
Foreign exchange and other reserves		(88.0)	(147.3)	(46.5)	(60.1)
Changes in non-controlling interests		(3,321.5)	(3,321.5)	-	-
Retained earnings		2,569.3	2,539.1	1,398.7	1,401.2
Total equity attributable to owners of the Parent		1,189.6	1,099.6	3,382.0	3,370.4
Non-controlling Interests		524.1	553.0	-	-
Total equity		1,713.7	1,652.6	3,382.0	3,370.4
Non-current liabilities					
Long-term borrowings	7	4,104.9	3,211.4	2,217.9	1,715.4
Provision for staff retirement indemnities		298.6	306.6	265.1	273.6
Provision for voluntary leave scheme	11	22.4	29.9	22.4	29.9
Provision for youth account		291.0	301.4	291.0	301.4
Deferred tax liabilities		98.8	66.3	-	-
Other non-current liabilities		42.4	43.5	23.7	21.5
Total non-current liabilities		4,858.1	3,959.1	2,820.1	2,341.8
Current liabilities					
Trade accounts payable		588.2	695.2	295.1	351.5
Short-term borrowings		5.3	5.6	-	-
Short-term portion of long-term borrowings	7	675.0	2,082.8	452.8	1,119.1
Income tax payable		83.0	70.9	3.7	1.6
Deferred revenue		237.3	249.0	230.8	233.1
Provision for voluntary leave scheme	11	178.1	189.4	178.1	189.4
Dividends payable		2.3	2.3	2.3	2.3
Other current liabilities		583.5	630.9	291.8	339.5
Total current liabilities		2,352.7	3,926.1	1,454.6	2,236.5
TOTAL EQUITY AND LIABILITIES		8,924.5	9,537.8	7,656.7	7,948.7



## INTERIM INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP		COMPANY	
		01/01-31/03/2011	01/01-31/03/2010	01/01-31/03/2011	01/01-31/03/2010
<b>Revenue</b>					
Domestic telephony	9	303.6	369.5	227.7	272.0
International telephony	9	36.7	53.0	24.9	37.3
Mobile telephony	9	485.3	560.5	-	-
Other revenue	9	399.2	418.1	232.7	251.3
<b>Total revenue</b>		<b>1,224.8</b>	<b>1,401.1</b>	<b>485.3</b>	<b>560.6</b>
<b>Other income/ (expense), net</b>	10	<b>2.2</b>	<b>9.4</b>	<b>(1.7)</b>	<b>0.9</b>
<b>Operating expenses</b>					
Payroll and employee benefits		(268.7)	(294.1)	(165.0)	(177.6)
Provision for staff retirement indemnities		(5.8)	(6.8)	(5.0)	(6.0)
Provision for youth account		(4.8)	(5.9)	(4.8)	(5.9)
Cost of early retirement program	11	(39.7)	(37.2)	(8.0)	(31.5)
Charges from international operators		(43.6)	(42.9)	(21.1)	(26.0)
Charges from domestic operators		(85.4)	(105.0)	(33.2)	(45.4)
Depreciation, amortization and impairment		(263.0)	(276.9)	(84.0)	(95.9)
Cost of telecommunications equipment		(82.9)	(113.4)	(11.5)	(15.2)
Other operating expenses	12	(302.8)	(326.5)	(93.9)	(100.2)
<b>Total operating expenses</b>		<b>(1,096.7)</b>	<b>(1,208.7)</b>	<b>(426.5)</b>	<b>(503.7)</b>
<b>Operating profit before financial activities</b>		<b>130.3</b>	<b>201.8</b>	<b>57.1</b>	<b>57.8</b>
<b>Income and expense from financial activities</b>					
Interest expense		(66.4)	(73.0)	(38.6)	(47.4)
Interest income		5.8	7.2	2.1	2.4
Foreign exchange differences, net		3.7	3.0	0.2	(0.2)
Gains/ (losses) from investments and financial assets		-	2.2	-	1.8
<b>Total (loss) from financial activities</b>		<b>(56.9)</b>	<b>(60.6)</b>	<b>(36.3)</b>	<b>(43.4)</b>
<b>Profit before tax</b>		<b>73.4</b>	<b>141.2</b>	<b>20.8</b>	<b>14.4</b>
Income tax expense		(48.3)	(75.5)	(23.3)	(38.7)
<b>Profit/(loss) for the period</b>		<b>25.1</b>	<b>65.7</b>	<b>(2.5)</b>	<b>(24.3)</b>
Attributable to:					
Owners of the parent		30.2	65.8	(2.5)	(24.3)
Non-controlling interests		(5.1)	(0.1)	-	-
		<b>25.1</b>	<b>65.7</b>	<b>(2.5)</b>	<b>(24.3)</b>
Basic earnings per share	14	0.0616	0.1342		
Diluted earnings per share	14	0.0616	0.1342		



