HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

SIX MONTHS FINANCIAL REPORT

For the period
from January 1, 2018 to June 30, 2018

(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

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

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, 2018 to June 30, 2018, 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 risks and uncertainties they are facing.

Maroussi, August 8, 2018

Chairman & Managing Director	Board Member	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 August 8, 2018.

II. HALF YEAR REPORT OF THE BOARD OF DIRECTORS

TABLE OF CONTENTS

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, 2018 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, 2018 to June 30, 2018, the outlook for 2018, the significant events which took place in the first half of 2018, 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 2018.

This report also refers to Alternative Performance Measures. For details on purpose and calculations refer to Alternative Performance Measures Section (Section G).

The interim OTE's Financial Statements (separate and consolidated), Auditor's Report on the Financial Statements and the Board of Directors' Report of OTE S.A can be found on the following link: https://www.cosmote.gr/fixed/en/corporate/ir/financial-results/financial-statements-of-ote-group-and-ote-sa.

The amounts in this report are presented in millions of Euro, except when otherwise indicated.

A.FINANCIAL HIGHLIGHTS OF 1ST HALF OF 2018

OTE Group revenue increased by 0.7% in the first half of 2018 compared to the related period of 2017 and reached Euro 1,880.4, mainly due to:

- increased revenues from mobile business by 5.8%,
- partially offset by decreased revenues from fixed business by 2.3%.

OTE's revenue reached Euro 775.7, reflecting a decrease of 0.9% compared to the same period last year. This is a result of the decrease in revenues from fixed business by 0.5% and the decrease of miscellaneous other revenues by 9.7%.

The Group's operating expenses reached Euro 1,703.3 and reflect an increase of 1.7% compared to the same period last year. This increase is mainly due to the increase in costs related to voluntary leave schemes by 249.5%, in merchandise cost by 31.9%, in provision for doubtful accounts by 31.6%, in maintenance and repairs by 3.4%, in marketing by 2.6% and in other operating expenses by 2.4%. These increases were partially offset by the decrease in personnel costs by 9.6%, in commission costs by 29.5%, in interconnection and roaming costs by 4.2% and in depreciation amortization and impairment by 0.6%. **The Group's operating expenses before depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations** reached Euro 1,273.8 compared to Euro 1,271.0 in the same period last year, reflecting an increase of 0.2%.

The Company's operating expenses reached Euro 616.5 in the first half of 2018 reflecting an increase of 0.7% compared to the same period last year. The increase is mainly due to the increase in costs related to voluntary leave schemes by 1476.2%, as well as increases in provision for doubtful accounts by 39.2%, in commission costs by 13.6%, in maintenance and repairs by 2.6% and other operating expenses by 4.9%. These increases were partially offset by the decrease in personnel costs by 20.6%, in marketing by 13.1%, in interconnection and roaming costs by 8.1%, in merchandise cost by 6.4% and in depreciation, amortization and impairment by 1.0%. **The Company's operating expenses before depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations** reached Euro 428.8 in the first half of 2018 compared to Euro 454.5 in the same period last year, reflecting a decrease of 5.7%.

As a result, **Group's operating profit before financial and investing activities** for the first half of 2018 reached Euro 204.6 compared to Euro 214.8 in the same period last year, reflecting a decrease of 4.7%. **Company's Operating profit before financial and investing activities** for the first half of 2018 reached Euro 163.6 compared to Euro 173.2 in the same period last year, reflecting a decrease of 5.5%.

The Group's EBITDA for the first half of 2018 reached Euro 594.7 compared to Euro 607.3 in the same period last year, reflecting a decrease of 2.1%. The respective margin on revenues reached 31.6% compared to 32.5% in the same period last year. **The Group's adjusted EBITDA** for the first half of 2018 reached Euro 634.1 compared to Euro 618.0 in the same period last year, reflecting an increase of 2.6%. The respective margin on revenues reached 33.7% compared to 33.1% in the same period last year.

The Company's EBITDA for the first half of 2018 reached Euro 317.9 compared to Euro 329.0 in the same period last year, reflecting a decrease of 3.4%. The respective margin on revenues reached 41.0% compared to 42.0% in the same period last year. **The Company's adjusted EBITDA** for the first half of 2018 reached Euro 351.3 compared to Euro 331.1 in the same period last year, reflecting an increase of 6.1%. The respective margin on revenues reached 45.3% compared to 42.3% in the same period last year.

In relation to **the Group's financial activities**, interest and related expenses in the first half of 2018 were Euro 43.3, reflecting a decrease of 38.5% compared to the same period last year. Interest income amounted to Euro 0.9 for the first half of 2018 reflecting an increase of 12.5% compared to the same period last year. Foreign exchange differences resulted in losses of Euro 24.1 in the first half of 2018 compared to losses of Euro 10.2 in the same period last year.

Income tax expense of the Group was Euro 61.6 in the first half of 2018, reflecting an decrease of 25.5% compared to the same period last year.

Considering all the above, **the Group's Profit for the period** in the first half of 2018 was Euro 76.4 compared to Euro 52.3 in the same period last year, reflecting an increase of 46.1%.

In the first half of 2018, **losses attributable to non-controlling interests** in the Group's income statement reached Euro 11.6 compared to Euro 15.2 in the same period of 2017, mainly due to TELEKOM ROMANIA's performance.

As a result of all the above, **the Group's profit attributable to the owners of the parent** for the first half of 2018 reached Euro 88.0 compared to Euro 67.5 in the same period last year.

The Group's adjusted capital expenditure (Adjusted CAPEX) for the first half of 2018 amounted to Euro 335.6 from Euro 408.0 in the same period last year, reflecting a decrease of 17.7%.

The Group's adjusted free cash flows stood at Euro 103.6 in the first half of 2018 versus Euro 38.6 in the same period last year.

The Group's total debt as of June 30, 2018 was Euro 1,515.0 compared to Euro 2,040.7 at December 31, 2017, reflecting a decrease of 25.8%. The **Group's Adjusted Net Debt** at June 30, 2018, reached Euro 692.1 from Euro 737.1 at December 31, 2017, reflecting a decrease of 6.1%.

B.OUTLOOK FOR 2018

OTE expects the positive trends of the first half of 2018 to continue in the balance of the year, particularly in its home market. The recovering economic environment in Greece should provide a favorable background in fixed and mobile telecommunication services, with continuing growth expected in mobile data and broadband. The extended reach of advanced data networks, in both fixed and mobile, drives increased customer reliance on OTE services, supporting its revenue base. Encouraging operational progress is being made in Romania, particularly in mobile.
In 2018, management expects adjusted Capex of approximately Euro 700. Reflecting further cash generation improvements, OTE expects 2018 full-year adjusted FCF of approximately Euro 350. Reported FCF is expected to reach approximately Euro 260, to be fully paid out to shareholders pursuant to the shareholder remuneration policy announced earlier this year.

C.SIGNIFICANT EVENTS OF THE 1st HALF OF 2018

OTE Voluntary Leave Scheme

In the first half of 2018, OTE proceeded to the implementation of voluntary leave schemes, the respective cost of which amounted to Euro 33.1.

Other voluntary leave schemes

In the first half of 2018, the operating segments, COSMOTE Group – Greece, TELEKOM ROMANIA, COSMOTE Group – Romania and COSMOTE Group – Albania implemented voluntary leave schemes, the total cost of which was Euro 2.7, Euro 0.9, Euro 0.4 and Euro 0.3, respectively.

The total cost of the above mentioned programs for the first half of 2018, amounted to Euro 37.4 and Euro 33.1 for the Group and the Company, respectively. Amounts paid during the first half of 2018, in relation to voluntary leave schemes were Euro 8.2 for the Group and Euro 5.8 for the Company.

Dividends

On June 12, 2018, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 171.5 or Euro 0.352880 (in absolute amount) per share. The amount of dividends payable for the Group and the Company as of June 30, 2018 amounted to Euro 171.9 and Euro 171.8 respectively (December 31, 2017: Euro 0.4 and Euro 0.4).

D.RISKS AND UNCERTAINTIES FOR THE 2nd HALF OF 2018

OTE Group has developed the Enterprise Risk Management System that supports Management in its strategic decisions, in order to safeguard its smooth operation and future corporate success. This is achieved by identifying, evaluating, communicating and addressing enterprise risks (sustainability risks included) utilizing all strategic and operational risk mitigation and monitoring measures available.

Furthermore, every two (2) years, an analysis of material topics (Materiality Assessment) is conducted in order to identify the most important issues for the sustainable development of the Group. The analysis is based on the common Enterprise Risk Management methodology on significant strategic, economic, environmental and social aspects which may have influence on the decisions and expectations of the Group's stakeholders.

