

**HELLENIC TELECOMMUNICATIONS  
ORGANIZATION S.A.**



**SIX MONTHS FINANCIAL REPORT**

**For the period  
from January 1, 2014 to June 30, 2014**

**(TRANSLATED FROM THE GREEK ORIGINAL)**

**In accordance with Article 5 of Law 3556/2007**

## TABLE OF CONTENTS

- I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS
- II. HALF YEAR REPORT OF THE BOARD OF DIRECTORS
- III. AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
- IV. INTERIM CONDENSED FINANCIAL STATEMENTS
- V. FINANCIAL DATA AND INFORMATION

**I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS**



STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS  
(In accordance with article 5 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. Charalampos Mazarakis, Board Member and OTE Group Chief Financial Officer
3. Panagiotis Tabourlos, Board Member

We confirm that to the best of our knowledge:

- a. The Interim Condensed Financial Statements (Consolidated and Separate) of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. for the period January 1, 2014 to June 30, 2014, 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 Board of Directors' Report for the first half of the year provides a true and fair view of the financial position and the performance of the Group and the Company, including a description of the main risks and uncertainties they are facing.

Maroussi, July 31, 2014

Chairman  
& Managing Director

Board Member &  
OTE Group Chief Financial Officer

Board Member

Michael Tsamaz

Charalampos Mazarakis

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 July 31, 2014.

## **II. HALF YEAR 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 5 of Law 3556/2007 and refers to the Interim Condensed Financial Statements (Consolidated and Separate) as of June 30, 2014 and for the six month period 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, 2014 to June 30, 2014, the significant events which took place in the first half of 2014, a presentation of the main risks and uncertainties for the second half of the year, the significant transactions with the Group's and the Company's related parties and the significant events that took place after the end of the first half of 2014.

## A. FINANCIAL HIGHLIGHTS OF THE 1<sup>st</sup> HALF OF 2014

**OTE Group revenue from continuing operations** decreased by 2.8% in the first half of 2014 compared to the related period of 2013 and reached Euro 1,914.3 million, mainly due to:

- decreased revenues from mobile business by 5.3%,
- decreased miscellaneous other revenues by 19.7% and
- increased revenues from fixed business by 0.2%.

**OTE's revenue** reached Euro 743.1 million, reflecting a decrease of 4.4% compared to the same period last year. This is a result of the decrease in revenues from fixed services by 3.8%, the decrease in revenues from mobile services by 2.7% and the decrease in miscellaneous other revenues by 13.9%.

**The Group's operating expenses from continuing operations** reached Euro 1,662.4 million and reflect a decrease of 1.2% compared to the same period last year. This decrease is mainly due to the decrease in provision for doubtful accounts by 2.5%, in personnel costs by 15.1%, in commission costs by 14.8%, in marketing by 1.3% and in the costs related to early retirement programs by 64.0%. These decreases were offset by the increase in interconnection and roaming costs by 9.7%, the increase in device costs by 13.0%, the increase in maintenance and repairs by 5.8%, the increase in other operating expenses by 5.5% and the increase in depreciation, amortization and impairment by 2.0%. **The Group's operating expenses from continuing operations before depreciation, amortization and impairment and excluding costs related to early retirement programs and other restructuring costs** reached Euro 1,261.0 million compared to Euro 1,287.1 million in the same period last year, reflecting a decrease of 2.0%.

**The Company's operating expenses** reached Euro 600.5 million in the first half of 2014 and reflect a decrease of 7.9% compared to the same period last year. The decrease in operating expenses is mainly due to the following:

- 13.1% decrease in interconnection and roaming costs
- 7.3% decrease in provision for doubtful accounts
- 27.8% decrease in personnel costs
- 18.0% decrease in commission costs
- 3.3% decrease in depreciation, amortization and impairment

These decreases were partially offset by a 23.0% increase in device costs, 28.6% increase in maintenance and repairs, 10.7% increase in marketing and 11.6% increase in other operating expenses. **The Company's operating expenses before depreciation, amortization and impairment and excluding costs related to early retirement programs** reached Euro 462.1 million in the first half of 2014 compared to Euro 509.1 million in the same period last year, reflecting a decrease of 9.2%.

As a result, **operating profit before financial activities of the Group from continuing operations** for the first half of 2014 reached Euro 278.2 million compared to Euro 300.5 million in the same period last year, reflecting a decrease of 7.4%.

**Operating profit before financial activities of the Company** for the first half of 2014 reached Euro 143.3 million compared to Euro 127.0 million in the same period last year, reflecting an increase of 12.8%.

**The Group's operating profit before depreciation, amortization and impairment from continuing operations** for the first half of 2014 reached Euro 673.7 million compared to Euro 688.4 million in the same period last year, reflecting a decrease of 2.1%. The respective margin on revenues reached 35.2% compared to 35.0% in the same period last year. **Excluding costs related to early retirement programs and other restructuring costs, the Group's operating profit before depreciation, amortization and impairment from continuing operations** for the first half of 2014 reached Euro 679.6 million compared to Euro 695.9 million in the same period last year, reflecting a decrease of 2.3%. The respective margin on revenues reached 35.5% compared to 35.3% in the same period last year.

**The Company's operating profit before depreciation, amortization and impairment** for the first half of 2014 reached Euro 281.7 million compared to Euro 270.1 million in the same period last year, reflecting an increase of 4.3%. The respective margin on revenues reached 37.9% compared to 34.8% in the same period last year. **Excluding costs related to early retirement programs, the Company's operating profit before depreciation, amortization and impairment** for the first half of



2014 reached Euro 281.7 million compared to Euro 270.1 million in the same period last year, reflecting an increase of 4.3%. The respective margin on revenues reached 37.9% compared to 34.8% in the same period last year.

In relation to **the Group's financial activities from continuing operations**, interest expense in the first half of 2014 was Euro 93.9 million, reflecting a decrease of 31.7% compared to the same period last year. Interest income amounted to Euro 3.2 million for the first half of 2014, reflecting a decrease of 34.7% compared to the same period last year. There was no dividend income in the first half of 2014 compared to the same period last year when it amounted to Euro 0.3 million representing the dividend from EDEKT. Gains from investments and financial assets reached Euro 0.1 million in the first half of 2014 compared to Euro 60.9 million in the same period last year mainly representing the pre-tax gain from the sale of HELLAS SAT. Foreign exchange differences resulted in loss of Euro 0.1 million in the first half of 2014 compared to Euro 5.7 million gains in the same period last year.

**Income tax (expense) of the Group from continuing operations** was Euro 60.9 million in the first half of 2014, reflecting a significant increase compared to Euro 1.9 million in the same period last year, when there was a significant impact by a positive amount of Euro 50.0 million due to the remeasurement of the deferred tax position of the Group, as a result of the change in the nominal tax rate in Greece from 20% to 26%.

Considering all the above, **the Group's net profit from continuing operations** in the first half of 2014 was Euro 126.6 million compared to Euro 232.9 million in the same period last year.

**Profit from discontinued operations** in the first half of 2013 represented the Bulgarian operations of the Group which were disposed off in July 2013 and amounted to Euro 22.7 million.

In the first half of 2014, **profits attributable to non-controlling interests** in the Group's income statement reached Euro 1.5 million from Euro 9.0 million in the same period of 2013, mainly due to the decreased profitability of ROMTELECOM.

As a result of all the above, **the Group's profit attributable to the owners of the parent** for the first half of 2014 amounted to Euro 125.1 million compared to Euro 246.6 million in the same period last year.

**The Group's cash flows from operating activities** in the first half of 2014 decreased by 52.7% compared to the same period last year, amounting to Euro 248.7 million. This decrease is mainly due to the increased payments for early retirement programs and income taxes along with the decreased profitability, the increased working capital needs and the impact from the discontinued operations, partially offset by the decreased payments for staff retirement indemnities, interest and related expenses.

**The Group's capital expenditure (CAPEX) from continuing operations** for the first half of 2014 amounted to Euro 280.9 million from Euro 343.1 million in the same period last year, reflecting a decrease of 18.1%. The decrease is mainly due to the decreased capital expenditure from COSMOTE ROMANIA.

**The Group's total debt** as of June 30, 2014 was Euro 2,548.0 million compared to Euro 2,956.4 million at December 31, 2013, reflecting a decrease of 13.8%. **The Group's Net Debt** (interest bearing loans less cash and cash equivalents and other financial assets) at June 30, 2014, reached Euro 1,547.6 million from Euro 1,495.6 million at December 31, 2013, reflecting an increase of 3.5%.

As of June 30, 2014, **the Group's net current liabilities** amounted to Euro 439.9 million compared to **net current assets** of Euro 86.5 million as of December 31, 2013, mainly due to the reclassification of Euro 787.7 million debt from non-current to current liabilities, as it matures within twelve months from the balance sheet day.

## B. SIGNIFICANT EVENTS OF THE 1<sup>ST</sup> HALF OF 2014

### SUBMISSION OF NON-BINDING OFFER FOR THE ACQUISITION OF NOVA

On July 1, 2014, OTE announced, following the approval of its Board of Directors, the submission of a non-binding offer to FORTHNET for the acquisition of the NOVA pay TV operations. OTE's non-binding offer is within the range of Euro 250-300 million on a debt free/cash free basis of the aforementioned NOVA pay TV operations. In the event that an agreement is reached, it will be subject to clearance from the competent authorities.

### SHARE OPTION PLAN

Since October 2013 and based on the respective approval by the General Meeting of the Company's Shareholders, OTE has been acquiring own shares, solely in the context of the existing share option plan. In the first half of 2014, OTE acquired 4,526,651 own shares and the total amount paid to acquire these shares was Euro 52.5 million. In addition OTE paid in the first half of 2014 an amount of Euro 6.1 million with respect to own shares acquired in 2013. In April 2014, 5,270,490 options were exercised and an equal number of own shares was transferred to the beneficiaries. The acquisition cost of the own shares transferred was Euro 58.6 million, while the exercise proceeds amounted to Euro 25.7 million. The difference of



Euro 32.9 million has reduced the Share Premium. As a result of all the above, as of June 30, 2014 the outstanding number of own shares held by OTE was 454,120 shares with a book value of Euro 5.1 million.

#### DEBT

On April 8, 2014, OTE PLC fully repaid the remaining outstanding amount of Euro 364.7 million under the Notes maturing on that date along with the accrued interest.

On April 25, 2014, COSMOTE ROMANIA repaid in total Euro 33.8 million under the syndicated facility with EBRD, along with the accrued interest.

### C. RISKS AND UNCERTAINTIES FOR THE 2<sup>ND</sup> HALF OF THE 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 in respect of the relevant assets.