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

	GROUP		COMPANY	
	01/01- 31/03/2011	01/01- 31/03/2010	01/01- 31/03/2011	01/01- 31/03/2010
(Amounts in millions of Euro)				
<b>Profit / (loss) for the period</b>	<b>25.1</b>	<b>65.7</b>	<b>(2.5)</b>	<b>(24.3)</b>
Foreign currency translation	65.6	86.2	-	-
Net gain/ (loss) on cash flow hedge	-	0.3	-	-
Actuarial gains/ (losses) due to change in interest cost	16.9	(10.7)	16.9	(10.7)
Deferred taxes on actuarial gains/ (losses) due to change in interest cost	(3.4)	2.2	(3.4)	2.2
Net movement in available for sale financial assets	0.1	(4.1)	0.1	(4.1)
<b>Other comprehensive income / (loss) for the period</b>	<b>79.2</b>	<b>73.9</b>	<b>13.6</b>	<b>(12.6)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>104.3</b>	<b>139.6</b>	<b>11.1</b>	<b>(36.9)</b>
<b>Attributable to:</b>				
Owners of the parent	89.5	115.8	11.1	(36.9)
Non-controlling interests	14.8	23.8	-	-
	<b>104.3</b>	<b>139.6</b>	<b>11.1</b>	<b>(36.9)</b>



## INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(Amounts in millions of Euro)	Attributed to equity holders of the parent							Non-controlling Interest	Total equity
	Share capital	Share premium	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total		
<b>Balance as at January 1, 2010</b>	<b>1,171.5</b>	<b>505.1</b>	<b>344.1</b>	<b>(162.0)</b>	<b>(3,321.5)</b>	<b>2,589.2</b>	<b>1,126.4</b>	<b>757.7</b>	<b>1,884.1</b>
Profit for the period	-	-	-	-	-	65.8	65.8	(0.1)	65.7
Other comprehensive income / (loss)	-	-	-	50.0	-	-	50.0	23.9	73.9
<b>Total comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.0</b>	<b>-</b>	<b>65.8</b>	<b>115.8</b>	<b>23.8</b>	<b>139.6</b>
Share-based payment	-	1.3	-	-	-	-	1.3	-	1.3
<b>Balance as at March 31, 2010</b>	<b>1,171.5</b>	<b>506.4</b>	<b>344.1</b>	<b>(112.0)</b>	<b>(3,321.5)</b>	<b>2,655.0</b>	<b>1,243.5</b>	<b>781.5</b>	<b>2,025.0</b>
<b>Balance as at January 1, 2011</b>	<b>1,171.5</b>	<b>510.6</b>	<b>347.2</b>	<b>(147.3)</b>	<b>(3,321.5)</b>	<b>2,539.1</b>	<b>1,099.6</b>	<b>553.0</b>	<b>1,652.6</b>
Profit for the period	-	-	-	-	-	30.2	30.2	(5.1)	25.1
Other comprehensive income / (loss)	-	-	-	59.3	-	-	59.3	19.9	79.2
<b>Total comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59.3</b>	<b>-</b>	<b>30.2</b>	<b>89.5</b>	<b>14.8</b>	<b>104.3</b>
Dividends	-	-	-	-	-	-	-	(43.7)	(43.7)
Share-based payment	-	0.5	-	-	-	-	0.5	-	0.5
<b>Balance as at March 31, 2011</b>	<b>1,171.5</b>	<b>511.1</b>	<b>347.2</b>	<b>(88.0)</b>	<b>(3,321.5)</b>	<b>2,569.3</b>	<b>1,189.6</b>	<b>524.1</b>	<b>1,713.7</b>



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

(Amounts in millions of Euro)	Share capital	Share premium	Statutory reserve	Foreign exchange and other reserves	Retained earnings	Total equity
<b>Balance as at January 1, 2010</b>	<b>1,171.5</b>	<b>505.1</b>	<b>344.1</b>	<b>(102.9)</b>	<b>1,430.0</b>	<b>3,347.8</b>
Profit / (loss) for the period	-	-	-	-	(24.3)	(24.3)
Other comprehensive income / (loss)	-	-	-	(12.6)	-	(12.6)
<b>Total comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12.6)</b>	<b>(24.3)</b>	<b>(36.9)</b>
Share-based payment	-	1.3	-	-	-	1.3
<b>Balance as at March 31, 2010</b>	<b>1,171.5</b>	<b>506.4</b>	<b>344.1</b>	<b>(115.5)</b>	<b>1,405.7</b>	<b>3,312.2</b>
<b>Balance as at January 1, 2011</b>	<b>1,171.5</b>	<b>510.6</b>	<b>347.2</b>	<b>(60.1)</b>	<b>1,401.2</b>	<b>3,370.4</b>
Profit / (loss) for the period	-	-	-	-	(2.5)	(2.5)
Other comprehensive income / (loss)	-	-	-	13.6	-	13.6
<b>Total comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.6</b>	<b>(2.5)</b>	<b>11.1</b>
Share-based payment	-	0.5	-	-	-	0.5
<b>Balance as at March 31, 2011</b>	<b>1,171.5</b>	<b>511.1</b>	<b>347.2</b>	<b>(46.5)</b>	<b>1,398.7</b>	<b>3,382.0</b>