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing continuous signs of stability, evidenced by the completion of the fourth and final review on 22 June 2018. However uncertainties continue to exist, since the economy remains very sensitive to external shocks. The capital controls initially imposed on June 28, 2015 continue to be in place but have been eased over time. The most recent related amendment came into force on May 31, 2018. To the extent that the agreed primary surplus targets will be achieved in the future and assuming that the capital controls will be further eased or eliminated in the short to medium term, no material negative impact on the Group's Greek operations is anticipated.

Management continually assesses the possible impact of any changes in the macroeconomic and financial environment in Greece so as to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations. Management is not able to accurately predict the likely developments in the Greek economy, however based on its assessment, it has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of June 30, 2018.

Financial Risks

The below stated risks are significantly affected by the macroeconomic and financial environment in Greece, as analyzed above.

a) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a 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.

Financial instruments classified as fair value through profit and loss include mutual funds and other securities. These financial assets are not considered to expose the Group and the Company to a significant credit risk.

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 the 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 other telecommunication service providers, due to their relatively small number and the high volume 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 recognizes 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, adjusted for forward-looking factors specific to the customers and the economic environment.

Group's cash and cash equivalents are mainly invested in highly rated counterparties and with a very short term tenor.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities and loans to pension funds mainly due to prior years voluntary leave schemes. The latter loans are exposed to credit risk related to the debt servicing capacity of the pension fund.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or 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 other financial assets as at June 30, 2018 amount to Euro 822.9 and Euro 466.8 respectively and their short-term borrowings and short-term portion of long-term borrowings amount to Euro 186.4 and Euro 447.9, respectively.

For the monitoring of the liquidity risk, the Group prepares cash flows forecasts 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.

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, the 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 plans and maximize shareholder value.

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

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

GROUP	June 30, 2018	December 31, 2017
Long-term borrowings	1,328.6	1,276.2
Short-term portion of long-term borrowings	186.4	764.5
Cash and cash equivalents	(817.1)	(1,297.7)
Net debt	**697.9**	**743.0**
Total equity	2,540.8	2,589.4
Gearing ratio	**0.27x**	**0.29x**

COMPANY	June 30, 2018	December 31, 2017
Long-term borrowings	1,086.0	1,004.4
Short-term borrowings	319.0	163.0
Short-term portion of long-term borrowings	128.9	378.4
Cash and cash equivalents	(456.3)	(185.6)
Net debt	**1,077.6**	**1,360.2**
Total equity	2,867.0	2,958.2
Gearing ratio	**0.38x**	**0.46x**

d) Other risks

In OTE Group, Risk Assessment is a structured process for risk identification, analysis, evaluation and management of enterprise risks, in order to ensure better decision making by the company's competent bodies regarding their management and mitigation and the monitoring of implementation of relevant measures.

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.

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.

Regulatory framework

The regulatory obligations and the competitive pressure have an impact on OTE's ability to apply competitive pricing at retail and wholesale level and they may have a negative effect on OTE's ability to compete effectively. According to the legal and the regulatory framework in force, the Hellenic Telecommunications and Post Committee ("HTPC") has defined OTE as having Significant Market Power (SMP) and controls the company's pricing policy. The pricing regulatory obligations require OTE repeatedly to set higher prices than its competitors for the same services.

Critical infrastructure failure

For all telecom operators, the Information and Communication Technologies (ICT) infrastructure is considered as the backbone of their operations. Given the variety and diversity of contemporary services provided by all telecom operators, the complexity of the ICT infrastructure and the interdependencies between various network nodes and service platforms, are unprecedented. Thus, technical infrastructure outages, due to either external factors (e.g. earthquake, flooding, etc.) or internal factors (e.g. power & air-conditioning outages, human error, etc.) cannot be ruled out. Consequently, service disruptions might appear that could result in potential revenue losses, increased rehabilitation and/or potential customer compensation costs, and consequential effects on customer base and company's reputation.

OTE Group has implemented a robust BCM System which is certified with ISO 22301:2012. Comprehensive Network and IT Disaster Recovery (NDR & IT DR) Programs covering Fixed & Cellular networks are already instated, while mitigation measures are further enhanced through the gradual introduction of architectural changes & new technologies in order to enhance Network & IT resilience & availability.

Furthermore, power availability at major sites is constantly monitored and enhanced. Two of the main Network & IT Data Centers were awarded with a Tier III-category certification by the Uptime Institute. During 2017, improvement works of Electro-Mechanical infrastructure ("Dual Feed" project) of network critical infrastructure sites took place and they will continue in 2018.

Uninterrupted provision, to DT Group, of Value Added services is safeguarded by critical infrastructure's high availability along with application switch over or diversion to alternative Data Center.

Data privacy and data security risk

Telecommunication companies are subject to risks in relation to data privacy and data security that might compromise the integrity and security of any form of disclosed information such as customer information, partner or employee data and confidential corporate information. Data theft and manipulation, denial of service (DOS) attacks and advanced persistent threats are among possible risk scenarios.

Due to the amount of customer personal data that OTE processes and the fact that OTE has started to more systematically provide integrated ICT solutions, including services for large customers and public institutions, the risk and therefore the potential consequences of a cyber - attack have increased.

Ensuring data security and safeguarding all sensitive data is always one of OTE Group's top priorities; it's more than just an obligation to meet statutory and regulatory requirements, it's also part of the Company's culture, since any breach of data security or privacy can have an adverse impact on the Company's reputation.

The Company collects, stores and uses data in the ordinary course of its operations that is protected by data protection laws. Although precautions are taken to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, measures may fail and certain subscriber data may be lost as a result of human error or technological failure or otherwise be used inappropriately. Violation of data protection laws or regulations by the Company or one of its partners or suppliers may result in fines, reputational harm and subscriber churn and could have a material adverse effect on the business, financial condition and prospects.

On April 27, 2016, the General Data Protection Regulation (EU) (2016/679) (the "Data Protection Regulation") was adopted by the European Parliament and the European Council. The Data Protection Regulation contains extensive obligations for companies in relation to procedures and mechanisms for dealing with personal data and rights of data subjects and in cases of a breach, permits supervisory authorities to impose fines of up to 4% of the Group's annual worldwide turnover (or Euro 20 whichever is higher). The Data Protection Regulation entered into force on 25 May 2018 after a two-year transition period.

In order to best contain and mitigate the relevant risks, OTE Group has established a dedicated Information Security and Telecom Fraud Prevention Division, which, by assessing the information security and data privacy risks, develops all necessary policies and procedures, oversees their implementation, designs new security systems and infrastructure, and evaluates their effectiveness (e.g. via periodic system security audits). Moreover, in the Security Operations Center of the Division, data are collected and analyzed from multiple security systems in order to timely detect security incidents (e.g. cyber-attacks) and respond effectively.

Climate protection

Climate change presents risks to enterprises, their stakeholders and their investors. EU has set as its target the reduction of Greenhouse Gas (GHG) emissions by 20% in 2020, and by 40% by 2030, compared to 1990 levels.

In this context, OTE Group applies a specific environmental strategy comprising three (3) areas:

- Minimizing the environmental impact of its activities,
- Developing and providing products and services that enable increased productivity and environmental protection in other sectors of economic activity, and
- Reinforcing the stakeholders' environmental awareness.

In particular, OTE Group, in order to address climate change, inventories annually all direct and indirect emissions arising from its operation and endeavors to reduce them.

It's important to mention that energy consumption is a major source of GHG emissions contributing to climate change (and air pollution), and affects the operational cost of OTE Group, which is also directly based on the regulated charges of the national electricity grid, and may also be influenced by:

- Increases due to the fees / levies / burdens imposed to the electricity generation sector in the context of the EU emissions trading scheme (indirect regulatory risk)
- Stricter environmental regulations with mandatory provisions (e.g. energy audits of activities, heating / cooling systems, etc.).

Low environmental performance could affect Group's reputation and market share, as surveys indicated that consumers and investors tend to engage with companies that have an Environmental policy in place.

Taking into consideration all the above, OTE Group has adopted a number of actions for the reduction of energy consumption (and corresponding emissions) and, consequently, minimizing relevant risks and enabling, in the long term, its adaptation to climate change. These actions, among others, include:

- fixed telecom technology equipment upgrading (All –IP migration)
- free cooling and separate battery cooling power systems
- rectifiers and UPS modernization
- telecommunication equipment rooms merging
- fuel saving measures, with hybrid solutions at off grid sites
- air conditioning modernization
- mobile telecom network equipment upgrading
- buildings energy upgrade
- office space consolidation

- environmental upgrading of vehicles fleet

Supply chain

OTE Group considers its supply chain management as the base for its effective operation, its economic growth as well as its reputation maintenance and improvement. This supply chain management takes into consideration the sustainable development principles. Therefore, the Group aims to cooperate with suppliers that are environmentally aware and socially responsible.

However, there are risks that potentially may cause business operational failures, revenue losses, reputation damage as a result of third party/vendor actions (environmental damages, inadequate working conditions, child labor, fraud, etc.).