Defaulted payments of 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 however 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 also considered to be exposed to a high level of credit risk, in light of the macroeconomic conditions in Greece which are placing significant pressure on the domestic banks. 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 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 reasonable 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 current financial assets as at June 30, 2014 amounts to Euro 1,000.4 million and Euro 318.0 million respectively and their debt amounts to Euro 2,548.0 million and Euro 2,134.0 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 and the Group's and the Company's policies for managing them are described below:





#### 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.

#### 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 current financial assets.

The gearing ratio as of June 30, 2014 and December 31, 2013 is presented in the table below:

GROUP (amounts in millions of Euro)	June 30, 2014	December 31, 2013
<b>Net debt</b>		
Borrowings	2,548.0	2,956.4
Cash and cash equivalents	(996.0)	(1,444.3)
Other current financial assets	(4.4)	(16.5)
Net debt	1,547.6	1,495.6
Equity	2,409.6	2,295.7
<b>Gearing ratio</b>	<b>0.64x</b>	<b>0.65x</b>

#### 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.

#### Health risk

Based on rulings of the EU Scientific Committee (SCENIHR) and the International Commission on Non-Ionizing Radiation Protection (ICNIRP), the current state of scientific knowledge does not correlate exposure of human population to electromagnetic fields lower than the proposed levels by ICNIRP, with negative impacts on public health. Relative research, conducted and assessed by the World Health Organization did not indicate any such correlation about potential health effects of electromagnetic radiation. However, OTE and COSMOTE recognize and respect public concerns, and adopt precautionary principles and policies for that purpose in all their Base Stations and wireless telecommunication stations. The levels of electromagnetic fields, in all Base Stations, comply with the suggested limits of the World Health Organization and ICNIRP, as well as the latest national limits set by Law 4070/2012 which are 60-70% of ICNIRP limits. In addition, all products placed in OTE retail stores and COSMOTE shops bear all necessary labels foreseen by national and EU legislation, while all phones sold operate within electromagnetic field safety limits (Specific Absorption Rate).

## D. SIGNIFICANT 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 40.0% 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:

(amounts in millions of Euro)	1 <sup>st</sup> Half 2014		1 <sup>st</sup> Half 2013	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE group of companies	32.1	31.3	37.1	31.6
OTE INTERNATIONAL INVESTMENTS LTD	0.4	2.1	0.4	2.1
HELLAS-SAT	n/a	n/a	0.1	0.2
COSMO-ONE	-	0.3	-	0.3
VOICENET	0.6	1.0	0.9	1.0
OTE SAT-MARITEL	0.3	0.2	0.3	0.4
OTE PLUS	0.2	30.2	0.2	23.9
OTE ESTATE	-	23.0	0.2	24.0
OTE-GLOBE	5.6	26.8	6.5	27.8
OTE ACADEMY	-	3.0	-	2.0
ROMTELECOM	-	0.1	-	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.1	0.3	-	0.1
<b>TOTAL</b>	<b>39.3</b>	<b>118.3</b>	<b>45.7</b>	<b>113.4</b>

The Group's purchases and sales with related parties which are not eliminated in the consolidation are analyzed as follows:

(amounts in millions of Euro)	1 <sup>st</sup> Half 2014		1 <sup>st</sup> Half 2013	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	12.4	9.8	8.7	12.8
<b>TOTAL</b>	<b>12.4</b>	<b>9.8</b>	<b>8.7</b>	<b>12.8</b>



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	
	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013
OTE PLC	65.6	62.8
<b>TOTAL</b>	<b>65.6</b>	<b>62.8</b>

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

(amounts in millions of Euro)	Dividend income OTE	
	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013
OTE SAT - MARITEL	1.0	-
OTE INSURANCE	0.1	-
HELLAS-SAT	-	7.0
<b>TOTAL</b>	<b>1.1</b>	<b>7.0</b>

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)	30/06/2014		31/12/2013	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE group of companies	36.1	91.9	44.0	87.3
OTE INTERNATIONAL INVESTMENTS LTD	0.3	1.1	0.4	1.1
COSMO-ONE	-	0.4	0.1	0.2
VOICENET	0.6	0.6	0.6	1.1
OTE SAT - MARITEL	3.0	4.3	1.7	4.0
OTE PLUS	0.4	17.3	0.5	18.9
OTE ESTATE	0.5	4.7	0.6	11.0
OTE-GLOBE	13.4	50.2	14.8	54.9
OTE ACADEMY	0.5	1.4	0.4	1.6
ROMTELECOM	0.2	0.4	0.4	0.5
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.2	0.3	0.2	0.9
<b>TOTAL</b>	<b>55.2</b>	<b>172.6</b>	<b>63.7</b>	<b>181.5</b>

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

(amounts in millions of Euro)	30/06/2014		31/12/2013	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM group of companies (except for OTE Group)	17.7	51.2	14.5	57.2
<b>TOTAL</b>	<b>17.7</b>	<b>51.2</b>	<b>14.5</b>	<b>57.2</b>

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

(amounts in millions of Euro)	Amounts owed by OTE	
	30/06/2014	31/12/2013
OTE PLC	2,171.2	2,217.0
<b>TOTAL</b>	<b>2,171.2</b>	<b>2,217.0</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 3.0 million (including the employer's contributions to pension funds where applicable) for the first half of 2014 (first half of 2013: Euro 3.3 million).

As of June 30, 2014, 833,726 options under OTE's share based payment plan have been granted to the Company's key management personnel.



## E. SIGNIFICANT EVENTS AFTER THE END OF THE 1<sup>st</sup> HALF OF 2014

The most significant events after June 30, 2014 are as follows:

### GROUP

#### New Euro 700.0 million Notes under the Global Medium-Term Note Programme

On July 10, 2014, OTE PLC issued Euro 700.0 million Fixed Rate Notes under its Global Medium-Term Note Programme, maturing on July 9, 2020 with an annual coupon of 3.5%. The Notes are guaranteed by OTE.

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.

#### Tender Offer by OTE PLC under the Global Medium-Term Note Programme

On July 11, 2014, OTE PLC concluded a tender for cash of its February 2015 Notes and its May 2016 Notes. OTE PLC accepted tenders amounting to Euro 305.0 million and Euro 195.0 million of the February 2015 and the May 2016 Notes respectively. The tender was financed via the proceeds of the Euro 700.0 million new bond issue of OTE PLC. The tendered notes were surrendered for cancellation. Following the completion of the tender, the outstanding nominal amounts of the February 2015 and May 2016 Notes are Euro 482.7 million and Euro 700.0 million respectively.

### COMPANY

#### New intercompany bond loan between OTE PLC and OTE.

On July 14, 2014, OTE signed a Euro 700.0 million intercompany bond loan agreement with OTE PLC maturing on July 9, 2020. The bond loan bears a fixed interest rate.

#### Prepayments of intercompany loans granted from OTE PLC

On July 14, 2014, OTE proceeded with the full repayment of the Euro 187.7 million intercompany loan from OTE PLC maturing on February 11, 2015.

On July 14, 2014, OTE proceeded with a partial prepayment of a nominal amount of Euro 117.3 million under the Euro 600.0 million intercompany loan from OTE PLC maturing on February 11, 2015. As a result, the outstanding nominal amount of the Euro 600.0 million intercompany loan is Euro 482.7 million.

On July 14, 2014, OTE proceeded with a partial prepayment of a nominal amount of Euro 195.0 million under the Euro 575.0 million intercompany bond loan from OTE PLC maturing on May 19, 2016. As a result, the outstanding nominal amount of the Euro 575.0 million intercompany bond loan is Euro 380.0 million.

Maroussi, July 31, 2014

Michael Tsamaz  
Chairman and Managing Director

**III. AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS  
(CONSOLIDATED AND SEPARATE)**

[Translation from the original text in Greek]

## **Report on Review of Interim Financial Information**

To the Shareholders of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

### **Introduction**

We have reviewed the accompanying condensed separate and consolidated statement of financial position of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A and its subsidiaries as of 30 June 2014 and the related condensed separate and consolidated statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the interim condensed financial information and which form an integral part of the six-month financial report as required by article 5 of L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard “IAS” 34). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Reference to Other Legal and Regulatory Requirements**

Our review has not revealed any inconsistency or discrepancy of the other information of the six-month financial report, as required by article 5 of L.3556/2007, with the accompanying interim condensed financial information.



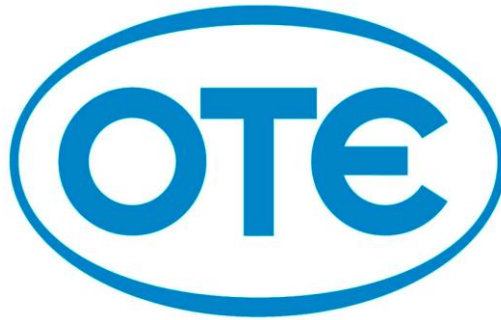
PricewaterhouseCoopers S.A.  
Certified Auditors - Accountants  
268, Kifissias Avenue  
152 32 Halandri  
SOEL Reg. No 113

Athens, 31 July 2014  
Certified Auditor - Accountant

Marios Psaltis  
SOEL Reg. No 38081

#### **IV. INTERIM CONDENSED FINANCIAL STATEMENTS**

# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.



**INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)  
AS OF JUNE 30, 2014**

**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 16-39, were approved by the Board of Directors on July 31, 2014 and are signed by:

Chairman  
& Managing Director

Board Member & OTE  
Group Chief Financial  
Officer

OTE Group General Manager  
Financial Operations

Accounting Director

Michael Tsamaz

Charalampos Mazarakis

George Mavrakis

Konstantinos Vasilopoulos

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.  
REGISTRATION No 1037501000  
99 KIFISSIAS AVE-151 24 MAROUSSI ATHENS, GREECE



## INTERIM CONDENSED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 AND FOR THE SIX MONTH PERIOD THEN ENDED

INTERIM STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) .....	18
INTERIM INCOME STATEMENT (CONSOLIDATED) .....	19
INTERIM INCOME STATEMENT (SEPARATE) .....	20
INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED) .....	21
INTERIM STATEMENT OF COMPREHENSIVE INCOME (SEPARATE) .....	21
INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED) .....	22
INTERIM STATEMENT OF CHANGES IN EQUITY (SEPARATE) .....	23
INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE) .....	24

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 AND FOR THE SIX MONTH PERIOD THEN ENDED

1. CORPORATE INFORMATION .....	25
2. BASIS OF PREPARATION .....	26
3. SIGNIFICANT ACCOUNTING POLICIES .....	26
4. INVESTMENTS .....	29
5. OTHER FINANCIAL ASSETS .....	30
6. SHARE CAPITAL – SHARE PREMIUM – SHARE OPTION PLAN .....	30
7. LONG-TERM AND SHORT-TERM BORROWINGS.....	31
8. INCOME TAXES .....	32
9. PROVISION FOR VOLUNTARY LEAVE SCHEME.....	33
10. OTHER OPERATING INCOME.....	33
11. EARNINGS PER SHARE .....	34
12. OPERATING SEGMENT INFORMATION .....	34
13. RELATED PARTY DISCLOSURES .....	35
14. LITIGATION AND CLAIMS.....	37
15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT .....	37
16. RECLASSIFICATIONS .....	38
17. EVENTS AFTER THE FINANCIAL POSITION DATE .....	39