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

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		01/01-31/03/2011	01/01-31/03/2010	01/01-31/03/2011	01/01-31/03/2010
<b>Cash flows from operating activities</b>					
Profit before tax		73.4	141.2	20.8	14.4
Adjustments for:					
Depreciation, amortization and impairment		263.0	276.9	84.0	95.9
Share-based payment	16	0.5	1.3	0.2	0.6
Cost of early retirement program	11	39.7	37.2	8.0	31.5
Provision for staff retirement indemnities		5.8	6.8	5.0	6.0
Provision for youth account		4.8	5.9	4.8	5.9
Provisions for doubtful accounts	12	30.7	32.4	6.6	9.0
Foreign exchange differences, net		(3.7)	(3.0)	(0.2)	0.2
Interest income		(5.8)	(7.2)	(2.1)	(2.4)
(Gains)/ losses from investments and financial assets		-	(2.2)	-	(1.8)
Release of EDEKT fund prepayment		8.8	8.8	8.8	8.8
Interest expense		66.4	73.0	38.6	47.4
Working capital adjustments:					
Decrease/ (increase) in inventories		(10.8)	9.8	(0.2)	(3.0)
Decrease / (increase) in accounts receivable		(10.5)	(6.5)	(4.2)	0.6
(Decrease) in liabilities (except borrowings)		(99.1)	(79.4)	(50.5)	(43.2)
Plus/(Minus):					
Payment for early retirement programs	11	(35.4)	(31.7)	(24.2)	(28.6)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(18.4)	(18.6)	(16.9)	(17.8)
Interest and related expenses paid		(116.5)	(118.5)	(98.0)	(93.8)
Income taxes paid		(24.5)	(123.3)	(4.0)	(51.6)
<b>Net cash flows from / (used in) operating activities</b>		<b>168.4</b>	<b>202.9</b>	<b>(23.5)</b>	<b>(21.9)</b>
<b>Cash flows from investing activities</b>					
Purchase of financial assets		-	(10.5)	-	-
Sale or maturity of financial assets		-	2.0	-	2.0
Repayments of loans receivable		2.4	2.4	2.4	2.4
Purchase of property plant and equipment and intangible assets		(166.5)	(191.3)	(33.9)	(45.3)
Interest received		4.4	5.7	2.0	0.8
Return of capital invested in subsidiary		-	-	82.0	-
<b>Net cash flows from / (used in) investing activities</b>		<b>(159.7)</b>	<b>(191.7)</b>	<b>52.5</b>	<b>(40.1)</b>
<b>Cash flows from financing activities</b>					
Proceeds from loans granted and issued		932.0	-	932.0	-
Repayment of loans		(1,435.8)	(0.3)	(1,086.9)	-
Dividends paid to Company's owners		-	(1.2)	-	(1.2)
Dividends paid to non-controlling interests		(43.7)	-	-	-
<b>Net cash flows used in financing activities</b>		<b>(547.5)</b>	<b>(1.5)</b>	<b>(154.9)</b>	<b>(1.2)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(538.8)</b>	<b>9.7</b>	<b>(125.9)</b>	<b>(63.2)</b>
<b>Cash and cash equivalents, at the beginning of the period</b>		<b>1,004.3</b>	<b>868.8</b>	<b>189.0</b>	<b>224.0</b>
Net foreign exchange differences		3.6	-	-	-
<b>Cash and cash equivalents, at the end of the period</b>		<b>469.1</b>	<b>878.5</b>	<b>63.1</b>	<b>160.8</b>





## 1. CORPORATE INFORMATION

Hellenic Telecommunications Organization S.A. ("Company" or "OTE"), was incorporated as a société anonyme in Athens, Greece in 1949, and is listed in the Greek Register of Sociétés Anonymes (M.A.E.) with the unique number (AP. MAE) 347/06/B/86/10. The registered office is located at 99 Kifissias Avenue – 151 24 Maroussi Athens, Greece, and the website is [www.ote.gr](http://www.ote.gr). The Company is listed on the Athens Exchange. Until September 19, 2010, OTE ADRs (American Depositary Receipts) were also listed 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 principle activities are the provision of telecommunications and related services.

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

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

The Interim Condensed Consolidated and Separate Financial Statements ("interim financial statements") as of March 31, 2011 and for the three month period then ended, were approved for issuance by the Board of Directors on May 5, 2011.