In order to mitigate these risks arising from suppliers, OTE Group has adopted and implements the following Policies and Procedures:

- The OTE Group Supplier Code of Conduct, the acceptance of which is a prerequisite for signing a contract or other agreement.
- The OTE Group Code of Human Rights & Social Principles, which is uploaded on the corporate website and is accessible by the suppliers, customers and rest stakeholders of the Group.
- An anti-corruption clause which is obligatory to be included both into the General Order Terms and also as a term in contracts with suppliers.
- Procedures for reviewing and evaluating suppliers (such as a pre-contractual integrity check and evaluation of prospective suppliers) according to the Compliance criteria. These criteria include anti-bribery or anti-money laundering law infringement in the past, negative publicity regarding the supplier, as well as the inclusion of the supplier to publicly available sanction lists.
- The annual suppliers' evaluation.

Health risks related to Electromagnetic fields (EMF)

The potential health effects of man-made sources of electromagnetic radiation fields (EMF) have attracted particular attention in the last thirty (30) years. For this reason, international scientific organizations have established safe limits of exposure to non-ionizing (EMF) radiation and a relevant legislative framework has been developed.

Research carried out and evaluated by the World Health Organization does not show any such impact correlation from electromagnetic emissions from telecommunication stations below the established EMF exposure safety limits and, according to measurements by independent organizations, the values of EMF attributed to telecommunications base stations, contribute less than 30% of the total electromagnetic background in the residential areas. The electromagnetic field levels in all base stations comply with the limits recommended by the World Health Organization and the International Commission for the Protection of the Non Ionizing Radiation Protection (ICNIRP), as well as with the limits set by law 4070/2012, which are at 60-70% of the ICNIRP limits [already at the establishment of the limits, the scientific community has set a safety factor of fifty (50), considering that some population groups may be more vulnerable] at free public access points. In general, OTE Group's policy is based on the application, by default, of the Prevention Principle, which incorporates the principles of Transparency, Information, Participation and Promotion of Science, for all its products and services.

Possible changes concerning the above findings such as changes in national legislation, could lead to a significant reduction in demand and use of mobile devices, and in litigation and possible compensation, especially in markets with very low tolerance for risks related to the environment and public health.

They could also affect several projects for the development of mobile telephony, as for example the construction of the infrastructure networks, as well as the sales of traditional digital wireless phones and Wi-Fi devices. Finally, there is the risk of regulatory intervention, such as the reduction of the lowest electromagnetic radiation limits by ICNIRP or the introduction of additional measures for the restructuring of the mobile network (e.g. collocation, the exclusive use of micro-antennas, licensing, etc.) in order to develop and implement appropriate public health strategies. The process of revision of the ICNIRP limits is ongoing.

At the BioEM2018 conference the International Commission on Non-Ionizing Radiation Protection (ICNIRP) presented the public consultation version of the revised Radiofrequency (RF) exposure guidelines (100 kHz to 300 GHz). The formal consultation process will commence on 10 July, with three months for comments with the aim of publishing final guidelines by the end of 2018.

ICNIRP has reviewed the scientific literature to identify the health effects threshold associated with EMF effects. They concluded that there is "*no evidence that RF-EMF causes such diseases as cancer*" and "*no evidence that RF-EMF impairs health beyond effects that are due to established mechanisms of interaction*".

Compliance, Corruption, Bribery and Human Rights

Compliance stands for a solid commitment to the principles of integrity, transparency, justice, professionalism, team spirit, and of respect to the rules, principles which are essential to govern the functions of the Company.

Compliance violations (e.g. fraud, corruption, bribery, embezzlement, theft, money laundering, falsification of financial statements (company/separate and consolidated), unfair competition, workplace discrimination, human rights violations and any misconduct which could harm the Company's reputation, or any attempts to conceal the above) which are committed either within the Company or outside the Company involving business partners (e.g. customers, suppliers or distributors) who are doing business with the Company, could have an adverse impact on the Company's financial position and reputation and might lead to fines, sanctions and limitations in business operations.

In order to avoid risks of non-compliance with the legislation in force as well as other legal consequences for the Company and its Employees, the Management has adopted and implemented a Compliance Management System (CMS), in the framework of which the Management has also adopted a Whistleblowing Process ("Tell Me") and the relevant communication channels. Moreover, in the context of the System's implementation, Codes and Compliance Policies have been adopted in order to cover important operations and procedures of the Company, including, inter alia, the OTE Group Code of Conduct, the Code of Human Rights and Social Principles OTE Group, the OTE Group Supplier Code of Conduct, the Policy on Avoiding Corruption and other Conflicts of Interest, the Anti-Fraud Policy, the Policy on Accepting and Granting of Benefits, the Donation Policy, the Sponsoring Policy, the Policy on Anti-Trust Law as well as the Insider Trading Policy.

Critical Enterprise Contracts and Business Resilience

Associated advances and continuous changes in technology make telecommunications services even more critical for small, medium and large businesses (e.g. cloud, mobile, fixed technologies and solutions). This market segment requests from telecom providers a higher level of customer service in order to support these advanced and personalized solutions. Competition is focused mostly on innovative services and it depends heavily on the ability to deliver products and services in a reliable and timely manner.

The OTE Group aims to ensure the maintenance and improvement of existing networks and installations, upgrade existing systems and adapt new technologies, in a manner that minimizes business interruption and contributes to business resilience, in order to provide customers with high quality and innovative services. In addition, OTE Group has adopted and implemented proactive and reactive mitigation measures in order to ensure the continuation of operations. A failure to deliver these high-value and complex services on a continuous and uninterrupted basis may lead to revenue reduction and increase of restoration costs (e.g. ICT disruptions, Network and IT infrastructure failures, etc.). Each of these events might have an adverse impact on the level of customer experience and satisfaction as well as on the company's reputation and image.

E. MATERIAL TRANSACTIONS WITH RELATED PARTIES

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

The 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 45.00% 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, provides services and delivers goods to them. Furthermore, OTE grants / receives loans to / from these related parties, receives dividends and pays dividends.

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

	1st Half 2018		1st Half 2017	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	46.8	72.0	49.0	63.2
COSMOTE TV PRODUCTIONS	-	0.4	0.2	0.2
COSMO-ONE	-	0.3	-	0.3
OTESAT-MARITEL	0.1	0.1	0.1	0.1
OTE PLUS	-	1.0	-	0.8
OTE ESTATE	-	23.2	0.2	21.9
OTE GLOBE	6.9	21.4	6.2	26.4
OTE ACADEMY	-	0.7	0.1	1.5
TELEKOM ROMANIA	-	-	0.1	-
OTE RURAL NORTH	0.8	0.8	2.8	0.2
OTE RURAL SOUTH	1.1	1.6	6.4	0.1
DEUTSCHE TELEKOM group of companies (except for OTE Group)	8.6	2.4	4.7	2.4
TOTAL	**64.3**	**123.9**	**69.8**	**117.1**

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

	1st Half 2018		1st Half 2017	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	20.0	18.3	19.4	16.5
TOTAL	**20.0**	**18.3**	**19.4**	**16.5**

OTE's other operating income with its related parties is analyzed as follows:

	Other operating income OTE	
	1st Half 2018	1st Half 2017
COSMOTE Group - Greece	0.9	0.6
OTE ESTATE	-	0.1
OTE ACADEMY	0.1	-
TOTAL	**1.0**	**0.7**

The Group's other operating income with its related parties which is not eliminated in the consolidation is analyzed as follows:

	Group's other operating income	
	1st Half 2018	1st Half 2017
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.1	0.1
TOTAL	**0.1**	**0.1**

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

	1st Half 2018		1st Half 2017	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	19.8	-	29.7
COSMOTE Group - Albania	-	1.1	-	2.0
OTE RURAL NORTH	0.2	-	0.2	-
OTE RURAL SOUTH	0.3	-	0.3	-
TOTAL	**0.5**	**20.9**	**0.5**	**31.7**

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

	Dividend income OTE	
	1st Half 2018	1st Half 2017
OTESAT-MARITEL	-	0.6
OTE ESTATE	30.0	55.0
TOTAL	**30.0**	**55.6**

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

	30/06/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	55.0	183.7	77.8	181.6
COSMOTE Group - Romania	0.2	-	0.2	-
COSMOTE Group - Albania	-	-	0.1	-
COSMOTE TV PRODUCTIONS	0.1	0.4	0.2	0.2
COSMO-ONE	-	0.3	-	0.2
OTESAT-MARITEL	4.2	0.2	4.0	0.1
OTE PLUS	0.1	2.0	-	2.1
OTE ESTATE	1.8	1.1	51.7	1.2
OTE GLOBE	3.1	9.4	23.4	8.8
OTE ACADEMY	0.5	0.5	0.7	1.9
TELEKOM ROMANIA	0.9	0.1	0.9	0.1
COSMOTE PAYMENTS	-	0.4	-	-
OTE RURAL NORTH	3.9	1.1	11.1	0.1
OTE RURAL SOUTH	6.7	1.0	16.5	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	9.0	83.8	8.7	6.3
TOTAL	**85.5**	**284.0**	**195.3**	**202.6**

Amounts owed by OTE to DEUTSCHE TELEKOM group of companies (except for OTE Group) include dividend payable amounting to Euro 77.8 as of June 30, 2018 (December 31, 2017: nil).