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

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		30/06/2014	31/12/2013	30/06/2014	31/12/2013
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		3,167.1	3,278.9	1,318.7	1,356.4
Goodwill		507.6	506.0	-	-
Telecommunication licenses		468.7	474.8	4.9	2.7
Other intangible assets		463.3	506.6	111.0	139.3
Investments	4	0.2	0.1	3,538.5	3,538.5
Loans and advances to pension funds		107.6	110.9	107.6	110.9
Deferred tax assets		375.3	393.9	199.8	223.2
Other non-current assets		81.2	78.0	50.5	48.2
<b>Total non-current assets</b>		<b>5,171.0</b>	<b>5,349.2</b>	<b>5,331.0</b>	<b>5,419.2</b>
<b>Current assets</b>					
Inventories		111.7	97.0	15.7	16.7
Trade receivables		685.4	703.3	326.7	332.0
Other financial assets	5	4.4	16.5	2.5	11.4
Other current assets		220.9	228.5	104.0	104.3
Restricted cash		3.8	4.5	-	-
Cash and cash equivalents		996.0	1,444.3	315.5	426.6
<b>Total current assets</b>		<b>2,022.2</b>	<b>2,494.1</b>	<b>764.4</b>	<b>891.0</b>
<b>TOTAL ASSETS</b>		<b>7,193.2</b>	<b>7,843.3</b>	<b>6,095.4</b>	<b>6,310.2</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Parent</b>					
Share capital	6	1,387.1	1,387.1	1,387.1	1,387.1
Share premium	6	479.0	511.9	479.0	511.9
Treasury shares	6	(5.1)	(11.2)	(5.1)	(11.2)
Statutory reserve		347.2	347.2	347.2	347.2
Foreign exchange and other reserves		(151.1)	(157.9)	(25.1)	(11.3)
Changes in non-controlling interests		(3,315.2)	(3,315.2)	-	-
Retained earnings		3,283.5	3,158.4	442.6	393.1
<b>Total equity attributable to owners of the Parent</b>		<b>2,025.4</b>	<b>1,920.3</b>	<b>2,625.7</b>	<b>2,616.8</b>
Non-controlling interests		384.2	375.4	-	-
<b>Total equity</b>		<b>2,409.6</b>	<b>2,295.7</b>	<b>2,625.7</b>	<b>2,616.8</b>
<b>Non-current liabilities</b>					
Long-term borrowings	7	1,734.2	2,556.5	1,076.8	1,600.6
Provision for staff retirement indemnities		215.5	199.3	185.7	171.4
Provision for youth account		192.7	182.3	192.7	182.3
Deferred tax liabilities		64.3	68.1	-	-
Other non-current liabilities		114.8	133.8	138.6	161.9
<b>Total non-current liabilities</b>		<b>2,321.5</b>	<b>3,140.0</b>	<b>1,593.8</b>	<b>2,116.2</b>
<b>Current liabilities</b>					
Trade accounts payable		776.0	923.7	309.6	362.6
Short-term borrowings	7	-	11.0	271.0	167.0
Short-term portion of long-term borrowings	7	813.8	388.9	786.2	366.8
Income tax payable	8	27.1	82.8	-	38.1
Deferred revenue		145.4	147.4	81.7	80.3
Provision for voluntary leave scheme	9	143.4	237.9	143.4	237.9
Dividends payable		0.6	1.0	0.5	1.0
Other current liabilities		555.8	614.9	283.5	323.5
<b>Total current liabilities</b>		<b>2,462.1</b>	<b>2,407.6</b>	<b>1,875.9</b>	<b>1,577.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,193.2</b>	<b>7,843.3</b>	<b>6,095.4</b>	<b>6,310.2</b>



**INTERIM INCOME STATEMENT (CONSOLIDATED)**

(Amounts in millions of Euro except per share data)	Notes	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
		2014	2013	2014	2013
<b>Continuing operations</b>					
<b>Revenue</b>					
<b>Fixed business:</b>					
Retail services revenues		308.0	318.5	614.8	639.1
Wholesale services revenues		135.3	143.6	287.7	273.9
Other revenues		77.1	72.4	155.6	142.8
<b>Total revenues from fixed business</b>		<b>520.4</b>	<b>534.5</b>	<b>1,058.1</b>	<b>1,055.8</b>
<b>Mobile business:</b>					
Service revenues		346.7	375.5	691.0	734.6
Handset revenues		54.7	58.3	109.4	109.3
Other revenues		4.4	4.7	8.0	9.5
<b>Total revenues from mobile business</b>		<b>405.8</b>	<b>438.5</b>	<b>808.4</b>	<b>853.4</b>
<b>Miscellaneous other revenues</b>		<b>24.4</b>	<b>29.5</b>	<b>47.8</b>	<b>59.5</b>
<b>Total revenues</b>		<b>950.6</b>	<b>1,002.5</b>	<b>1,914.3</b>	<b>1,968.7</b>
<b>Other operating income</b>	10	<b>16.1</b>	<b>5.7</b>	<b>26.3</b>	<b>14.3</b>
<b>Operating expenses</b>					
Interconnection and roaming costs		(102.3)	(108.3)	(220.5)	(201.0)
Provision for doubtful accounts		(21.4)	(20.3)	(42.1)	(43.2)
Personnel costs		(180.1)	(210.2)	(354.6)	(417.8)
Costs related to early retirement programs		(1.8)	(5.7)	(2.7)	(7.5)
Commission costs		(36.6)	(41.9)	(73.5)	(86.3)
Device costs		(61.9)	(63.5)	(130.4)	(115.4)
Maintenance and repairs		(23.7)	(23.9)	(47.7)	(45.1)
Marketing		(28.1)	(30.3)	(54.0)	(54.7)
Other operating expenses, out of which:		(168.3)	(157.5)	(341.4)	(323.6)
<i>Rental, leasing and facility costs</i>		(48.3)	(47.7)	(97.0)	(96.8)
<i>Third party fees and services</i>		(30.5)	(34.3)	(62.3)	(74.2)
<i>Other taxes and regulatory charges</i>		(23.7)	(18.2)	(49.0)	(43.2)
<i>Other sundry operating expenses</i>		(65.8)	(57.3)	(133.1)	(109.4)
<b>Total operating expenses before depreciation, amortization and impairment</b>		<b>(624.2)</b>	<b>(661.6)</b>	<b>(1,266.9)</b>	<b>(1,294.6)</b>
<b>Operating profit before financial activities and depreciation, amortization and impairment</b>		<b>342.5</b>	<b>346.6</b>	<b>673.7</b>	<b>688.4</b>
Depreciation, amortization and impairment		(200.5)	(195.9)	(395.5)	(387.9)
<b>Operating profit before financial activities</b>		<b>142.0</b>	<b>150.7</b>	<b>278.2</b>	<b>300.5</b>
<b>Income and expense from financial activities</b>					
Interest expense		(46.0)	(69.4)	(93.9)	(137.5)
Interest income		1.7	1.7	3.2	4.9
Foreign exchange differences, net		1.3	4.1	(0.1)	5.7
Dividend income		-	0.3	-	0.3
Gains /(losses) from investments and financial assets		-	0.3	0.1	60.9
<b>Total loss from financial activities</b>		<b>(43.0)</b>	<b>(63.0)</b>	<b>(90.7)</b>	<b>(65.7)</b>
<b>Profit before tax</b>		<b>99.0</b>	<b>87.7</b>	<b>187.5</b>	<b>234.8</b>
Income tax	8	(27.3)	(26.7)	(60.9)	(1.9)
<b>Profit for the period from continuing operations</b>		<b>71.7</b>	<b>61.0</b>	<b>126.6</b>	<b>232.9</b>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations (attributable to owners of the Parent)		-	21.9	-	22.7
<b>Profit for the period</b>		<b>71.7</b>	<b>82.9</b>	<b>126.6</b>	<b>255.6</b>
Attributable to:					
Owners of the Parent		69.3	79.1	125.1	246.6
Non-controlling interests		2.4	3.8	1.5	9.0
<b>Profit for the period</b>		<b>71.7</b>	<b>82.9</b>	<b>126.6</b>	<b>255.6</b>
<b>Earnings per share from continuing operations attributable to owners of the Parent</b>					
Basic earnings per share	11	0.1422	0.1167	0.2571	0.4568
Diluted earnings per share	11	0.1421	0.1167	0.2569	0.4568



## INTERIM INCOME STATEMENT (SEPARATE)

(Amounts in millions of Euro)	Notes	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
		2014	2013	2014	2013
<b>Revenue</b>					
<b>Fixed business:</b>					
Retail services revenues		216.3	221.7	430.7	443.0
Wholesale services revenues		79.6	83.1	164.7	171.6
Other revenues		51.4	54.9	100.9	109.0
<b>Total revenues from fixed business</b>		<b>347.3</b>	<b>359.7</b>	<b>696.3</b>	<b>723.6</b>
<b>Mobile business:</b>					
Handset revenues		3.9	3.8	7.3	7.5
<b>Total revenues from mobile business</b>		<b>3.9</b>	<b>3.8</b>	<b>7.3</b>	<b>7.5</b>
<b>Miscellaneous other revenues</b>		<b>20.6</b>	<b>24.4</b>	<b>39.5</b>	<b>45.9</b>
<b>Total revenues</b>		<b>371.8</b>	<b>387.9</b>	<b>743.1</b>	<b>777.0</b>
<b>Other operating income</b>	10	<b>0.4</b>	<b>0.8</b>	<b>0.7</b>	<b>2.2</b>
<b>Operating expenses</b>					
Interconnection and roaming costs		(31.6)	(34.0)	(60.4)	(69.5)
Provision for doubtful accounts		(5.0)	(4.4)	(10.2)	(11.0)
Personnel costs		(82.8)	(115.2)	(165.7)	(229.5)
Commission costs		(1.9)	(2.5)	(4.1)	(5.0)
Device costs		(8.8)	(7.1)	(16.6)	(13.5)
Maintenance and repairs		(14.2)	(11.8)	(27.4)	(21.3)
Marketing		(6.5)	(6.5)	(13.4)	(12.1)
Other operating expenses, out of which:		(83.8)	(74.4)	(164.3)	(147.2)
<i>Rental, leasing and facility costs</i>		(26.2)	(24.6)	(51.7)	(49.9)
<i>Third party fees and services</i>		(31.9)	(28.0)	(61.4)	(60.4)
<i>Other taxes and regulatory charges</i>		(4.5)	(5.1)	(8.3)	(10.4)
<i>Other sundry operating expenses</i>		(21.2)	(16.7)	(42.9)	(26.5)
<b>Total operating expenses before depreciation, amortization and impairment</b>		<b>(234.6)</b>	<b>(255.9)</b>	<b>(462.1)</b>	<b>(509.1)</b>
<b>Operating profit before financial activities and depreciation, amortization and impairment</b>		<b>137.6</b>	<b>132.8</b>	<b>281.7</b>	<b>270.1</b>
Depreciation, amortization and impairment		(68.8)	(74.9)	(138.4)	(143.1)
<b>Operating profit before financial activities</b>		<b>68.8</b>	<b>57.9</b>	<b>143.3</b>	<b>127.0</b>
<b>Income and expense from financial activities</b>					
Interest expense		(33.3)	(41.0)	(68.0)	(85.3)
Interest income		0.6	0.2	1.1	2.1
Foreign exchange differences, net		(0.2)	(0.1)	0.1	0.2
Dividend income		1.1	0.3	1.1	7.3
Gains /(losses) from investments and financial assets		-	0.4	0.1	(19.6)
<b>Total loss from financial activities</b>		<b>(31.8)</b>	<b>(40.2)</b>	<b>(65.6)</b>	<b>(95.3)</b>
<b>Profit before tax</b>		<b>37.0</b>	<b>17.7</b>	<b>77.7</b>	<b>31.7</b>
Income tax	8	(13.4)	(7.1)	(28.2)	29.8
<b>Profit for the period</b>		<b>23.6</b>	<b>10.6</b>	<b>49.5</b>	<b>61.5</b>



## INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

(Amounts in millions of Euro)	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2014	2013	2014	2013
<b>Profit for the period</b>	<b>71.7</b>	<b>82.9</b>	<b>126.6</b>	<b>255.6</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Actuarial gains/ (losses)	(10.4)	4.1	(18.6)	8.0
Deferred taxes on actuarial gains/ (losses)	2.6	(1.0)	4.7	(2.0)
Deferred taxes on actuarial gains/ (losses) due to change in the tax rate	-	-	-	3.0
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>(7.8)</b>	<b>3.1</b>	<b>(13.9)</b>	<b>9.0</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation	23.7	(18.1)	28.1	(12.2)
Net movement in available for sale financial assets	(0.2)	0.1	-	0.1
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>23.5</b>	<b>(18.0)</b>	<b>28.1</b>	<b>(12.1)</b>
<b>Other comprehensive income / (loss) for the period</b>	<b>15.7</b>	<b>(14.9)</b>	<b>14.2</b>	<b>(3.1)</b>
<b>Total comprehensive income for the period</b>	<b>87.4</b>	<b>68.0</b>	<b>140.8</b>	<b>252.5</b>
<b>Attributable to:</b>				
Owners of the parent	78.6	69.0	131.9	247.3
Non-controlling interests	8.8	(1.0)	8.9	5.2
	<b>87.4</b>	<b>68.0</b>	<b>140.8</b>	<b>252.5</b>
<b>Total comprehensive income attributable to owners of the parent arises from:</b>				
Continuing operations	78.6	47.1	131.9	224.6
Discontinued operations	-	21.9	-	22.7
	<b>78.6</b>	<b>69.0</b>	<b>131.9</b>	<b>247.3</b>

## INTERIM STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(Amounts in millions of Euro)	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2014	2013	2014	2013
<b>Profit for the period</b>	<b>23.6</b>	<b>10.6</b>	<b>49.5</b>	<b>61.5</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains/ (losses)	(10.4)	4.1	(18.6)	8.0
Deferred taxes on actuarial gains/ (losses)	2.6	(1.0)	4.7	(2.0)
Deferred taxes on actuarial gains/ (losses) due to change in the tax rate	-	-	-	3.0
<b>Total items that will not be reclassified to profit or loss</b>	<b>(7.8)</b>	<b>3.1</b>	<b>(13.9)</b>	<b>9.0</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Net movement in available for sale financial assets	(0.1)	-	0.1	-
<b>Total items that may be reclassified to profit or loss</b>	<b>(0.1)</b>	<b>-</b>	<b>0.1</b>	<b>-</b>
<b>Other comprehensive income / (loss) for the period</b>	<b>(7.9)</b>	<b>3.1</b>	<b>(13.8)</b>	<b>9.0</b>
<b>Total comprehensive income for the period</b>	<b>15.7</b>	<b>13.7</b>	<b>35.7</b>	<b>70.5</b>



## INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(Amounts in millions of Euro)	Attributed to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total		
<b>Balance as at January 1, 2013</b>	<b>1,171.5</b>	<b>509.6</b>	-	<b>347.2</b>	<b>(165.3)</b>	<b>(3,321.5)</b>	<b>3,057.3</b>	<b>1,598.8</b>	<b>390.0</b>	<b>1,988.8</b>
Profit for the period	-	-	-	-	-	-	246.6	246.6	9.0	255.6
Other comprehensive income / (loss)	-	-	-	-	0.7	-	-	0.7	(3.8)	(3.1)
<b>Total comprehensive income / (loss)</b>	-	-	-	-	<b>0.7</b>	-	<b>246.6</b>	<b>247.3</b>	<b>5.2</b>	<b>252.5</b>
Share-based payments	-	0.8	-	-	-	-	-	0.8	-	0.8
Net change due to disposal of subsidiary	-	-	-	-	-	-	-	-	(1.1)	(1.1)
<b>Balance as at June 30, 2013</b>	<b>1,171.5</b>	<b>510.4</b>	-	<b>347.2</b>	<b>(164.6)</b>	<b>(3,321.5)</b>	<b>3,303.9</b>	<b>1,846.9</b>	<b>394.1</b>	<b>2,241.0</b>
<b>Balance as at January 1, 2014</b>	<b>1,387.1</b>	<b>511.9</b>	<b>(11.2)</b>	<b>347.2</b>	<b>(157.9)</b>	<b>(3,315.2)</b>	<b>3,158.4</b>	<b>1,920.3</b>	<b>375.4</b>	<b>2,295.7</b>
Profit for the period	-	-	-	-	-	-	125.1	125.1	1.5	126.6
Other comprehensive income / (loss)	-	-	-	-	6.8	-	-	6.8	7.4	14.2
<b>Total comprehensive income / (loss)</b>	-	-	-	-	<b>6.8</b>	-	<b>125.1</b>	<b>131.9</b>	<b>8.9</b>	<b>140.8</b>
Dividend payment	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Acquisition of treasury shares for purposes of share option plan (see Note 6)	-	-	(52.5)	-	-	-	-	(52.5)	-	(52.5)
Transfer of treasury shares upon exercise of share option plan (see Note 6)	-	-	58.6	-	-	-	-	58.6	-	58.6
Exercise of share options under the share option plan (see Note 6)	-	(32.9)	-	-	-	-	-	(32.9)	-	(32.9)
<b>Balance as at June 30, 2014</b>	<b>1,387.1</b>	<b>479.0</b>	<b>(5.1)</b>	<b>347.2</b>	<b>(151.1)</b>	<b>(3,315.2)</b>	<b>3,283.5</b>	<b>2,025.4</b>	<b>384.2</b>	<b>2,409.6</b>



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

(Amounts in millions of Euro)	Share Capital	Share premium	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total equity
<b>Balance as at January 1, 2013</b>	<b>1,171.5</b>	<b>509.6</b>	-	<b>347.2</b>	<b>(22.2)</b>	<b>746.7</b>	<b>2,752.8</b>
Profit for the period	-	-	-	-	-	61.5	61.5
Other comprehensive income / (loss)	-	-	-	-	9.0	-	9.0
<b>Total comprehensive income / (loss)</b>	-	-	-	-	<b>9.0</b>	<b>61.5</b>	<b>70.5</b>
Share-based payments	-	0.8	-	-	-	-	0.8
<b>Balance as at June 30, 2013</b>	<b>1,171.5</b>	<b>510.4</b>	-	<b>347.2</b>	<b>(13.2)</b>	<b>808.2</b>	<b>2,824.1</b>
<b>Balance as at January 1, 2014</b>	<b>1,387.1</b>	<b>511.9</b>	<b>(11.2)</b>	<b>347.2</b>	<b>(11.3)</b>	<b>393.1</b>	<b>2,616.8</b>
Profit for the period	-	-	-	-	-	49.5	49.5
Other comprehensive income / (loss)	-	-	-	-	(13.8)	-	(13.8)
<b>Total comprehensive income / (loss)</b>	-	-	-	-	<b>(13.8)</b>	<b>49.5</b>	<b>35.7</b>
Acquisition of treasury shares for purposes of share option plan (see Note 6)	-	-	(52.5)	-	-	-	(52.5)
Transfer of treasury shares upon exercise of share option plan (see Note 6)	-	-	58.6	-	-	-	58.6
Exercise of share options under the share option plan (see Note 6)	-	(32.9)	-	-	-	-	(32.9)
<b>Balance as at June 30, 2014</b>	<b>1,387.1</b>	<b>479.0</b>	<b>(5.1)</b>	<b>347.2</b>	<b>(25.1)</b>	<b>442.6</b>	<b>2,625.7</b>



INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		01/01-30/06/2014	01/01-30/06/2013	01/01-30/06/2014	01/01-30/06/2013
<b>Cash flows from operating activities</b>					
Profit before tax		187.5	234.8	77.7	31.7
Adjustments for:					
Depreciation, amortization and impairment		395.5	387.9	138.4	143.1
Share-based payment		-	0.8	-	0.2
Costs related to early retirement programs		2.7	7.5	-	-
Provision for staff retirement indemnities		4.7	6.0	3.6	4.5
Provision for youth account		1.4	1.5	1.4	1.5
Write down of inventories		2.9	0.3	-	-
Other provisions		2.8	(2.3)	(0.1)	(2.1)
Provision for doubtful accounts		42.1	43.2	10.2	11.0
Foreign exchange differences, net		0.1	(5.7)	(0.1)	(0.2)
Interest income		(3.2)	(4.9)	(1.1)	(2.1)
Dividend income		-	(0.3)	(1.1)	(7.3)
(Gains) / losses investments and financial assets -					
Impairments		(0.1)	(60.9)	(0.1)	19.6
Interest expense		93.9	137.5	68.0	85.3
Working capital adjustments:					
Decrease / (increase) in inventories		(16.3)	(8.4)	1.0	(0.7)
Decrease / (increase) in receivables		(29.0)	(80.6)	(4.7)	(14.1)
(Decrease) / increase in liabilities (except borrowings)		(77.3)	36.8	(14.9)	(29.1)
Plus / (Minus):					
Payment for early retirement programs and voluntary leave scheme	9	(107.1)	(11.6)	(103.8)	(4.3)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(6.8)	(13.6)	(6.6)	(13.3)
Interest and related expenses paid		(155.5)	(174.2)	(112.4)	(127.5)
Income taxes paid		(89.6)	(16.8)	(39.6)	(6.8)
Net cash flows from operating activities of discontinued operations		-	48.9	-	-
<b>Net cash flows from operating activities</b>		<b>248.7</b>	<b>525.9</b>	<b>15.8</b>	<b>89.4</b>
<b>Cash flows from investing activities</b>					
Purchase of financial assets		-	(226.4)	-	(75.0)
Sale or maturity of financial assets		12.4	151.4	9.0	75.0
Repayment of loans receivable		6.0	5.2	6.0	5.2
Purchase of property plant and equipment and intangible assets		(280.9)	(343.1)	(99.8)	(54.4)
Movement in restricted cash		0.8	21.5	-	-
Proceeds from disposal of subsidiaries / investments, net of cash disposed		(2.2)	159.0	-	208.4
Interest received		2.3	5.7	1.0	2.0
Dividends received		-	0.3	0.6	7.3
Return of capital invested in subsidiaries / investments		-	1.0	-	1.0
Net cash flows used in investing activities from discontinued operations		-	(25.9)	-	-
<b>Net cash flows used in investing activities</b>		<b>(261.6)</b>	<b>(251.3)</b>	<b>(83.2)</b>	<b>169.5</b>
<b>Cash flows from financing activities</b>					
Net payments for share option plan	6	(32.9)	-	(32.9)	-
Proceeds from loans granted and issued	7	-	888.2	363.7	537.2
Repayment of loans	7	(408.7)	(1,043.3)	(374.0)	(1,117.7)
Dividends paid to Company's owners		(0.5)	(0.9)	(0.5)	(0.9)
Net cash flows used in financing activities of discontinued operations		-	(3.8)	-	-
<b>Net cash flows used in financing activities</b>		<b>(442.1)</b>	<b>(159.8)</b>	<b>(43.7)</b>	<b>(581.4)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(455.0)</b>	<b>114.8</b>	<b>(111.1)</b>	<b>(322.5)</b>
<b>Cash and cash equivalents, at the beginning of the period</b>		<b>1,444.3</b>	<b>1,161.6</b>	<b>426.6</b>	<b>392.3</b>
Net foreign exchange differences		6.7	1.9	-	-
Cash and cash equivalents of disposal group classified as held for sale		-	(84.7)	-	-
<b>Cash and cash equivalents, at the end of the period</b>		<b>996.0</b>	<b>1,193.6</b>	<b>315.5</b>	<b>69.8</b>





## 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 General Commercial Registry (Γ.Ε.ΜΗ.) with the unique number 1037501000. 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 principal activities are the provision of telecommunications and related services.

Effective from 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 June 30, 2014 holds a 40.0% interest in OTE (see Note 6).

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 June 30, 2014, were approved for issuance by the Board of Directors on July 31, 2014.

The total numbers of Group and Company employees as of June 30, 2014 and 2013 and as of December 31, 2013 were as follows:

	GROUP	COMPANY
June 30, 2014	22,937	6,869
December 31, 2013	22,667	6,878
June 30, 2013	27,282	8,728

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

COMPANY NAME	LINE OF BUSINESS	COUNTRY	30/06/2014	31/12/2013
			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%
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%
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”) (see below)	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-HOLDING ALBANIA S.A. (“CHA”)	Investment holding company	Greece	100.00%	100.00%
ALBANIAN MOBILE COMMUNICATIONS Sh.a (“AMC”)	Mobile telecommunications	Albania	99.76%	99.76%



COMPANY NAME	LINE OF BUSINESS	COUNTRY	30/06/2014	31/12/2013
			GROUP'S OWNERSHIP INTEREST	
	services			
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%
MOBILBEEEP LTD	Retail services	Greece	100.00%	100.00%
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%
COSMOHOLDING INTERNATIONAL B.V. (see below)	Investment holding company	Netherlands	100.00%	-

#### DISSOLUTION AND LIQUIDATION OF DIERGASIA

On June 21, 2013, the Extraordinary General Assembly of Shareholders of DIERGASIA (OTE PLUS's wholly owned subsidiary) decided to proceed with the dissolution and liquidation of DIERGASIA.

#### COSMOHOLDING INTERNATIONAL B.V.

On March 7, 2014, COSMOHOLDING INTERNATIONAL B.V. was established in the Netherlands with a share capital of Euro 1.6.

## 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, 2013, which are available on the Company's website <https://www.ote.gr/web/guest/corporate/ir/financial-results/financial-statements-of-ote-group-and-ote-sa>.

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.

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same as those applied to the annual audited financial statements as of December 31, 2013. With effect from January 1, 2014 the Company reassessed the estimated useful life of specific transmission equipment resulting in an average increase in their estimated useful life of 6 years. The impact in the depreciation expense for the current financial period is a decrease of approximately Euro 19.8 relative to the corresponding period in the prior year.

There is no seasonality in the Group's and the Company's operations.

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, 2013 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, 2014, noted below:

**New standards, amendments to standards and interpretations:** Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years.



### Standards and Interpretations effective for the current financial year

- **IAS 32 (Amendment) “Financial Instruments: Presentation”:** 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.

### Group of standards on consolidation and joint arrangements

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). The main provisions are as follows:

- **IFRS 10 “Consolidated Financial Statements”:** IFRS 10 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. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency / principal relationships.
- **IFRS 11 “Joint Arrangements”:** IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. 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”:** IFRS 12 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. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28.
- **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”:** IAS 28 “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.
- **IFRS 10, IFRS 11 and IFRS 12 (Amendment) “Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance”:** The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities.
- **IFRS 10, IFRS 12 and IAS 27 (Amendment) “Investment entities”:** The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make.
- **IAS 36 (Amendment) “Recoverable amount disclosures for non-financial assets”:** This amendment requires: a) disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed and b) detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. Also, it removes the requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.



- **IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement”**: This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

#### Standards and Interpretations effective for subsequent periods

- **IAS 19 (Amendment) “Employee Benefits”**: (effective for annual periods beginning on or after July 1, 2014). This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment has not yet been endorsed by the EU.

#### **Annual Improvements to IFRSs 2012** (effective for annual periods beginning on or after July 1, 2014)

The amendments set out below describe the key changes to seven IFRSs following the publication of the results of the IASB’s 2010-2012 cycle of the annual improvements project. The improvements have not yet been endorsed by the EU.

- **IFRS 2 “Share-based payment”**: The amendment clarifies the definition of a “vesting condition” and separately defines “performance condition” and “service condition”.
- **IFRS 3 “Business combinations”**: The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 “Financial instruments: Presentation”. It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.
- **IFRS 8 “Operating segments”**: The amendment requires disclosure of the judgments made by management in aggregating operating segments.
- **IFRS 13 “Fair value measurement”**: The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.
- **IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”**: Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- **IAS 24 “Related party disclosures”**: The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

#### **Annual Improvements to IFRSs 2013** (effective for annual periods beginning on or after July 1, 2014)

The amendments set out below describe the key changes to three IFRSs following the publication of the results of the IASB’s 2011-2013 cycle of the annual improvements project. The improvements have not yet been endorsed by the EU.

- **IFRS 3 “Business combinations”**: This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.
- **IFRS 13 “Fair value measurement”**: The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.
- **IAS 40 “Investment property”**: The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.
- **IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date and Transition Disclosures” and IFRS 9 “Hedge Accounting” and amendments to IFRS 9, IFRS 7 and IAS 39**: IFRS 9 replaces part of IAS 39 which deals with the classification and measurement of financial assets and financial liabilities. The IASB has also published IFRS 9 Hedge Accounting, the third phase of its replacement of IAS 39 which establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Group is currently investigating the impact of IFRS 9 on its financial statements. The standard has not yet been endorsed by the EU.
- **IFRIC 21 “Levies”**: (effective for annual periods beginning on or after 17 June 2014). This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according



to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

- **IFRS 11 (Amendment) “Joint Arrangements”** (effective for annual periods beginning on or after January 1, 2016): This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a “business”. This amendment has not yet been endorsed by the EU.
- **IAS 16 and IAS 38 (Amendments) “Clarification of Acceptable Methods of Depreciation and Amortization** (effective for annual periods beginning on or after January 1, 2016): This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments have not yet been endorsed by the EU.
- **IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after January 1, 2017): The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard has not yet been endorsed by the EU.
- **IAS 16 and IAS 41 (Amendments) “Agriculture: Bearer plants”** (effective for annual periods beginning on or after January 1, 2016): These amendments change the financial reporting for bearer plants, such as grape vines and fruit trees. The bearer plants should be accounted for in the same way as self-constructed items of property, plant and equipment. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendments have not yet been endorsed by the EU.

#### 4. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
(a) Investments in subsidiaries	-	-	3,538.4	3,538.4
(b) Other investments	0.2	0.1	0.1	0.1
<b>TOTAL</b>	<b>0.2</b>	<b>0.1</b>	<b>3,538.5</b>	<b>3,538.5</b>

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	30/06/2014	31/12/2013
COSMOTE	100.00%	Greece	2,762.9	2,762.9
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	401.9	401.9
COSMO-ONE	30.87%	Greece	0.5	0.5
VOICENET	100.00%	Greece	3.1	3.1
OTE SAT- MARITEL	94.08%	Greece	4.6	4.6
OTE PLC	100.00%	U.K.	-	-
OTE PLUS	100.00%	Greece	8.2	8.2
OTE ESTATE	100.00%	Greece	193.2	193.2
OTE GLOBE	100.00%	Greece	163.7	163.7
OTE INSURANCE	100.00%	Greece	0.1	0.1
OTE ACADEMY	100.00%	Greece	0.2	0.2
<b>TOTAL</b>			<b>3,538.4</b>	<b>3,538.4</b>





## 5. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
<b>Marketable securities:</b>				
Held for trading – Bonds	-	3.4	-	-
Available for sale – Mutual funds	4.4	4.1	2.5	2.4
	<b>4.4</b>	<b>7.5</b>	<b>2.5</b>	<b>2.4</b>
<b>Derivative financial instruments:</b>				
Interest rate swaps-fair value hedges	-	9.0	-	9.0
	-	<b>9.0</b>	-	<b>9.0</b>
<b>TOTAL</b>	<b>4.4</b>	<b>16.5</b>	<b>2.5</b>	<b>11.4</b>

The movement of the marketable securities can be analyzed as follows:

	GROUP		COMPANY	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Balance at the beginning of the period/ year	7.5	6.7	2.4	1.9
Additions	-	226.4	-	75.0
Sales – maturities	(3.4)	(226.4)	-	(75.0)
Gain / (loss) through income statement	-	0.1	-	0.1
Fair value adjustments through other comprehensive income	0.3	0.7	0.1	0.4
<b>Balance at the end of the period / year</b>	<b>4.4</b>	<b>7.5</b>	<b>2.5</b>	<b>2.4</b>

## 6. SHARE CAPITAL – SHARE PREMIUM – SHARE OPTION PLAN

OTE's share capital as of June 30, 2014 amounted to Euro 1,387.1 divided into 490,150,389 registered shares, with a nominal value of Euro 2.83 (absolute amount) per share. The share premium as of June 30, 2014 and December 31, 2013, amounted to Euro 479.0 and Euro 511.9, respectively, the decrease (Euro 32.9) being the net change under the Group's Share Option Plan (see below).