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

	GROUP	COMPANY
March 31, 2011	30,507	10,919
March 31, 2010	32,117	11,308

The Interim Condensed 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	31/3/2011	31/12/2010
			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 S.A. ("OTE PLUS")	Consulting services	Greece	100.00%	100.00%
OTE ESTATE S.A. ("OTE ESTATE")	Real estate	Greece	100.00%	100.00%
OTE INTERNATIONAL SOLUTIONS S.A. ("OTE-GLOBE")	Wholesale telephony services	Greece	100.00%	100.00%
HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD. ("HATWAVE")	Investment holding company	Cyprus	52.67%	52.67%
OTE INSURANCE AGENCY S.A. ("OTE INSURANCE")	Insurance brokerage services	Greece	100.00%	100.00%
OTE ACADEMY S.A. ("OTE ACADEMY")	Training services	Greece	100.00%	100.00%
ROMTELECOM S.A. ("ROMTELECOM")	Fixed line telephony services	Romania	54.01%	54.01%
S.C. COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE ROMANIA")	Mobile telecommunications services	Romania	86.20%	86.20%
COSMO BULGARIA MOBILE EAD ("GLOBUL")	Mobile telecommunications services	Bulgaria	100.00%	100.00%
COSMO-HOLDING ALBANIA S.A. ("CHA")	Investment holding company	Greece	97.00%	97.00%
ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC")	Mobile telecommunications services	Albania	97.21%	97.21%
COSMOHOLDING CYPRUS LTD ("COSMOHOLDING CYPRUS")	Investment holding company	Cyprus	100.00%	100.00%

COMPANY NAME	LINE OF BUSINESS	COUNTRY	31/3/2011	31/12/2010
			GROUP's OWNERSHIP INTEREST	
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	Greece	100.00%	100.00%

## 2. BASIS OF PREPARATION

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

These interim financial statements do not include all the information required in the annual financial statements and they should be read in conjunction with the annual audited financial statements as of December 31, 2010, which are available on the Company's website [www.ote.gr](http://www.ote.gr).

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared using accounting policies consistent with those adopted for the preparation of the annual financial statements as of December 31, 2010 and which are comprehensively presented in the notes of the annual financial statements, except for the adoption of the following new and amended IFRS and IFRIC interpretations which became effective for the accounting periods beginning January 1, 2011, noted below:

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amended)
- IAS 32 Classification on Right Issues (Amended)
- IAS 24 Related Party Disclosures (Revised)
- 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 Programs

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 following new and amended IFRS and IFRIC interpretations have been issued but are not effective for the financial year beginning 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 9 Financial Instruments – Phase 1 financial assets and financial liabilities, classification and measurement:** The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets and financial liabilities. Early adoption is permitted. This standard has not yet been endorsed by the EU.
- **IAS 12 Income taxes:** The new standard is effective for annual periods beginning on or after January 1, 2012. The purpose of this amendment is to provide 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.
- **IFRS 7 Financial Instruments,** effective for annual periods beginning on or after July 1, 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This amendment has not yet been endorsed by the EU.

## 4. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	31/03/2011	31/12/2010	31/03/2011	31/12/2010
(a) Investments in subsidiaries	-	-	4,540.3	4,622.0
(b) Other investments	156.3	156.5	156.2	156.2
<b>TOTAL</b>	<b>156.3</b>	<b>156.5</b>	<b>4,696.5</b>	<b>4,778.2</b>

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	31/03/2011	31/12/2010
COSMOTE	100.00%	Greece	3,513.6	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	4.7	4.7
<b>TOTAL</b>			<b>4,540.3</b>	<b>4,622.0</b>

### COSMOTE

OTE has implemented a Share Option Plan (see Note 16) for executives, including executives of COSMOTE Group. The Share Option Plan grants to these executives the opportunity, subject to vesting conditions, to purchase OTE's shares at a potentially preferential purchase price. COSMOTE's related expense for the Share Option Plan for the first three months of 2011 is Euro 0.3 and in OTE's separate financial statements has been recorded in equity with an equal increase of the carrying value of OTE's investment in COSMOTE.

### 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.



(b) Other investments are analyzed as follows:

	GROUP		COMPANY	
	31/03/2011	31/12/2010	31/03/2011	31/12/2010
TELEKOM SRBIJA	155.1	155.1	155.1	155.1
Other	1.2	1.4	1.1	1.1
<b>TOTAL</b>	<b>156.3</b>	<b>156.5</b>	<b>156.2</b>	<b>156.2</b>

## 5. SHARE CAPITAL

OTE's share capital as of March 31, 2011 and December 31, 2010, amounted to Euro 1,171.5, divided into 490,150,389 registered shares, with a nominal value of Euro 2.39 (absolute amount) per share. The share premium as of March 31, 2011 and December 31, 2010 amounted to Euro 511.1 and Euro 510.6, respectively, the increase (Euro 0.5) being the amount charged in the income statement for the first three months of 2011 under the Group's share option plan (see Note 16).