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:

	30/06/2018		31/12/2017	
	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)	26.0	146.6	29.8	83.7
TOTAL	**26.0**	**146.6**	**29.8**	**83.7**

Amounts owed by the Group to DEUTSCHE TELEKOM group of companies (except for OTE Group) include dividend payable amounting to Euro 77.8 as of June 30, 2018 (December 31, 2017: nil).

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

	30/06/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,043.8	-	1,239.5
COSMOTE Group - Albania	-	326.0	-	72.1
OTE RURAL NORTH	10.6	-	10.6	-
OTE RURAL SOUTH	12.3	-	18.5	-
TOTAL	**22.9**	**1,369.8**	**29.1**	**1,311.6**

Amounts owed by OTE to OTE PLC and COSMOTE Group – Albania (TELEKOM ABANIA) relating to loans include interest payable amounting to Euro 28.5 and Euro 1.0 respectively as of June 30, 2018 (December 31, 2017: OTE PLC Euro 22.5 and TELEKOM ALBANIA Euro 1.1).

Amounts owed to OTE by OTE RURAL NORTH and OTE RURAL SOUTH relating to loans include interest receivable amounting to Euro 0.1 as of June 30, 2018 (December 31, 2017: Euro 0.1).

Key Management Personnel and those closely related to them are defined in accordance with IAS 24 "Related Party Disclosures". Key management compensation comprises salaries and other short term benefits, termination benefits, post-employment benefits and other long term benefits (as defined in IAS 19 "Employee Benefits") and share-based payments (as defined in IFRS 2 "Share-based Payment").

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 4.6 for the first half of 2018 (first half of 2017: Euro 4.6).

F.SIGNIFICANT EVENTS AFTER THE END OF THE 1st HALF OF 2018

The most significant events after June 30, 2018, are as follows:

Shareholder Remuneration Policy - Share Buyback Programs

In the respect of the new shareholder remuneration policy and pursuant to the approval from the Extraordinary Shareholders General Meeting held on February 15, 2018, OTE launched its share buy-back program on April 4, 2018. Until August 6, 2018, OTE had acquired 3,988,229 own shares for a total consideration of Euro 43.3. The shares acquired will be cancelled, following approval from Shareholders General Meeting. As of August 6, 2018, OTE possessed 5,308,339 own shares for a total value of Euro 57.6.
The aggregated amount of the share buy-back program is intended to be of a range of Euro 85.0 to Euro 95.0 and will be completed at any time between October 1, 2018 and January 31, 2019.

New Euro 400.0 Notes under the Global Medium-Term Note Programme of OTE PLC

On July 18, 2018, OTE PLC issued Euro 400.0 Fixed Rate Notes under its Global Medium-Term Note Programme, maturing on July 18, 2022 with an annual coupon of 2.375%. The Notes are guaranteed by OTE.

OTE's Credit Valuation

On July 27, 2018, Standard & Poor's Ratings Services raised its long-term corporate credit rating on OTE to 'BB+' from 'BB'.

G.ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses certain Alternative Performance Measures ("APMs") in making financial, operating and planning decisions as well as in evaluating and reporting its performance. These APMs provide additional insights and understanding to the Group's underlying operating and financial performance, financial condition and cash flow. The APMs should be read in conjunction with and do not replace by any means the directly reconcilable IFRS line items.

Definitions and reconciliations of Alternative Performance Measures ("APMs")

Alternative Performance Measures ("APMs")

In discussing the performance of the Group, "Adjusted" measures are used such as: Adjusted EBITDA and the respective margin %, Adjusted net operating cash flow, Adjusted CapEx, and Adjusted Free Cash Flow. These are calculated by deducting from the performance measures deriving from directly reconcilable amounts of the Financial Statements, the impact of costs or payments related to voluntary leave schemes, costs or payments for restructuring plans and non-recurring litigations and Spectrum acquisitions.

Costs or payments related to Voluntary Leave Schemes

Costs or payments related to Voluntary Leave Schemes comprise the exit incentives provided to employees and the contributions to the social security fund to exit/retire employees before conventional retirement age. These costs are included within the income statement as well as within the cash flow statement lines "costs related to voluntary leave schemes" and "payment for voluntary leave schemes". However, they are excluded from the adjusted results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from ongoing activity.

Costs or payments related to other restructuring plans and non-recurring litigations

Other restructuring costs and non-recurring litigations comprise non-ongoing activity related costs arising from significant changes in the way the Group conducts business and non-recurring legal expenses. These costs are included in the Company's/Group's income statement, while the payment of these expenses are included in the cash flow statement.

However, they are excluded from the adjusted results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from ongoing activity.

Spectrum acquisition payments

Spectrum payments comprise the amounts paid to acquire rights (licenses) through auctions run by the National Regulator to transmit signals over specific bands of the electromagnetic spectrum. As those payments are of significant size and of irregular timing, it is a common industry practice to be excluded for the calculation of the Adjusted Free Cash Flow and Adjusted Capital Expenditure (CapEx) in order to facilitate comparability with industry peers.

Net debt

Net debt is an APM used by management to evaluate the Group's capital structure and leverage. Net debt is defined as short-term borrowings plus long-term borrowings plus short-term portion of long-term borrowings less cash and cash equivalents as illustrated in the table below.

Adjusted Net Debt

Net debt (adjusted) is used by management to evaluate the Group's capital structure and leverage defined as Net debt including other financial assets as they are highly liquidity assets. The calculations are described in the table below:

GROUP	30/06/2018	31/12/2017	Change
Long-term borrowings	1,328.6	1,276.2	+4.1%
Short-term portion of long-term borrowings	186.4	764.5	-75.6%
Short-term borrowings	-	-	-
Cash and cash equivalents	(817.1)	(1,297.7)	-37.0%
Net Debt	**697.9**	**743.0**	**-6.1%**
Other financial assets	(5.8)	(5.9)	-1.7%
Adjusted Net Debt	**692.1**	**737.1**	**-6.1%**

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)

EBITDA is intended to provide useful information to analyze the Group's operating performance. EBITDA is defined as total revenues plus other operating income less total operating expenses before depreciation, amortization and impairment, as illustrated in the table below. EBITDA margin (%) is defined as EBITDA divided by total revenues.

Adjusted EBITDA (Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations)

Adjusted EBITDA is intended to provide useful information to analyze the Group's operating performance excluding the impact of costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations. Adjusted EBITDA is defined as EBITDA adding back costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations, as illustrated in the table below. Adjusted EBITDA margin (%) is defined as adjusted EBITDA divided by total revenues.

GROUP	6M '18	6M '17	Change
Total Revenues	1,880.4	1,867.8	+0.7%
Other Operating Income	27.5	21.2	+29.7%
Total operating expenses before depreciation, amortization and impairment	(1,313.2)	(1,281.7)	+2.5%
EBITDA	**594.7**	**607.3**	**-2.1%**
EBITDA margin %	***31.6%***	***32.5%***	***-0.9pp***
Costs related to voluntary leave schemes	37.4	10.7	+249.5%
Other restructuring and non-recurring litigations	2.0	-	-
Adjusted EBITDA	**634.1**	**618.0**	**+2.6%**
Adjusted EBITDA margin %	***33.7%***	***33.1%***	***+0.6pp***

COMPANY	6M '18	6M '17	Change
Total Revenues	775.7	782.8	-0.9%
Other Operating Income	4.4	2.8	+57.1%
Total operating expenses before depreciation, amortization and impairment	(462.2)	(456.6)	+1.2%
EBITDA	**317.9**	**329.0**	**-3.4%**
EBITDA margin %	***41.0%***	***42.0%***	***-1pp***
Costs related to voluntary leave schemes	33.1	2.1	-
Other restructuring and non-recurring litigations	0.3	-	-
Adjusted EBITDA	**351.3**	**331.1**	**+6.1%**
Adjusted EBITDA margin %	***45.3%***	***42.3%***	***+3pp***

Adjusted Profit to owners of the parent

Adjusted Profit for the period attributable to owners of the parent is intended to provide useful information to analyze the Group's net profitability excluding the impact of significant non-recurring or irregularly recorded items in order to facilitate comparability with previous ongoing performance. Adjusted Profit for the period (attributable to owners of the parent) is calculated by adding back to the Profit of the period (attributable to owners of the parent) the impact upon it of the following items: costs related to voluntary leave schemes, net impact from impairments and write offs, reassessment of deferred tax, financial expenses for bond issue and bond buyback premium, reversal of provision related to assets sales, other restructuring costs and non-recurring litigation expenses and tax effect from deductible investment losses, as illustrated in the table below.