The following is an analysis of the ownership of OTE's shares as of June 30, 2014:

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	205,522,234	41.93%
Private investors	39,098,837	7.98%
Treasury shares	454,120	0.09%
<b>TOTAL</b>	<b>490,150,389</b>	<b>100.00%</b>

Since October 2013 and based on the respective approval by the General Meeting of the Company's Shareholders, OTE has been acquiring own shares, solely in the context of the existing share option plan. In the first half of 2014, OTE acquired 4,526,651 own shares and the total amount paid to acquire these shares was Euro 52.5. In addition OTE paid in the first half of 2014 an amount of Euro 6.1 with respect to own shares acquired in 2013. In April 2014, 5,270,490 options were exercised and an equal number of own shares was transferred to the beneficiaries. The acquisition cost of the own shares transferred was Euro 58.6, while the exercise proceeds amounted to Euro 25.7. The difference of Euro 32.9 has reduced the Share Premium. As a result of all the above, as of June 30, 2014 the outstanding number of own shares held by OTE was 454,120 shares with a book value of Euro 5.1.

The movement of the own shares is presented in the table below:

	Number of shares	Amount
Own shares as at January 1, 2014	1,197,959	11.2
Own shares acquired during the period	4,526,651	52.5
Own shares transferred during the period	(5,270,490)	(58.6)
<b>Own shares as at June 30, 2014</b>	<b>454,120</b>	<b>5.1</b>



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

	01/01- 30/06/2014		01/01- 31/12/2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	11,951,653	9.73	16,220,885	11.92
Exercised	(5,270,490)	4.88	(277,755)	5.64
Forfeited / Canceled	(36,640)	19.49	(3,991,477)	17.13
Outstanding at the end of the period	6,644,523	13.96	11,951,653	9.73
Exercisable at the end of the period	6,644,523	13.96	11,951,653	9.73

## 7. LONG-TERM AND SHORT-TERM BORROWINGS

### LONG -TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	30/06/2014	31/12/2013
(a) Syndicated loans	176.6	209.8
(b) Global Medium-Term Note Programme	2,371.4	2,735.6
<b>Total long-term debt</b>	<b>2,548.0</b>	<b>2,945.4</b>
Short-term portion	(813.8)	(388.9)
<b>Long-term portion</b>	<b>1,734.2</b>	<b>2,556.5</b>

#### (a) Syndicated loans

On April 25, 2014, COSMOTE ROMANIA repaid in total Euro 33.8 under the syndicated facility with EBRD, along with the accrued interest.

#### (b) Global Medium-Term Note Programme

On February 12, 2014, the Euro 787.7 notes (initial nominal value) maturing on February 12, 2015, were reclassified from "Long-term borrowings" to "Short-term portion of long-term borrowings".

On April 8, 2014, OTE PLC fully repaid the remaining outstanding amount of Euro 364.7 under the Notes maturing on that date along with the accrued interest.

COMPANY	30/06/2014	31/12/2013
Intercompany loans from OTE PLC	1,863.0	1,967.4
<b>Total long-term debt</b>	<b>1,863.0</b>	<b>1,967.4</b>
Short-term portion	(786.2)	(366.8)
<b>Long-term portion</b>	<b>1,076.8</b>	<b>1,600.6</b>

#### New intercompany bond loans between OTE PLC and OTE

On March 19, 2014, OTE signed a Euro 99.7 bond loan agreement with OTE PLC maturing on September 15, 2015. The bond loan bears a fixed interest rate.

On March 20, 2014, OTE signed a Euro 65.0 bond loan agreement with OTE PLC maturing on October 15, 2015. The bond loan bears a fixed interest rate.

On March 26, 2014, OTE signed a Euro 95.0 bond loan agreement with OTE PLC maturing on November 16, 2015. The bond loan bears a fixed interest rate.

#### Reclassification

On February 11, 2014, the intercompany loans Euro 600 and Euro 187.7 (initial nominal values) maturing on February 11, 2015, were reclassified from "Long-term borrowings" to "Short-term portion of long-term borrowings".

#### Repayment of intercompany loan granted from OTE PLC

On April 8, 2014, OTE fully repaid the remaining balance of Euro 364.7 under the Euro 500.0 intercompany loan maturing on that date along with the accrued interest.



### Derivatives

The interest rate swap agreements entered into in April 2011 matured on April 8, 2014. Subsequently, on April 11, 2014, and April 16, 2014, OTE returned a total amount of Euro 9.3 which was held as collateral in respect of these swap agreements under Credit Support Annex agreements.

### SHORT - TERM BORROWINGS

#### GROUP

The outstanding balance of short-term borrowings as of June 30, 2014 for the Group is nil (December 31, 2013: Euro 11.0). During the first half of 2014, OTE PLUS paid an amount of Euro 0.9 under its overdraft facility and COSMOTE ROMANIA settled its financial liability amounting to Euro 10.1.

#### COMPANY

The outstanding balance of short-term borrowings as of June 30, 2014 for the Company amounted to Euro 271.0 (December 31, 2013: Euro 167.0).

On June 18, 2014, OTE signed a Euro 53.0 bond loan agreement with OTE PLC maturing on June 10, 2015 and a Euro 51.0 bond loan agreement with OTE PLC maturing on May 29, 2015. Both bond loans bear a fixed interest rate.

## 8. INCOME TAXES

According to the tax law 4110/2013 which was set into force on January 23, 2013, the corporate income tax rate of legal entities in Greece is set at 26% for fiscal year 2013 onwards.

#### Audit tax certificate

For the Greek companies of the Group, the "Tax Compliance Report" has been issued for the financial year 2013 with no substantial adjustments with respect to the tax expense and corresponding tax provision as reflected in the annual financial statements for 2013.

#### 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	2009 - 2010
COSMOTE	2010
OTE INTERNATIONAL INVESTMENTS LTD	2010 - 2013
COSMO-ONE	2010
VOICENET	None
OTE PLC	2013
OTE SAT-MARITEL	2007 - 2010
OTE PLUS	2010
OTE ESTATE	2008 - 2010
OTE-GLOBE	2010
OTE INSURANCE	2010
OTE ACADEMY	None
HATWAVE	1996 - 2013
OTE INVESTMENTS SERVICES S.A.	2010
ROMTELECOM	2006 - 2013
NEXTGEN	2008 - 2013
AMC	2011 - 2013
COSMOTE ROMANIA	2007 - 2013
GERMANOS	2010
E-VALUE S.A.	2010
GERMANOS TELECOM ROMANIA S.A.	2008 - 2013
SUNLIGHT ROMANIA S.R.L. - FILIALA	2008 - 2013
MOBILBEEEP LTD	2010 - 2013
CHA	2007 - 2011
COSMOHOLDING ROMANIA LTD	2009 - 2013
ZAPP	2009 - 2013
E-VALUE LTD	2010
COSMOHOLDING INTERNATIONAL B.V.	n/a





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 for VOICENET for the fiscal years 2004 – 2011 was completed without any significant impact to the Group.

The major components of income tax expense are as follows:

GROUP	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2014	2013	2014	2013
Current income tax	20.5	25.1	41.4	45.5
Deferred income tax - Effect due to change in the income tax rate	-	-	-	(50.0)
Deferred income tax	6.8	1.6	19.5	6.4
<b>Total income tax</b>	<b>27.3</b>	<b>26.7</b>	<b>60.9</b>	<b>1.9</b>

COMPANY	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2014	2013	2014	2013
Current income tax	-	3.0	-	3.0
Deferred income tax - Effect due to change in the income tax rate	-	-	-	(41.4)
Deferred income tax	13.4	4.1	28.2	8.6
<b>Total income tax</b>	<b>13.4</b>	<b>7.1</b>	<b>28.2</b>	<b>(29.8)</b>

Income tax payable for the Group and the Company as of June 30, 2014 amounted to Euro 27.1 and Euro nil, respectively.

## 9. PROVISION FOR VOLUNTARY LEAVE SCHEME

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

GROUP and COMPANY	2014
<b>Balance at January 1</b>	<b>237.9</b>
Payments during the period	(94.5)
<b>Balance at June 30</b>	<b>143.4</b>

The payments relate to social security contributions and other taxes, based on the time schedule of the Voluntary Leave Scheme.

### Other early retirement programs

In the first half of 2014, the Romanian entities of the Group applied early retirement programs, the total cost of which was Euro 2.7 and is recorded in the consolidated income statement in the line "Costs related to early retirement programs".

Beyond the payments for Voluntary Leave Scheme, amounts paid during the first half of 2014, in relation to early retirement programs were Euro 12.6 for the Group and Euro 9.3 for the Company.

## 10. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

GROUP	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2014	2013	2014	2013
Income from disposal of property, plant and equipment	9.1	0.9	13.4	2.6
Income from contract penalties	3.2	1.0	6.0	2.4
Income from investment property	1.9	2.1	3.8	4.1
Other	1.9	1.7	3.1	5.2
<b>TOTAL</b>	<b>16.1</b>	<b>5.7</b>	<b>26.3</b>	<b>14.3</b>



COMPANY	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2014	2013	2014	2013
Income from disposal of property, plant and equipment	-	0.5	-	1.6
Income from contract penalties	0.2	(0.2)	0.2	-
Income from investment property	-	-	-	0.1
Other	0.2	0.5	0.5	0.5
<b>TOTAL</b>	<b>0.4</b>	<b>0.8</b>	<b>0.7</b>	<b>2.2</b>

## 11. 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 including (for the diluted earnings per share) the number of share options outstanding at the end of the period that have a dilutive effect on earnings per share.

Earnings per share are analyzed as follows:

GROUP	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2014	2013	2014	2013
<b>Profit attributable to owners of the parent</b>	<b>69.3</b>	<b>79.1</b>	<b>125.1</b>	<b>246.6</b>
Profit for the period from continuing operations (attributable to owners of the parent)	69.3	57.2	125.1	223.9
Profit for the period from discontinued operations (attributable to owners of the parent)	-	21.9	-	22.7
Weighted average number of shares for basic earnings per share	487,437,488	490,150,389	486,635,070	490,150,389
Share options outstanding	6,644,523	15,982,268	6,644,523	15,982,268
Weighted average number of shares adjusted for the effect of dilutions	487,682,493	490,150,389	486,950,383	490,150,389
<b>Basic earnings per share</b>	<b>0.1422</b>	<b>0.1614</b>	<b>0.2571</b>	<b>0.5031</b>
From continuing operations	0.1422	0.1167	0.2571	0.4568
From discontinued operations	-	0.0447	-	0.0463
<b>Diluted earnings per share</b>	<b>0.1421</b>	<b>0.1614</b>	<b>0.2569</b>	<b>0.5031</b>
From continuing operations	0.1421	0.1167	0.2569	0.4568
From discontinued operations	-	0.0447	-	0.0463

(Earnings per share are in absolute amounts)

For the first six months of 2013, the outstanding options did not have a dilutive effect on earnings per share and, therefore, are not included in the earnings per share calculation.