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

Shareholder	Number of shares	Percentage %
Hellenic State	63,371,292	12.93%
D.E.K.A. S.A.	15,052,773	3.07%
IKA-ETAM	19,606,016	4.00%
DEUTSCHE TELEKOM AG	147,045,118	30.00%
Institutional investors	198,101,742	40.42%
Private investors	46,973,448	9.58%
<b>TOTAL</b>	<b>490,150,389</b>	<b>100.00%</b>

## 6. DIVIDENDS

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

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

The Board of Directors of OTE will propose to the Annual General Assembly of the Shareholders the distribution of a dividend from the 2010 profits of a total amount of Euro 57.8 or Euro 0.1179 (in absolute amount) per share.

## 7. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	31/03/2011	31/12/2010
(a) Syndicated loans	1,396.5	474.2
(b) Global Medium-Term Note Programme	3,348.1	4,781.1
(c) Other bank loans	35.3	38.9
<b>Total long-term debt</b>	<b>4,779.9</b>	<b>5,294.2</b>
Short-term portion	(675.0)	(2,082.8)
<b>Long-term portion</b>	<b>4,104.9</b>	<b>3,211.4</b>



# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND FOR THE THREE MONTH PERIOD THEN ENDED

## (a) Syndicated loans

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

On February 9, 2011, OTE signed a Euro 900.0 Revolving Credit Facility (Bond Loan) with a consortium of banks and on February 10, 2011, OTE drew Euro 600.0 from this Facility. The specific transaction is described below under the Company section.

## (b) Global Medium-Term Note Programme

In January 2011 and February 2011, OTE PLC proceeded with partial repurchases of total nominal amount of Euro 29.7 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 Notes, along with the payment of accrued interest.

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

On March 14, 2011, OTE PLC repurchased Euro 28.5 of the Euro 650.0 3.75% Notes due on November 11, 2011, along with the payment of accrued interest. The repurchased Notes have been cancelled.

## 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, maturing on January 31, 2012 which remains undrawn as a liquidity reserve.

COMPANY	31/03/2011	31/12/2010
(a) Syndicated loans	590.3	-
(b) Intercompany loans from OTE PLC	2,080.4	2,834.5
<b>Total long-term debt</b>	<b>2,670.7</b>	<b>2,834.5</b>
Short-term portion	(452.8)	(1,119.1)
<b>Long-term portion</b>	<b>2,217.9</b>	<b>1,715.4</b>

## (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 facility and used the proceeds for debt repayment of loans from OTE PLC. The remaining undrawn amount of Euro 300.0 serves as a liquidity reserve.

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

The Facility also includes two financial covenants, namely:

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

Arrangement and agency fees of an amount of Euro 10.4 are recognized against the loan and are amortized over its two year period. As of March 31, 2011, an amount of Euro 0.7 has been amortized and the outstanding balance of the syndicated loan is Euro 590.3.

## (b) Intercompany loans from OTE PLC

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

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

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

On March 14, 2011, OTE proceeded with a partial prepayment of Euro 28.5 under the intercompany loan maturing in November 2011, along with the payment of accrued interest.



## 8. INCOME TAXES

In accordance with the Greek tax regulations, the income tax rate was 24% for 2010 and it was supposed to 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 20.8 for the Group and Euro 14.3 for the Company, due to the re-measurement of the deferred tax position. The relative amounts have been recorded in the consolidated and separate income statement of the first three months 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 but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the tax payer and a final assessment is issued. Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated.

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

### New tax law

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, unless they are individuals. 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.

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

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





COMPANY	Open Tax Years
CHA	From 2007
COSMO-HOLDING CYPRUS	From 2006
COSMOHOLDING ROMANIA LTD	From 2009 (incorporation)
ZAPP	From 2009
OTE PROPERTIES	From 2008 (incorporation)
E-VALUE LTD	From 2010 (incorporation)

- The tax audit of 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 is in progress.
- The tax audit of GERMANOS for the fiscal years 2008-2009 is in progress.

## 9. REVENUE

Revenue is analyzed as follows:

	GROUP		COMPANY	
	01/01-31/03/2011	01/01-31/03/2010	01/01-31/03/2011	01/01-31/03/2010
<b>DOMESTIC TELEPHONY</b>				
Monthly network service fees	169.6	198.8	114.8	132.1
Local and long-distance calls				
-Fixed to fixed	86.5	106.6	77.2	93.4
-Fixed to mobile	31.3	45.7	21.6	30.9
	117.8	152.3	98.8	124.3
Other	16.2	18.4	14.1	15.6
	<b>303.6</b>	<b>369.5</b>	<b>227.7</b>	<b>272.0</b>
<b>INTERNATIONAL TELEPHONY</b>				
International traffic	15.4	17.1	9.7	10.9
Dues from international operators	14.4	26.0	8.0	17.2
Dues from mobile operators	6.9	9.9	7.2	9.2
	<b>36.7</b>	<b>53.0</b>	<b>24.9</b>	<b>37.3</b>
<b>MOBILE TELEPHONY</b>	<b>485.3</b>	<b>560.5</b>	-	-
<b>OTHER REVENUE</b>				
Prepaid cards	4.4	7.3	4.7	6.8
Leased lines and Data ATM communications	77.4	74.2	32.9	41.4
Integrated Services Digital Network (ISDN)	31.1	33.8	27.9	30.7
Sales of telecommunication equipment	79.0	103.5	6.7	9.4
Internet/ ADSL	75.5	77.1	53.8	56.1
Co-location / Local Loop	50.9	40.4	49.8	38.9
Metro Ethernet & IP CORE	11.7	10.6	9.6	8.7
Provision for services	24.8	30.4	21.4	30.3
Interconnection charges	18.2	20.6	17.0	20.4
Miscellaneous	26.2	20.2	8.9	8.6
	<b>399.2</b>	<b>418.1</b>	<b>232.7</b>	<b>251.3</b>
<b>TOTAL REVENUE</b>	<b>1,224.8</b>	<b>1,401.1</b>	<b>485.3</b>	<b>560.6</b>