GROUP	6M '18	6M '17	Change
Profit to owners of the parent (reported)	**88.0**	**67.5**	**+30.4%**
Costs related to voluntary leave schemes	26.6	8.7	-
Other restructuring and non-recurring litigations	2.0	2.8	-28.6%
Net Impact from Impairments & Write offs	11,4	-	-
Tax effect from deductible investment losses	(31.8)	-	-
Adjusted Profit to owners of the parent	**96.2**	**79.0**	**+21.8%**

Capital expenditure (CAPEX) and Adjusted Capital expenditure

Capital expenditure is defined as payments for purchase of property plant and equipment and intangible assets. The Group uses capital expenditure as an APM to ensure that the cash spending is in line with its overall strategy for the use of cash. Adjusted capital expenditure is calculated by excluding from Capital expenditure, spectrum payments and capital expenditure payments related to non-recurring litigation as illustrated in the table below:

GROUP	6M '18	6M '17	Change
Purchase of property plant and equipment and intangible assets (reported) - CAPEX	(352.1)	(423.5)	-16.9%
Spectrum payments	16.5	15.5	+6.5%
Adjusted CAPEX	**(335.6)**	**(408.0)**	**-17.7%**

Adjusted Net Operating Cash Flow

Net Cash from operating activities focuses on the cash inflows and outflows from a company's main business activities (interest expense and income tax paid included on the outflows). Adjusted Net Operating Cash Flow is defined as net cash flows from operating activities adding back payments for voluntary leave schemes, payments for other restructuring plans and non-recurring litigation expenses plus interest received, as illustrated in the table below:

GROUP	6M '18	6M '17	Change
Net cash flows from operating activities (reported)	**425.6**	**432.1**	**-1.5%**
Payment for voluntary leave schemes	8.2	10.2	-19.6%
Payment for restructuring and non-recurring litigations	4.5	3.6	+25.0%
Interest received	0.9	0.7	+28.6%
Adjusted Net Operating Cash Flow	**439.2**	**446.6**	**-1.7%**

Free Cash Flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities after payments for purchase of property plant and equipment and intangible assets (CAPEX) and adding the interest received. Free cash flow is intended to measure the cash generation from the Group's business, based on operating activities, including the efficient use of working capital and taking into account its payments for purchases of property plant and equipment and intangible assets. The Group presents free cash flow because it believes the measure assists users of the financial statements in understanding the Group's cash generating performance as well as availability for debt repayment, dividend distribution and own reserves.

GROUP	6M '18	6M '17	Change
Net cash flows from operating activities	425.6	432.1	-1.5%
Interest received	0.9	0.7	+28.6%
Purchase of property, plant, equipment and intangible assets	(352.1)	(423.5)	-16.9%
Free Cash Flow	74.4	9.3	-

Adjusted Free Cash Flow

Adjusted Free Cash Flow facilitates comparability of Cash Flow generation with industry peers. Adjusted Free Cash Flow is useful in connection with discussions with the investment analyst community and debt rating agencies. Adjusted Free Cash Flow is calculated by excluding from the Free Cash Flow (defined earlier) the payments related to voluntary leave schemes, other restructuring plans and non-recurring litigation expenses and spectrum.

GROUP	6M '18	6M '17	Change
Free Cash Flow	**74.4**	**9.3**	**-**
Payment for voluntary leave schemes	8.2	10.2	-19.6%
Payment for restructuring and non-recurring litigations	4.5	3.6	+25.0%
Spectrum Payments	16.5	15.5	+6.5%
Adjusted FCF	**103.6**	**38.6**	**+168.4%**

Maroussi, August 8, 2018

Michael Tsamaz
Chairman and Managing Director

III. AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

[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 company and consolidated statement of financial position of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.(the "Company"), as of 30 June 2018 and the related condensed company and consolidated statements of profit or loss and other comprehensive income , changes in equity and cash flow statements 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 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, as they have been transposed into Greek Law 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.

Athens, 08 August 2018
Certified Auditor - Accountant

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

Fotis Smirnis
SOEL Reg. No 52861

IV. INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF JUNE 30, 2018

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 26-65, were approved by the Board of Directors on August 8, 2018 and are signed by:

Chairman & Managing Director	Board Member & OTE Group Chief Financial Officer	Executive Director Financial Operations OTE Group	Accounting Director
Michael Tsamaz	Charalampos Mazarakis	George Mavrakis	Anastasios Kapenis

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

TABLE OF CONTENTS PAGE

INTERIM CONDENSED FINANCIAL STATEMENTS AS OF JUNE 30, 2018 AND FOR THE SIX MONTH PERIOD THEN ENDED

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF JUNE 30, 2018 AND FOR THE SIX MONTH PERIOD THEN ENDED

INTERIM STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	30/06/2018	31/12/2017*	30/06/2018	31/12/2017*
ASSETS					
Non-current assets					
Property, plant and equipment		2,717.1	2,740.9	1,256.6	1,239.2
Goodwill		447.0	447.1	-	-
Telecommunication licenses		503.8	523.6	4.0	4.4
Other intangible assets		447.6	504.2	237.1	255.5
Investments	5	0.1	0.1	3,365.6	3,426.7
Loans to pension funds		80.9	82.5	80.9	82.5
Deferred tax assets		305.9	313.5	112.1	117.0
Contract costs	4,14	43.5	-	4.0	-
Other non-current assets		121.6	112.1	78.8	73.0
Total non-current assets		**4,667.5**	**4,724.0**	**5,139.1**	**5,198.3**
Current assets					
Inventories		100.6	91.3	12.2	12.4
Trade receivables		730.1	719.7	322.3	357.1
Other financial assets		5.8	5.9	10.5	16.8
Contract assets	4,14	33.5	-	1.5	-
Other current assets		266.0	259.3	97.3	154.5
Restricted cash		4.7	4.3	-	-
Cash and cash equivalents		817.1	1,297.7	456.3	185.6
Total current assets		**1,957.8**	**2,378.2**	**900.1**	**726.4**
TOTAL ASSETS		**6,625.3**	**7,102.2**	**6,039.2**	**5,924.7**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	6	1,387.1	1,387.1	1,387.1	1,387.1
Share premium	6	496.4	496.4	496.4	496.4
Treasury shares		(45.1)	(14.5)	(45.1)	(14.5)
Statutory reserve		373.5	373.5	373.5	373.5
Foreign exchange and other reserves		(131.3)	(157.1)	(13.2)	(11.4)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings		3,534.3	3,573.1	668.3	727.1
Total equity attributable to owners of the Parent		**2,300.8**	**2,344.4**	**2,867.0**	**2,958.2**
Non-controlling interests	5	240.0	245.0	-	-
Total equity		**2,540.8**	**2,589.4**	**2,867.0**	**2,958.2**
Non-current liabilities					
Long-term borrowings	8	1,328.6	1,276.2	1,086.0	1,004.4
Provision for staff retirement indemnities	9	189.2	224.3	153.9	189.9
Provision for youth account		125.7	129.9	125.7	129.9
Contract liabilities	4,14	51.0	-	112.6	-
Deferred tax liabilities		29.3	30.6	-	-
Other non-current liabilities		94.0	130.8	74.8	207.1
Total non-current liabilities		**1,817.8**	**1,791.8**	**1,553.0**	**1,531.3**
Current liabilities					
Trade accounts payable		1,037.0	1,162.4	404.5	400.4
Short-term borrowings	8	-	-	319.0	163.0
Short-term portion of long-term borrowings	8	186.4	764.5	128.9	378.4
Income tax payable	11	94.1	41.6	60.6	12.7
Contract liabilities	4,14	129.6	-	77.9	-
Deferred revenue		-	128.3	-	73.3
Provision for voluntary leave schemes		180.0	139.3	180.0	139.3
Dividends payable	7	171.9	0.4	171.8	0.4
Other current liabilities		467.7	484.5	276.5	267.7
Total current liabilities		**2,266.7**	**2,721.0**	**1,619.2**	**1,435.2**
TOTAL EQUITY AND LIABILITIES		**6,625.3**	**7,102.2**	**6,039.2**	**5,924.7**

*The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

INTERIM INCOME STATEMENT (CONSOLIDATED)