## 12. 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, internet access services and TV services in Greece.
- COSMOTE group is a provider of mobile telecommunications services in Greece, Albania and Romania.
- ROMTELECOM is a provider of local, long-distance and international fixed-line voice telephony, internet access services and TV 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, costs related to early retirement programs and other restructuring costs; operating profit/(loss) and profit/(loss) for the period.



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

Six month period ended June 30, 2014	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	Total from continuing operations
Revenue from external customers	703.9	807.7	294.5	108.2	1,914.3	-	1,914.3
Intersegment revenue	39.2	51.2	11.9	95.8	198.1	(198.1)	-
Total revenue	743.1	858.9	306.4	204.0	2,112.4	(198.1)	1,914.3
Operating expenses	(600.5)	(744.8)	(324.4)	(192.8)	(1,862.5)	200.1	(1,662.4)
Operating profit	143.3	115.3	6.5	13.1	278.2	-	278.2
Operating profit before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs	281.7	288.1	83.4	26.4	679.6	-	679.6
Profit for the period from continuing operations	49.5	63.9	3.2	10.8	127.4	(0.8)	126.6

Six month period ended June 30, 2013	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	Eliminations	Total from continuing operations
Revenue from external customers	731.3	849.1	284.1	104.2	1,968.7	-	1,968.7
Intersegment revenue	45.7	49.5	10.1	94.9	200.2	(200.2)	-
Total revenue	777.0	898.6	294.2	199.1	2,168.9	(200.2)	1,968.7
Operating expenses	(652.2)	(766.9)	(282.1)	(183.0)	(1,884.2)	201.7	(1,682.5)
Operating profit	127.0	134.8	20.1	18.5	300.4	0.1	300.5
Operating profit before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs	270.1	316.7	74.4	35.8	697.0	(1.1)	695.9
Profit for the period from continuing operations	61.5	36.2	18.8	42.2	158.7	74.2	232.9

### 13. 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 40.0% 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:

	1 <sup>st</sup> Half 2014		1 <sup>st</sup> Half 2013	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE group of companies	32.1	31.3	37.1	31.6
OTE INTERNATIONAL INVESTMENTS LTD	0.4	2.1	0.4	2.1
HELLAS-SAT	n/a	n/a	0.1	0.2
COSMO-ONE	-	0.3	-	0.3
VOICENET	0.6	1.0	0.9	1.0
OTE SAT - MARITEL	0.3	0.2	0.3	0.4
OTE PLUS	0.2	30.2	0.2	23.9
OTE ESTATE	-	23.0	0.2	24.0
OTE-GLOBE	5.6	26.8	6.5	27.8
OTE ACADEMY	-	3.0	-	2.0
ROMTELECOM	-	0.1	-	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.1	0.3	-	0.1
<b>TOTAL</b>	<b>39.3</b>	<b>118.3</b>	<b>45.7</b>	<b>113.4</b>



The Group's purchases and sales with related parties which are not eliminated in the consolidation are analyzed as follows:

	1 <sup>st</sup> Half 2014		1 <sup>st</sup> Half 2013	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	12.4	9.8	8.7	12.8
<b>TOTAL</b>	<b>12.4</b>	<b>9.8</b>	<b>8.7</b>	<b>12.8</b>

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

	Finance expense OTE	
	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013
OTE PLC	65.6	62.8
<b>TOTAL</b>	<b>65.6</b>	<b>62.8</b>

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

	Dividend income OTE	
	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013
OTE SAT - MARITEL	1.0	-
OTE INSURANCE	0.1	-
HELLAS-SAT	-	7.0
<b>TOTAL</b>	<b>1.1</b>	<b>7.0</b>

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

	30/06/2014		31/12/2013	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE group of companies	36.1	91.9	44.0	87.3
OTE INTERNATIONAL INVESTMENTS LTD	0.3	1.1	0.4	1.1
COSMO-ONE	-	0.4	0.1	0.2
VOICENET	0.6	0.6	0.6	1.1
OTE SAT - MARITEL	3.0	4.3	1.7	4.0
OTE PLUS	0.4	17.3	0.5	18.9
OTE ESTATE	0.5	4.7	0.6	11.0
OTE-GLOBE	13.4	50.2	14.8	54.9
OTE ACADEMY	0.5	1.4	0.4	1.6
ROMTELECOM	0.2	0.4	0.4	0.5
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.2	0.3	0.2	0.9
<b>TOTAL</b>	<b>55.2</b>	<b>172.6</b>	<b>63.7</b>	<b>181.5</b>

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

	30/06/2014		31/12/2013	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM group of companies (except for OTE Group)	17.7	51.2	14.5	57.2
<b>TOTAL</b>	<b>17.7</b>	<b>51.2</b>	<b>14.5</b>	<b>57.2</b>

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

	Amounts owed by OTE	
	30/06/2014	31/12/2013
OTE PLC	2,171.2	2,217.0
<b>TOTAL</b>	<b>2,171.2</b>	<b>2,217.0</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 3.0 (including the employer's contributions to pension funds where applicable) for the first half of 2014 (first half of 2013: Euro 3.3).

As of June 30, 2014, 833,726 options under OTE's share based payment plan have been granted to the Company's key management personnel.

## 14. LITIGATION AND CLAIMS

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

There are no significant developments with respect to the litigations and claims referred to the financial statements as of December 31, 2013, except for the following:

### CIVIL PROCEEDINGS

**HELLAS ON LINE S.A.:** On February 11, 2014, HELLAS ON LINE S.A. filed a lawsuit against OTE before the Athens Multimember Court of First Instance, requesting an amount of Euro 13.7 plus the lawful interest for reimbursement for alleged illegal rejection of local loop supply. This lawsuit is scheduled to be heard before the Multimember Court of First Instance on September 29, 2016.

**HELLAS ON LINE S.A.:** On April 11, 2014, OTE was served with a lawsuit before the Athens Multi-member Court of First Instance filed by HELLAS ON LINE S.A.. HELLAS ON LINE S.A. claims approximately Euro 5.8 plus the lawful interest, as indemnification for alleged illegal charges by OTE regarding unnecessary visits of OTE personnel competent for breakdown removal, during the period 2009-2013. The trial date has been set for October 20, 2016.

**RealWay Ltd:** On May, 9, 2014, RealWay Ltd filed a lawsuit against E-VALUE S.A. before the Athens Multi-member Court of First Instance, claiming an amount of Euro 3.8 plus interest from June 08, 2013, regarding foregone revenues for leased equipment due to an (alleged) wrongful act. The hearing of the case before the Athens Multimember Court of First Instance has been set for November 17, 2016.

## 15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Fair value and 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 that 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.

The following tables compare the carrying amount of the Group's and the Company's financial instruments that are carried at amortized cost to their fair value:

GROUP	Carrying Amount		Fair value	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
<b>Financial Assets</b>				
Trade receivables	685.4	703.3	685.4	703.3
Loans to Auxiliary Fund	119.3	122.6	146.3	144.1
Other loans	56.5	53.3	56.5	53.3
Restricted cash	3.8	4.5	3.8	4.5
Cash and cash equivalents	996.0	1,444.3	996.0	1,444.3
<b>Financial Liabilities</b>				
Long-term borrowings	1,734.2	2,556.5	1,902.0	2,738.8
Short-term borrowings and short-term portion of long-term borrowings	813.8	399.9	842.1	405.3
Trade accounts payable	776.0	923.7	776.0	923.7
Cash collateral on interest rate swaps	-	9.3	-	9.3

COMPANY	Carrying Amount		Fair value	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
<b>Financial Assets</b>				
Trade receivables	326.7	332.0	326.7	332.0
Loans to Auxiliary Fund	119.3	122.6	146.3	144.1
Other loans	56.0	53.7	56.0	53.7
Cash and cash equivalents	315.5	426.6	315.5	426.6
<b>Financial Liabilities</b>				
Long-term borrowings	1,076.8	1,600.6	1,156.9	1,709.1
Short-term borrowings and short-term portion of long-term borrowings	1,057.2	533.8	1,086.6	539.7
Trade accounts payable	309.6	362.6	309.6	362.6
Cash collateral on interest rate swaps	-	9.3	-	9.3

The fair value of cash and cash equivalents, trade receivables, other loans and trade accounts payable approximate their carrying amounts. The fair values of the remaining financial assets and financial liabilities are based on cash flows discounted using either direct or indirect observable inputs and are within the Level 2 of the fair value hierarchy.

As at June 30, 2014, the Group and the Company held the following financial instruments measured at fair value:

GROUP	Fair value		Fair value hierarchy
	30/06/2014	31/12/2013	
<b>Financial Assets</b>			
Available-for-sale mutual funds	4.4	4.1	Level 1
Held for trading bonds	-	3.4	Level 1
Derivative financial instruments	-	9.0	Level 2

COMPANY	Fair value		Fair value hierarchy
	30/06/2014	31/12/2013	
<b>Financial Assets</b>			
Available-for-sale mutual funds	2.5	2.4	Level 1
Derivative financial instruments	-	9.0	Level 2

## 16. RECLASSIFICATIONS

In the consolidated and separate statements of financial position of 2013, an amount of Euro 17.1 has been reclassified from “other current liabilities” to “trade receivables” for better presentation.



## 17. EVENTS AFTER THE FINANCIAL POSITION DATE

The most significant events after June 30, 2014, are as follows:

### GROUP

#### [New Euro 700.0 Notes under the Global Medium-Term Note Programme](#)

On July 10, 2014, OTE PLC issued Euro 700.0 Fixed Rate Notes under its Global Medium-Term Note Programme, maturing on July 9, 2020 with an annual coupon of 3.5%. The Notes are guaranteed by OTE.

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.

#### [Tender Offer by OTE PLC under the Global Medium-Term Note Programme](#)

On July 11, 2014, OTE PLC concluded a tender for cash of its February 2015 Notes and its May 2016 Notes. OTE PLC accepted tenders amounting to Euro 305.0 and Euro 195.0 of the February 2015 and the May 2016 Notes respectively. The tender was financed via the proceeds of the Euro 700.0 new bond issue of OTE PLC. The tendered notes were surrendered for cancellation. Following the completion of the tender, the outstanding nominal amounts of the February 2015 and May 2016 Notes are Euro 482.7 and Euro 700.0 respectively.