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

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

	GROUP		COMPANY	
	01/01-31/03/2011	01/01-31/03/2010	01/01-31/03/2011	01/01-31/03/2010
Forfeiture of letters of guarantee	0.5	0.3	0.5	0.3
Rents	2.5	2.6	0.1	0.1
Income from penalties	1.3	4.0	-	-
Other	(2.1)	2.5	(2.3)	0.5
<b>TOTAL</b>	<b>2.2</b>	<b>9.4</b>	<b>(1.7)</b>	<b>0.9</b>

## 11. COST OF EARLY RETIREMENT PROGRAM

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

	01/01- 31/03/2011
<b>Balance at the beginning of the period</b>	<b>219.3</b>
Payments during the period	(19.0)
Adjustment due to time value of money	0.2
<b>Balance at the end of the period</b>	<b>200.5</b>

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

	31/03/2011	31/12/2010
Long-term portion	22.4	29.9
Short-term portion	178.1	189.4
<b>TOTAL</b>	<b>200.5</b>	<b>219.3</b>

### 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 will follow for the estimation of the additional financial burden of the pension funds, incurred by OTE's Voluntary Retirement Scheme based on L. 3762/2009. The additional financial burden that the above mentioned actuarial studies state that incurred based on L. 3371/2005, amounts to Euro 129.8.

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





## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND FOR THE THREE MONTH PERIOD THEN ENDED

The fact that the announcement of the results of the actuarial study 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, this development should be treated as an adjusting subsequent event and therefore the amount of the actuarial study was recorded in the 2010 financial statements. With respect to the additional studies that will be performed (based on the Ministry's notification), OTE has not recorded any provision in its financial statements, as the amount cannot be reliably estimated until the announcement of such studies. OTE has not received any payment demand so far.

### OTE early retirement program

On March 31, 2011 OTE announced that it has reached an agreement with the union, regarding an early retirement program with incentives. The respective cost was estimated to Euro 8.0 and is recorded in the consolidated and separate income statement of the first three months 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 11.0 and is recorded in the consolidated income statement of the first three months of 2011, in the line "Cost of early retirement program".

### ROMTELECOM restructuring plan

On January 12, 2011 ROMTELECOM announced that during 2011 a restructuring process will take place in order to increase its efficiency and to reduce costs. The respective cost was estimated to Euro 20.7 and is recorded in the consolidated income statement of the first three months of 2011, in the line "Cost of early retirement program".

Amounts paid during the first three months of 2011, in relation to early retirement programs were Euro 16.4 for the Group and Euro 5.2 for the Company and were fully provided for.

## 12. OTHER OPERATING EXPENSES

Other operating expenses are analyzed as follows:

	GROUP		COMPANY	
	01/01- 31/03/2011	01/01- 31/03/2010	01/01- 31/03/2011	01/01- 31/03/2010
Third party fees	54.2	53.5	19.9	24.3
Cost of telecommunication materials, repairs and maintenance	33.7	36.3	12.2	14.2
Advertising and promotion costs	32.3	48.2	5.3	9.6
Utilities	46.7	40.9	21.3	13.5
Provision for doubtful accounts	30.7	32.4	6.6	9.0
Travel costs	2.7	3.6	1.1	1.5
Commissions to independent commercial distributors	43.3	51.2	-	-
Payments to Audiotex providers	1.1	1.1	0.9	0.8
Rents	28.1	28.2	17.7	18.6
Taxes, other than income tax	13.8	14.3	3.3	3.3
Transportation costs	2.2	2.7	1.1	1.0
Other	14.0	14.1	4.5	4.4
<b>TOTAL</b>	<b>302.8</b>	<b>326.5</b>	<b>93.9</b>	<b>100.2</b>

## 13. OPERATING SEGMENT INFORMATION

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

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



# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND FOR THE THREE MONTH PERIOD THEN ENDED

- 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 revenue are generally reported at values that approximate third-party selling prices. Management evaluates segment performance based on operating profit before depreciation, amortization, impairment and cost of early retirement program; operating profit and profit for the period.