(Amounts in millions of Euro except per share data)	Notes	2nd Quarter 2018	2nd Quarter 2017*	1st Half 2018	1st Half 2017*
Revenue					
Fixed business:					
Retail services revenues		289.6	297.3	580.3	595.3
Wholesale services revenues		161.1	159.2	320.0	331.1
Other revenues		75.4	72.3	144.7	143.1
Total revenues from fixed business		**526.1**	**528.8**	**1,045.0**	**1,069.5**
Mobile business:					
Service revenues		331.3	326.6	639.8	631.4
Handset revenues		61.7	47.6	123.2	97.7
Other revenues		10.3	4.8	17.0	8.4
Total revenues from mobile business		**403.3**	**379.0**	**780.0**	**737.5**
Miscellaneous other revenues		**29.7**	**31.0**	**55.4**	**60.8**
Total revenues		**959.1**	**938.8**	**1,880.4**	**1,867.8**
Other operating income	12	**15.6**	**9.0**	**27.5**	**21.2**
Operating expenses					
Interconnection and roaming costs		(136.8)	(138.0)	(268.9)	(280.7)
Provision for doubtful accounts		(32.2)	(22.5)	(61.6)	(46.8)
Personnel costs	9	(160.3)	(161.0)	(287.8)	(318.5)
Costs related to voluntary leave schemes	10	(37.1)	(8.2)	(37.4)	(10.7)
Commission costs		(22.1)	(35.3)	(48.6)	(68.9)
Merchandise costs		(86.9)	(62.0)	(173.2)	(131.3)
Maintenance and repairs		(26.5)	(26.2)	(54.6)	(52.8)
Marketing		(25.4)	(23.9)	(47.0)	(45.8)
Other operating expenses, out of which:		(167.5)	(165.0)	(334.1)	(326.2)
Rental, leasing and facility costs		*(54.9)*	*(48.9)*	*(110.0)*	*(102.4)*
Third party fees and services		*(39.0)*	*(43.7)*	*(74.5)*	*(80.9)*
Other taxes and regulatory charges		*(17.8)*	*(18.8)*	*(35.2)*	*(36.3)*
Construction cost network		*-*	*(3.1)*	*(0.1)*	*(5.5)*
Other sundry operating expenses		*(55.8)*	*(50.5)*	*(114.3)*	*(101.1)*
Total operating expenses before depreciation, amortization and impairment		**(694.8)**	**(642.1)**	**(1,313.2)**	**(1,281.7)**
Operating profit before financial and investing activities, depreciation, amortization and impairment		**279.9**	**305.7**	**594.7**	**607.3**
Depreciation, amortization and impairment		(186.2)	(195.4)	(390.1)	(392.5)
Operating profit before financial and investing activities		**93.7**	**110.3**	**204.6**	**214.8**
Income and expense from financial and investing activities					
Interest and related expenses		(19.4)	(38.0)	(43.3)	(70.4)
Interest income		0.5	0.4	0.9	0.8
Foreign exchange differences, net		(16.9)	(13.1)	(24.1)	(10.2)
Gains / (losses) from investments and other financial assets - Impairment		-	-	(0.1)	-
Total loss from financial and investing activities		**(35.8)**	**(50.7)**	**(66.6)**	**(79.8)**
Profit before tax		**57.9**	**59.6**	**138.0**	**135.0**
Income tax	11	(15.8)	(39.8)	(61.6)	(82.7)
Profit for the period		**42.1**	**19.8**	**76.4**	**52.3**
Attributable to:					
Owners of the parent		49.0	31.1	88.0	67.5
Non-controlling interests		(6.9)	(11.3)	(11.6)	(15.2)
Profit for the period		**42.1**	**19.8**	**76.4**	**52.3**
Earnings per share attributable to owners of the parent					
Basic earnings per share	13	0.1005	0.0636	0.1803	0.1381
Diluted earnings per share	13	0.1005	0.0636	0.1803	0.1381

*The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

The accompanying notes on pages 33-65 form an integral part of these financial statements.

INTERIM INCOME STATEMENT (SEPARATE)

(Amounts in millions of Euro)	Notes	2nd Quarter 2018	2nd Quarter 2017*	1st Half 2018	1st Half 2017*
Revenue					
Fixed business:					
Retail services revenues		227.4	224.8	452.6	448.8
Wholesale services revenues		80.0	85.2	162.6	172.9
Other revenues		54.8	51.7	105.9	102.8
Total revenues from fixed business		**362.2**	**361.7**	**721.1**	**724.5**
Mobile business:					
Handset revenues		8.1	7.9	15.7	15.2
Total revenues from mobile business		**8.1**	**7.9**	**15.7**	**15.2**
Miscellaneous other revenues		**20.3**	**21.2**	**38.9**	**43.1**
Total revenues		**390.6**	**390.8**	**775.7**	**782.8**
Other operating income	12	**1.2**	**1.3**	**4.4**	**2.8**
Operating expenses					
Interconnection and roaming costs		(24.2)	(26.2)	(46.5)	(50.6)
Provision for doubtful accounts		(7.2)	(5.1)	(14.2)	(10.2)
Personnel costs	9	(70.7)	(74.5)	(120.8)	(152.1)
Costs related to voluntary leave schemes	10	(33.1)	-	(33.1)	(2.1)
Commission costs		(5.2)	(5.3)	(10.0)	(8.8)
Merchandise costs		(16.2)	(15.5)	(32.0)	(34.2)
Maintenance and repairs		(10.0)	(10.1)	(19.9)	(19.4)
Marketing		(4.3)	(5.7)	(10.6)	(12.2)
Other operating expenses, out of which:		(90.1)	(86.6)	(175.1)	(167.0)
Rental, leasing and facility costs		*(26.1)*	*(24.4)*	*(51.8)*	*(50.4)*
Third party fees and services		*(37.8)*	*(35.8)*	*(70.0)*	*(68.7)*
Other taxes and regulatory charges		*(4.9)*	*(6.6)*	*(10.2)*	*(11.7)*
Other sundry operating expenses		*(21.3)*	*(19.8)*	*(43.1)*	*(36.2)*
Total operating expenses before depreciation, amortization and impairment		**(261.0)**	**(229.0)**	**(462.2)**	**(456.6)**
Operating profit before financial and investing activities, depreciation, amortization and impairment		**130.8**	**163.1**	**317.9**	**329.0**
Depreciation, amortization and impairment		(75.8)	(78.4)	(154.3)	(155.8)
Operating profit before financial and investing activities		**55.0**	**84.7**	**163.6**	**173.2**
Income and expense from financial and investing activities					
Interest and related expenses		(14.9)	(24.6)	(32.0)	(47.1)
Interest income		0.6	0.6	1.3	1.2
Foreign exchange differences, net		1.1	(1.1)	0.4	(1.2)
Dividend income	16	30.0	55.6	30.0	55.6
Gains / (losses) from investments and other financial assets - Impairment		-	-	(0.1)	-
Total profit / (loss) from financial and investing activities		**16.8**	**30.5**	**(0.4)**	**8.5**
Profit before tax		**71.8**	**115.2**	**163.2**	**181.7**
Income tax	11	(17.9)	(22.4)	(51.7)	(45.8)
Profit for the period		**53.9**	**92.8**	**111.5**	**135.9**

*The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

The accompanying notes on pages 33-65 form an integral part of these financial statements.

INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

(Amounts in millions of Euro)	2nd Quarter 2018	2nd Quarter 2017*	1st Half 2018	1st Half 2017*
Profit for the period	**42.1**	**19.8**	**76.4**	**52.3**
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains / (losses)	(0.4)	4.1	(1.9)	5.8
Deferred taxes on actuarial gains / (losses)	0.1	(1.2)	0.5	(1.7)
Total items that will not be reclassified subsequently to profit or loss	**(0.3)**	**2.9**	**(1.4)**	**4.1**
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	21.4	13.1	27.6	6.4
Net movement in available for sale financial assets	-	0.3	-	0.3
Total items that may be reclassified subsequently to profit or loss	**21.4**	**13.4**	**27.6**	**6.7**
Other comprehensive income for the period	**21.1**	**16.3**	**26.2**	**10.8**
Total comprehensive income for the period	**63.2**	**36.1**	**102.6**	**63.1**
Attributable to:				
Owners of the parent	70.2	47.8	115.0	79.5
Non-controlling interests	(7.0)	(11.7)	(12.4)	(16.4)
	63.2	**36.1**	**102.6**	**63.1**

INTERIM STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(Amounts in millions of Euro)	2nd Quarter 2018	2nd Quarter 2017*	1st Half 2018	1st Half 2017*
Profit for the period	**53.9**	**92.8**	**111.5**	**135.9**
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains / (losses)	(0.4)	4.1	(1.9)	5.8
Deferred taxes on actuarial gains / (losses)	0.1	(1.2)	0.5	(1.7)
Total items that will not be reclassified subsequently to profit or loss	**(0.3)**	**2.9**	**(1.4)**	**4.1**
Items that may be reclassified subsequently to profit or loss				
Net movement in available for sale financial assets	-	0.3	-	0.3
Total items that may be reclassified subsequently to profit or loss	**-**	**0.3**	**-**	**0.3**
Other comprehensive income / (loss) for the period	**(0.3)**	**3.2**	**(1.4)**	**4.4**
Total comprehensive income for the period	**53.6**	**96.0**	**110.1**	**140.3**