### COMPANY

#### [New intercompany bond loan between OTE PLC and OTE.](#)

On July 14, 2014, OTE signed a Euro 700.0 intercompany bond loan agreement with OTE PLC maturing on July 9, 2020. The bond loan bears a fixed interest rate.

#### [Prepayments of intercompany loans granted from OTE PLC](#)

On July 14, 2014, OTE proceeded with the full repayment of the Euro 187.7 intercompany loan from OTE PLC maturing on February 11, 2015.

On July 14, 2014, OTE proceeded with a partial prepayment of a nominal amount of Euro 117.3 under the Euro 600.0 intercompany loan from OTE PLC maturing on February 11, 2015. As a result, the outstanding nominal amount of the Euro 600.0 intercompany loan is Euro 482.7.

On July 14, 2014, OTE proceeded with a partial prepayment of a nominal amount of Euro 195.0 under the Euro 575.0 intercompany bond loan from OTE PLC maturing on May 19, 2016. As a result, the outstanding nominal amount of the Euro 575.0 intercompany bond loan is Euro 380.0.

## V. FINANCIAL DATA AND INFORMATION





**HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.**  
 Greek General Commercial Registry ("T. E. M.H.") 1037501000  
 REGISTERED OFFICE: 99 KIFISSIAS AVE - 15124 MAROUSI, ATHENS  
**FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM JANUARY 1, 2014 TO JUNE 30, 2014**  
 (In accordance with the Decision 4/507/28.4.2009 of the Hellenic Capital Market Commission)

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.

Company's Web Site: [www.ote.gr](http://www.ote.gr)  
 Date of approval of financial statements from the Board of Directors: July 31, 2014  
 The Certified Auditor: Marinos Pappa (Reg. N. 38081)  
 Auditing Company: PricewaterhouseCoopers (Reg. N. 113)  
 Type of Review Report: Unqualified

DATA FROM STATEMENT OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro					DATA FROM STATEMENT OF CASH FLOWS (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro				
	GROUP		COMPANY			GROUP		COMPANY	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013		01.01-30.06.2014	01.01-30.06.2013	01.01-30.06.2014	01.01-30.06.2013
<b>ASSETS</b>					<b>Cash flows from operating activities</b>				
Property, plant and equipment	3,187.1	3,278.9	1,318.7	1,356.4	Profit before tax	187.5	234.8	77.7	31.7
Intangible assets	1,439.6	1,487.4	115.9	142.0	Adjustments for:				
Other non-current assets	564.3	562.9	3,896.4	3,920.8	Depreciation, amortization and impairment	395.5	387.9	138.4	143.1
Inventories	111.7	97.0	15.7	16.7	Share-based payment	-	0.8	-	0.2
Trade receivables	685.4	703.3	325.7	332.0	Costs related to early retirement programs	2.7	7.5	-	-
Other current assets	229.1	249.5	108.5	115.7	Provision for staff retirement indemnities	4.7	6.0	3.6	4.5
Cash and cash equivalents	996.0	1,444.3	315.5	426.6	Provision for youth account	1.4	1.5	1.4	1.5
<b>TOTAL ASSETS</b>	<b>7,193.2</b>	<b>7,843.3</b>	<b>6,095.4</b>	<b>6,310.2</b>	Write down of inventories	2.9	0.3	-	-
					Provision for doubtful accounts	42.1	43.2	10.2	11.0
<b>EQUITY AND LIABILITIES</b>					Other provisions	2.8	(2.3)	(0.1)	(2.1)
Share capital	1,387.1	1,387.1	1,387.1	1,387.1	Foreign exchange differences, net	0.1	(5.7)	(0.1)	(0.2)
Other equity items	638.3	533.2	1,238.6	1,229.7	Interest income	(3.2)	(4.9)	(3.1)	(2.1)
Equity attributable to shareholders of the parent (a)	2,025.4	1,920.3	2,625.7	2,616.8	Dividend income	-	(0.3)	(1.1)	(7.9)
Non-controlling interests (b)	384.2	375.4	-	-	(Gains) / losses investments and financial assets - Impairments	(0.1)	(80.9)	(0.1)	19.6
<b>Total equity (c) = (a) + (b)</b>	<b>2,409.6</b>	<b>2,295.7</b>	<b>2,625.7</b>	<b>2,616.8</b>	Interest expense	93.9	137.5	68.0	85.3
Long-term borrowings	1,754.2	2,256.5	1,076.5	1,620.6	Working capital adjustments:				
Provisions / Other non-current liabilities	587.3	517.0	517.0	515.6	Decrease / (increase) in inventories	(18.3)	(8.4)	1.0	(0.7)
Short-term borrowings	813.8	399.9	1,057.2	533.8	Decrease / (increase) in receivables	(29.0)	(80.6)	(4.7)	(14.1)
Other current liabilities	1,648.3	2,007.7	818.7	1,043.4	(Decrease) / (increase) in liabilities (except borrowings)	(77.3)	36.8	(14.9)	(28.1)
<b>Total liabilities (d)</b>	<b>4,783.6</b>	<b>5,547.6</b>	<b>3,469.7</b>	<b>3,693.4</b>	Plus / (Minus):				
<b>TOTAL EQUITY AND LIABILITIES (e) + (d)</b>	<b>7,193.2</b>	<b>7,843.3</b>	<b>6,095.4</b>	<b>6,310.2</b>	Payment of early retirement programs and voluntary leave scheme	(107.1)	(11.6)	(103.8)	(4.3)
					Payment of staff retirement indemnities and youth account, net of employees' contributions	(6.8)	(13.6)	(6.6)	(13.3)
					Interest and related expenses paid	(155.5)	(174.2)	(112.4)	(127.5)
					Income taxes paid	(89.6)	(16.8)	(39.6)	(6.8)
					Net cash flows from operating activities of discontinued operations	-	48.9	-	-
					<b>Net cash flows from operating activities (a)</b>	<b>248.7</b>	<b>525.9</b>	<b>15.8</b>	<b>89.4</b>
					<b>Cash flows from investing activities</b>				
					Purchase of financial assets	-	(226.4)	-	(75.0)
					Sale or maturity of financial assets	12.4	115.4	9.0	73.0
					Repayment of loans receivable	6.0	5.2	6.0	5.2
					Purchase of property, plant and equipment and intangible assets	(280.9)	(343.1)	(99.8)	(54.4)
					Movement in restricted cash	0.8	21.5	-	-
					Proceeds from disposal of subsidiaries / investments, net of cash disposed	(2.2)	159.0	-	208.4
					Interest received	2.3	5.7	1.0	2.0
					Dividends received	-	0.3	0.6	7.3
					Return of capital invested in subsidiaries / investments	-	1.0	-	1.0
					Net cash flows from investing activities of discontinued operations	-	(25.9)	-	-
					<b>Net cash flows used in investing activities (b)</b>	<b>(261.6)</b>	<b>(251.3)</b>	<b>(83.2)</b>	<b>169.5</b>
					<b>Cash flows from financing activities</b>				
					Net payments for share option plan	(32.9)	-	(32.9)	-
					Proceeds from loans granted and issued	-	888.2	363.7	537.2
					Repayment of loans	(408.7)	(1,043.3)	(374.0)	(1,117.7)
					Dividends paid to Company's names	(0.5)	(0.9)	(0.5)	(0.9)
					Net cash flows from financing activities of discontinued operations	-	(3.8)	-	-
					<b>Net cash flows used in financing activities (c)</b>	<b>(442.1)</b>	<b>(159.8)</b>	<b>(43.7)</b>	<b>(581.4)</b>
					<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(455.0)</b>	<b>114.8</b>	<b>(111.1)</b>	<b>(322.5)</b>
					<b>Cash and cash equivalents, at the beginning of the period</b>	<b>1,444.3</b>	<b>1,161.6</b>	<b>426.6</b>	<b>392.3</b>
					Net foreign exchange differences	6.7	1.9	-	-
					Cash and cash equivalents of disposal group classified as held for sale	-	(84.7)	-	-
					<b>Cash and cash equivalents, at the end of the period</b>	<b>996.0</b>	<b>1,193.6</b>	<b>315.5</b>	<b>69.8</b>

**ADDITIONAL DATA AND INFORMATION**

1) The companies which are included in the interim condensed 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 4 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 8 of the financial statements.

3) 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 June 30, 2014 for litigations and other risks, as well as for unsettled tax years are as follows: a) for the Group € 120.2 million and € 39.6 million respectively and b) for the Company € 106.4 million and € 29.0 million respectively.

4) Number of employees at the end of the period Group 23,937 (30.06.2013: 27,382), Company 6,869 (30.06.2013: 8,728).

5) Other comprehensive income / (loss) after tax for the first six months of 2014 which was recognized directly in equity for the Group, relates to actuarial gains / (losses) € (13.9) million (net of deferred taxes) and foreign currency translation € 28.1 million. As for the Company, it relates to actuarial gains / (losses) € (13.9) million (net of deferred taxes) and the net movement, available for sale financial assets € 0.1 million (net of deferred taxes).

6) Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and holds a 40.00% interest in OTE as of June 30, 2014.

7) 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 first six months of 2014, amounted to € 39.3 million and € 118.3 million, respectively. Interest expense for the first six months of 2014 amounted to € 65.6 million. The outstanding balance of receivables and payables from / to related parties as of June 30, 2014 derived from current transactions amounted to € 55.2 million

and € 172.6 million, respectively). The outstanding balance of payables to related parties from the loans received amounted to € 2,171.2 million. Dividend income from related parties amounts to € 1.1 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 first six months of 2014, amount to € 3.0 million. Based on OTE's share option plan, as of June 30, 2014, 833,726 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 first six months of 2014 amounted to € 12.4 million and € 9.8 million, respectively). The outstanding balance of receivables and payables between related parties which are not eliminated, as of June 30, 2014 derived from operating transactions amounted to € 17.7 million, and € 81.2 million, respectively.

8) Basic earnings per share were calculated based on the weighted average number of shares outstanding.

9) A reclassification has been made on the comparative figures for better presentation, with no impact on the equity or the results of the Group and the Company. This reclassification is presented in Note 16 of the financial statements.

10) The most significant events that have occurred after June 30, 2014 are presented in Note 27 of the financial statements.

Athens, July 31, 2014

CHAIRMAN AND MANAGING DIRECTOR

BOARD MEMBER AND DTE GROUP  
CHIEF FINANCIAL OFFICER

OTE GROUP GENERAL MANAGER  
FINANCIAL OPERATIONS

ACCOUNTING DIRECTOR

MICHAEL TSAMAZ  
I.D. Number AB 516212

CHARALAMPOS MAZARIAKIS  
I.D. Number AE 096880  
License Number 0021943

GEORGE MAVRAKIS  
I.D. Number T 004893

KONSTANTINOS VASILOPOULOS  
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