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

Three month period ended March 31, 2011	OTE	COSMOTE	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	450.2	566.7	158.2	49.7	1,224.8	-	1,224.8
Intersegment revenue	35.1	35.0	8.1	60.7	138.9	(138.9)	-
Total revenue	485.3	601.7	166.3	110.4	1,363.7	(138.9)	1,224.8
Operating expenses	(426.5)	(523.0)	(187.1)	(99.6)	(1,236.2)	139.5	(1,096.7)
Operating profit / (loss)	57.1	78.7	(16.7)	11.3	130.4	(0.1)	130.3
Operating profit before depreciation, amortization, impairment and cost of early retirement program	149.1	214.1	42.9	27.2	433.3	(0.3)	433.0
Profit / (loss) for the period	(2.5)	49.5	(13.0)	52.2	86.2	(61.1)	25.1

Three month period ended March 31, 2010	OTE	COSMOTE	ROMTELECOM	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	513.9	664.8	182.0	40.4	1,401.1	-	1,401.1
Intersegment revenue	46.7	40.4	4.6	64.2	155.9	(155.9)	-
Total revenue	560.6	705.2	186.6	104.6	1,557.0	(155.9)	1,401.1
Operating expenses	(503.7)	(591.5)	(181.5)	(88.0)	(1,364.7)	156.0	(1,208.7)
Operating profit	57.8	113.7	13.3	17.6	202.4	(0.6)	201.8
Operating profit before depreciation, amortization, impairment and cost of early retirement program	185.2	241.4	62.4	27.5	516.5	(0.6)	515.9
Profit / (loss) for the period	(24.3)	73.0	9.0	11.6	69.3	(3.6)	65.7

## 14. EARNINGS PER SHARE

Earnings per share (after income taxes) are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares outstanding during the period, excluding the average number of own shares that the Company possessed during the period and including (for the diluted earnings per share) the number of shares corresponding to the stock option rights granted.

Earnings per share are analyzed as follows:

GROUP	01/01- 31/03/2011	01/01- 31/03/2010
Profit attributable to owners of the parent	30.2	65.8
Weighted average number of shares for basic earnings per share	490,150,389	490,150,389
Share options	-	-
Weighted average number of shares adjusted for the effect of dilutions	490,150,389	490,150,389
Basic earnings per share	0.0616	0.1342
Diluted earnings per share	0.0616	0.1342
(Earnings per share are in absolute amounts)		

For March 31, 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.



## 15. RELATED PARTY DISCLOSURES

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

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

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

	01/01-31/03/2011		01/01-31/03/2010	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	26.9	18.5	35.3	24.7
OTE INTERNATIONAL INVESTMENTS LTD	0.1	0.9	0.1	1.1
HELLAS-SAT	0.1	0.9	0.1	0.4
COSMO-ONE	-	0.2	-	0.2
VOICENET	0.8	0.7	1.0	1.0
HELLASCOM	-	2.1	0.1	2.0
OTE SAT - MARITEL	0.3	0.4	0.3	0.4
OTE PLUS	0.1	7.8	0.1	8.5
OTE ESTATE	0.4	15.5	-	15.9
OTE-GLOBE	6.4	17.4	9.7	18.7
OTE ACADEMY	-	0.9	-	0.9
ROMTELECOM	-	0.1	-	0.3
<b>TOTAL</b>	<b>35.1</b>	<b>65.4</b>	<b>46.7</b>	<b>74.1</b>

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

	01/01-31/03/2011		01/01-31/03/2010	
	Group's Sales	Group's Purchases	Group's Sales	Group's Purchases
TELEKOM DEUTSCHLAND	2.7	2.1	2.7	1.9
HT HRVATSKE	-	0.1	0.1	-
COMBRIDGE	0.4	0.1	1.0	0.1
ORBITEL	-	0.2	-	0.1
PTC POLSKA TELEFONIA	-	0.1	-	-
T-SYSTEMS	0.2	0.1	0.2	-
T-MOBILE UK	0.1	0.1	0.1	0.1
T-MOBILE AUSTRIA	0.1	0.1	-	0.2
T-MOBILE USA	0.1	0.1	0.1	0.1
T-MOBILE HUNGARY	0.1	-	0.2	-
T-SYSTEMS TELEKOMUNIKASYON	-	-	-	0.1
<b>TOTAL</b>	<b>3.7</b>	<b>3.0</b>	<b>4.4</b>	<b>2.6</b>

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

	Finance expense OTE	
	01/01-31/03/2011	01/01-31/03/2010
OTE PLC	28.4	40.1
<b>TOTAL</b>	<b>28.4</b>	<b>40.1</b>