*The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

	Attributed to equity holders of the parent									
(Amounts in millions of Euro)	Share capital	Share premium	Treasury shares	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at January 1, 2017	**1,387.1**	**496.2**	**(14.3)**	**362.2**	**(156.5)**	**(3,314.1)**	**3,595.4**	**2,356.0**	**295.7**	**2,651.7**
Profit / (loss) for the period	-	-	-	-	-	-	67.5	67.5	(15.2)	52.3
Other comprehensive income / (loss)	-	-	-	-	12.0	-	-	12.0	(1.2)	10.8
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**12.0**	**-**	**67.5**	**79.5**	**(16.4)**	**63.1**
Non-controlling interests / Transfer of shares	-	-	-	-	-	-	(3.0)	(3.0)	3.0	-
Dividend distribution	-	-	-	-	-	-	(78.2)	(78.2)	-	(78.2)
Share option plans	-	0.1	(0.3)	-	-	-	-	(0.2)	-	(0.2)
Balance as at June 30, 2017	**1,387.1**	**496.3**	**(14.6)**	**362.2**	**(144.5)**	**(3,314.1)**	**3,581.7**	**2,354.1**	**282.3**	**2,636.4**
Balance as at January 1, 2018	**1,387.1**	**496.4**	**(14.5)**	**373.5**	**(157.1)**	**(3,314.1)**	**3,573.1**	**2,344.4**	**245.0**	**2,589.4**
Impact of implementation of IFRS 15 and IFRS 9	**-**	**-**	**-**	**-**	**(1.2)**	**-**	**44.7**	**43.5**	**7.5**	**51.0**
Profit / (loss) for the period	-	-	-	-	-	-	88.0	88.0	(11.6)	76.4
Other comprehensive income / (loss)	-	-	-	-	27.0	-	-	27.0	(0.8)	26.2
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**27.0**	**-**	**88.0**	**115.0**	**(12.4)**	**102.6**
Dividend distribution (see Note 7)	-	-	-	-	-	-	(171.5)	(171.5)	(0.1)	(171.6)
Acquisition of treasury shares	-	-	(30.8)	-	-	-	-	(30.8)	-	(30.8)
Share option plans	-	-	0.2	-	-	-	-	0.2	-	0.2
Balance as at June 30, 2018	**1,387.1**	**496.4**	**(45.1)**	**373.5**	**(131.3)**	**(3,314.1)**	**3,534.3**	**2,300.8**	**240.0**	**2,540.8**

The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

The accompanying notes on pages 33-65 form an integral part of these financial statements.

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
Balance as at January 1, 2017	**1,387.1**	**496.2**	**(14.3)**	**362.2**	**(18.5)**	**590.0**	**2,802.7**
Profit for the period	-	-	-	-	-	135.9	**135.9**
Other comprehensive loss	-	-	-	-	4.4	-	**4.4**
Total comprehensive income	**-**	**-**	**-**	**-**	**4.4**	**135.9**	**140.3**
Dividend distribution	-	-	-	-	-	(78.2)	**(78.2)**
Share option plans	-	0.1	(0.3)	-	-	-	**(0.2)**
Balance as at June 30, 2017	**1,387.1**	**496.3**	**(14.6)**	**362.2**	**(14.1)**	**647.7**	**2,864.6**
Balance as at January 1, 2018	**1,387.1**	**496.4**	**(14.5)**	**373.5**	**(11.4)**	**727.1**	**2,958.2**
Impact of implementation of IFRS 15 and IFRS 9	**-**	**-**	**-**	**-**	**(0.4)**	**1.2**	**0.8**
Profit for the period	-	-	-	-	-	111.5	**111.5**
Other comprehensive income	-	-	-	-	(1.4)	-	**(1.4)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(1.4)**	**111.5**	**110.1**
Dividend distribution (see Note 7)	-	-	-	-	-	(171.5)	**(171.5)**
Acquisition of treasury shares	-	-	(30.8)	-	-	-	**(30.8)**
Share option plans	-	-	0.2	-	-	-	**0.2**
Balance as at June 30, 2018	**1,387.1**	**496.4**	**(45.1)**	**373.5**	**(13.2)**	**668.3**	**2,867.0**

The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

The accompanying notes on pages 33-65 form an integral part of these financial statements.

INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	01/01-30/06/2018	01/01-30/06/2017*	01/01-30/06/2018	01/01-30/06/2017*
Cash flows from operating activities					
Profit before tax		138.0	135.0	163.2	181.7
Adjustments for:					
Depreciation, amortization and impairment		390.1	392.5	154.3	155.8
Costs related to voluntary leave schemes	10	37.4	10.7	33.1	2.1
Provision for staff retirement indemnities		(29.5)	5.5	(30.4)	4.6
Provision for youth account		1.3	1.4	1.3	1.4
Foreign exchange differences, net		24.1	10.2	(0.4)	1.2
Interest income		(0.9)	(0.8)	(1.3)	(1.2)
Dividend income		-	-	(30.0)	(55.6)
(Gains) / losses from investments and other financial assets - Impairment		0.1	-	0.1	-
Interest and related expenses		43.3	70.4	32.0	47.1
Working capital adjustments:					
Decrease / (increase) in inventories		(9.2)	(5.8)	0.2	2.5
Decrease / (increase) in receivables		(48.7)	(28.8)	4.6	(1.7)
(Decrease) / increase in liabilities (except borrowings)		(58.7)	(91.2)	6.2	(2.5)
Plus /(Minus):					
Payment for voluntary leave schemes	10	(8.2)	(10.2)	(5.8)	(6.3)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(5.8)	(6.0)	(5.6)	(6.0)
Interest and related expenses paid		(34.5)	(37.3)	(21.9)	(29.5)
Income tax paid		(13.2)	(13.5)	(0.3)	(1.2)
Net cash flows from operating activities		**425.6**	**432.1**	**299.3**	**292.4**
Cash flows from investing activities					
Return of capital invested in subsidiary	5	-	-	61.5	-
Sale or maturity of financial assets		-	0.2	6.2	-
Repayment of loans receivable		3.6	2.7	3.6	2.7
Purchase of property, plant and equipment and intangible assets		(352.1)	(423.5)	(158.5)	(206.1)
Movement in restricted cash		(0.4)	(0.1)	-	-
Interest received		0.9	0.7	1.3	1.2
Dividends received		-	-	101.0	-
Net cash flows from/ (used in) investing activities		**(348.0)**	**(420.0)**	**15.1**	**(202.2)**
Cash flows from financing activities					
Acquisition of treasury shares		(29.8)	-	(29.8)	-
Share option plans		-	(0.3)	-	(0.3)
Proceeds from loans granted and issued	8	150.0	-	525.0	193.6
Repayment of loans	8	(678.0)	(87.4)	(538.8)	(414.8)
Dividends paid to Company's owners		(0.1)	(0.3)	(0.1)	(0.3)
Net cash flows used in financing activities		**(557.9)**	**(88.0)**	**(43.7)**	**(221.8)**
Net increase / (decrease) in cash and cash equivalents		**(480.3)**	**(75.9)**	**270.7**	**(131.6)**
Cash and cash equivalents, at the beginning of the period		**1,297.7**	**1,585.6**	**185.6**	**511.6**
Net foreign exchange differences		(0.3)	(1.2)	-	-
Cash and cash equivalents, at the end of the period		**817.1**	**1,508.5**	**456.3**	**380.0**

The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

The accompanying notes on pages 33-65 form an integral part of these financial statements.

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.cosmote.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, 2018 holds a 45.00% 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, 2018 and for the six month period then ended, were approved for issuance by the Board of Directors on August 8, 2018.

The total numbers of Group and Company employees as of June 30, 2018 and 2017 and as of December 31, 2017 were as follows:

	GROUP	COMPANY
June 30, 2018	20,410	8,488
December 31, 2017	20,386	8,470
June 30, 2017	21,271	8,626

The total numbers of Group and Company employees has been revised as of June 30, 2017 and as of December 31, 2017, in order to include fixed-term employees.