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

	31/03/2011		31/12/2010	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	45.4	55.9	61.2	59.9
OTE INTERNATIONAL INVESTMENTS LTD	0.1	0.8	0.2	1.1
HELLAS-SAT	0.2	1.3	0.2	0.9
COSMO-ONE	0.1	0.2	-	0.2
VOICENET	0.9	0.5	0.9	0.6
HELLASCOM	-	2.3	-	2.0
OTE SAT - MARITEL	2.8	4.8	2.6	4.5
OTE PLUS	0.1	13.4	0.2	15.6
OTE ESTATE	2.1	0.2	1.3	13.7
OTE-GLOBE	66.0	103.7	61.5	96.3
OTE ACADEMY	0.4	0.4	0.4	0.5
ROMTELECOM	-	0.1	0.2	0.1
<b>TOTAL</b>	<b>118.1</b>	<b>183.6</b>	<b>128.7</b>	<b>195.4</b>



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND FOR THE THREE MONTH PERIOD THEN ENDED

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

	31/03/2011		31/12/2010	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
TELEKOM DEUTSCHLAND	6.0	10.7	5.3	8.2
COMBRIDGE	0.3	0.1	0.3	-
ORBITEL	0.1	0.1	-	-
T-SYSTEMS	0.2	-	0.1	-
T-MOBILE HUNGARY	0.1	0.1	0.1	0.1
T-MOBILE CZECH	0.1	0.1	0.1	0.1
T-MOBILE UK	0.4	0.9	0.3	0.9
T-MOBILE AUSTRIA	0.4	0.2	0.1	0.1
T-MOBILE NETHERLANDS	0.1	0.2	-	0.2
T-MOBILE USA	0.9	1.9	0.6	1.7
PCT POLSKA TELEFONIA	0.1	0.3	0.1	0.3
T-MOBILE HRVATSKA	0.1	-	-	0.1
T-MOBILE INTERNATIONAL	0.7	1.0	-	1.0
<b>TOTAL</b>	<b>9.5</b>	<b>15.6</b>	<b>7.0</b>	<b>12.7</b>

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

	Payable by OTE	
	31/03/2011	31/12/2010
OTE PLC	2,123.8	2,938.0
<b>TOTAL</b>	<b>2,123.8</b>	<b>2,938.0</b>

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

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 1.1 for the first three months of 2011.

As of March 31, 2011, 2,252,102 options under OTE's share based payment plan have been granted to the Company's key management personnel.

## 16. SHARE OPTION PLAN

The total number of share options outstanding is analyzed as follows:

	01/01- 31/03/2011		01/01- 31/12/2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	12,680,487	13.44	8,674,600	15.59
Granted	-	-	4,671,436	9.32
Forfeited	(435,507)	12.16	(665,549)	12.57
Outstanding at the end of the period	12,244,980	13.48	12,680,487	13.44
Exercisable at the end of the period	6,649,646	14.99	6,712,896	15.00

The fair value is reflected in the income statement during the vesting period. An amount of Euro 0.5 and Euro 0.2 was charged to the consolidated and the separate income statement of the first three months of 2011, respectively and are recorded in the line "Payroll and employee benefits" with a corresponding entry in the Share Premium.



## 17. LITIGATION AND CLAIMS

There are no significant developments with respect to the litigations and claims referred to the financial statements as of December 31, 2010.

## 18. RECLASSIFICATIONS

In the consolidated income statement for the first three months of 2010, an amount of Euro 8.2 which was included in "Other revenue" and an amount of Euro 1.2 which was included in "Other operating expenses" were reclassified to the new line "Other income/ (expense), net". In the separate income statement for the first three months of 2010, an amount of Euro 0.9 which was included in "Other operating expenses" was reclassified to the new line "Other income/ (expense), net".

In the consolidated and separate income statements and in the consolidated and separate statements of cash flows for the first three months of 2010, the amount reflected in "Interest income" has been analyzed and reflected in "Interest income" and in "Gains/ (losses) from investments and financial assets".

In the consolidated and separate income statements and in the consolidated and separate statements of cash flows for the first three months 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 youth account".

## 19. EVENTS AFTER THE FINANCIAL POSITION DATE

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

### [New Euro 500.0 Notes under the Global Medium-Term Note Programme](#)

On April 8, 2011, OTE PLC issued Euro 500.0 7.250% Notes under the Global Medium-Term Note Programme, 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.

### [New Euro 500.0 intercompany loan with OTE PLC](#)

On April 8, 2011, OTE signed a Euro 500.0 intercompany loan agreement with OTE PLC maturing on April 8, 2014.

### [Bond Buybacks by OTE PLC](#)

In April 2011, OTE PLC repurchased Euro 80.1 of the Euro 621.5 3.75% Notes due on November 11, 2011, along with the payment of accrued interest. The repurchased Notes have been cancelled. The outstanding nominal amount of the Notes after the above repurchase is Euro 541.4.

### [Repayment of intercompany loan granted from OTE PLC](#)

In April 2011, OTE proceeded with a partial prepayment of Euro 65.1 under the intercompany loan maturing in November 2011, along with the payment of accrued interest. The outstanding nominal amount of the loan after the above prepayment is Euro 56.4.