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

ENTITY NAME	LINE OF BUSINESS	COUNTRY	GROUP’s OWNERSHIP INTEREST	
			30/06/2018	31/12/2017
COSMOTE MOBILE TELECOMMUNICATIONS S.A. (“COSMOTE”)	Mobile telecommunications services	Greece	100.00%	100.00%
OTE INTERNATIONAL INVESTMENTS LTD	Investment holding entity	Cyprus	100.00%	100.00%
COSMO-ONE HELLAS MARKET SITE S.A. (“COSMO-ONE”)	E-commerce services	Greece	61.74%	61.74%
OTE PLC	Financing services	U.K.	100.00%	100.00%
OTESAT-MARITEL S.A. (“OTESAT-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%
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%
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%
TELEKOM ROMANIA COMMUNICATIONS S.A. (“TELEKOM ROMANIA”)	Fixed line telephony services	Romania	54.01%	54.01%
NEXTGEN COMMUNICATIONS SRL (“NEXTGEN”)	Telecommunications services	Romania	54.01%	54.01%

ENTITY NAME	LINE OF BUSINESS	COUNTRY	GROUP's OWNERSHIP INTEREST	
			30/06/2018	31/12/2017
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A. ("TELEKOM ROMANIA MOBILE")	Mobile telecommunications services	Romania	86.20%	86.20%
TELEKOM ALBANIA	Mobile telecommunications services	Albania	99.76%	99.76%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	100.00%
COSMOTE E-VALUE	Marketing services	Greece	100.00%	100.00%
MOBILBEEEP LTD	Retail services	Greece	100.00%	100.00%
COSMOTE TV PRODUCTIONS	TV productions and services	Greece	100.00%	100.00%
COSMOHOLDING ROMANIA LTD	Investment holding entity	Cyprus	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.	Investment holding entity	Netherlands	100.00%	100.00%
E-VALUE INTERNATIONAL S.A.	Marketing services	Romania	100.00%	100.00%
OTE RURAL NORTH SPECIAL PURPOSE DEVELOPMENT AND MANAGEMENT OF BROADBAND INFRASTRUCTURE S.A. ("OTE RURAL NORTH")	Wholesale broadband and infrastructure services	Greece	100.00%	100.00%
OTE RURAL SOUTH SPECIAL PURPOSE DEVELOPMENT AND MANAGEMENT OF BROADBAND INFRASTRUCTURE S.A. ("OTE RURAL SOUTH ")	Wholesale broadband and infrastructure services	Greece	100.00%	100.00%
COSMOTE PAYMENTS - ELECTRONIC MONEY SERVICES S.A. ("COSMOTE PAYMENTS")	Electronic money services	Greece	100.00%	-

NEW ENTITY

On June 5, 2018, COSMOTE PAYMENTS was established. The entity is wholly owned by OTE.

DISSOLUTION AND LIQUIDATION OF COSMOHOLDING ROMANIA LTD

On May 10, 2018, the Group decided to proceed with the dissolution and liquidation of COSMOHOLDING ROMANIA LTD (COSMOTE's wholly owned subsidiary).

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, 2017, which are available on the Company's website https://www.cosmote.gr/fixed/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 or loss, which have been measured at fair values in accordance with IFRS.

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, 2017, except for those related to the adoption of the new IFRSs effective as of January 1, 2018 (see note 4).

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, 2017 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, 2018, 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 on or after January 1, 2018.

Standards and Interpretations effective for the current financial year

- **IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 "Financial Instruments: Disclosures"**: IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model that was applied under IAS 39. IFRS 9 also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The effect from applying the standard to the Group is described in note 4.

- **IFRS 15 "Revenue from Contracts with Customers"**: IFRS 15 has been issued in May 2014. 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 recognized. The underlying principle is that an entity recognizes 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 effect from applying the standard to the Group is described in note 4.

- **IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"**: These amendments clarify the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles of IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- **IAS 40 (Amendments) "Transfers of Investment Property"**: These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence.

- **IFRIC 22 "Foreign currency transactions and advance consideration"**: The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle)

The amendment set out below describes the key changes to a certain IAS.

- **IAS 28 "Investments in associates and Joint ventures"**: The amendments clarified that when venture capital organizations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

Standards and Interpretations effective for subsequent periods

A number of new standards and amendments to standards and interpretations are effective for subsequent periods and have not been applied in preparing these consolidated financial statements. The Group is currently investigating the impact of the new standards and amendments on its financial statements.

- **IFRS 9 (Amendments) "Prepayment Features with Negative Compensation"** (effective for annual periods beginning on or after January 1, 2019): These amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

• **IFRS 16 "Leases"** (effective for annual periods beginning on or after January 1, 2019): IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

Upon transition, payment obligations from existing operating leases (operating lease commitments are disclosed in the annual financial statements as of December 31, 2017, Note 28) will be discounted using the relevant incremental borrowing rate. The resulting present value will be recognized as a lease liability. The right-of-use assets will be carried in the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The actual impact of applying IFRS 16 will depend on Group's incremental borrowing rate at January 1, 2019, the composition of the Group's lease portfolio at that date and the Group's latest assessment of the lease term, particularly in respect of exercising any lease extension or termination options.

OTE Group will apply the new standard, using the cumulative catch-up method, under which prior-year comparatives will not be restated; instead, an explanation of the reasons for the changes in the financial statements will be disclosed, as a result of applying IFRS 16 for the first time.

Regarding the options and exemptions permitted under IFRS 16, the Group is likely to take the following approach:

- The right-of-use assets and lease liabilities will be reported separately in the statement of financial position.
- The recognition, measurement and disclosure requirements of IFRS 16 will be also applied in full to short-term leases and leases of "low-value" assets. As a result, the Group expects to capitalize both all short term (expect for very short leases of 30 days or less) and "low value" leases.
- The Group will use the practical expedient not to separate non-lease component from lease components and instead will account for each lease component and any associated non-lease items as a single lease.

The adoption of IFRS 16, will have the following material effects for the Group:

- The lease payments largely relate to leases of cell sites (land, space in cell towers or rooftop surface areas), network infrastructure, vehicles, retail shops and buildings used for administrative or technical purposes.
- Upon IFRS 16 adoption, payment obligations for operating leases - which, in accordance with the existing standard, must be disclosed in the notes to the financial statements– will be reported as right-of-use assets and lease liabilities in the statement of financial position. As a result, a significant increase in total assets and liabilities is anticipated on first-time adoption due to the capitalization of new assets and the recognition of lease liabilities. The increase in lease liabilities will lead to a corresponding increase in net debt.
- The nature of expenses related to those leases will also change since IFRS 16 replaces the operating lease expense with a depreciation charge for the right-of-use assets and interest expense on lease liabilities. This will give rise to a significant improvement in "Operating profit before financial and investing activities, depreciation, amortization and impairment".
- In the statement of cash flows, the repayment portion of the lease payments from existing operating leases will reduce net cash flows from financing activities and will no longer affect net cash flows from operating activities. Only the interest payments will remain in net cash flows from operating activities, the total of which will rise.

The accounting for OTE Group as lessor is not expected to significantly change. OTE Group is currently in the process of finalizing its analysis on whether existing contracts contain lease components or not.

• **IAS 28 (Amendments) "Long term interests in associates and joint ventures"** (effective for annual periods beginning on or after January 1, 2019): These amendments clarify that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments have not yet been endorsed by the EU.

• **IFRIC 23 "Uncertainty over income tax treatments"** (effective for annual periods beginning on or after January 1, 2019): The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.

- IAS 19 (Amendments) "Plan amendment, curtailment or settlement" (effective for annual periods beginning on or after January 1, 2019): These amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs 2015 (2015 – 2017 Cycle) (effective for annual periods beginning on or after January 1, 2019)

The amendments set out below describe the key changes to certain IFRSs. These amendments have not yet been endorsed by the EU.

- IFRS 3 "Business combinations": The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

- IFRS 11 "Joint arrangements": The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 "Income taxes": The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

- IAS 23 "Borrowing costs": The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

4. CHANGES IN ACCOUNTING POLICIES

The Group applies, for the first time, IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments". The Group adopted these new standards using the cumulative effect method (i.e. modified retrospective approach), with the effect of initially applying these standards to be recognized at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11, IAS 39 and related interpretations.

As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The underlying principle is that an entity will recognize 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. It also contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services, determining the timing of the transfer of control – at a point in time or over time.

The Group applies the standard for the year 2018 and in respect of prior periods, has recognized the cumulative effect of applying IFRS 15 to all contracts that had not yet been completed at January 1, 2018, as an adjustment to the opening balance of equity on January 1, 2018 (the modified retrospective approach). Contracts completed before the date of initial application (i.e. January 1, 2018) have not been revised.

The Group is in the business of providing telecommunication services. The services and the telecommunication equipment are sold both together as a bundled package of goods and services or on their own in separately identified contracts with customers.

The Group uses the portfolio approach to combine contracts for the purposes of revenue recognition, rather than to account for each contract separately.

Revenues from telecommunication services primarily consist of network services fees, connection fees, usage charges and sales of handsets and accessories. Revenues are recognized as follows:

Fixed-network services

Fixed-network services provide access to the fixed network as well as to the Internet. Revenue from the fixed-network business also includes connection fees. Prior to the adoption of IFRS 15, revenue generated from these types of access for the use of voice and data communications as well as television services via Internet and satellite were recognized upon rendering of the service. The services rendered relate to use by customers (e.g., call minutes), availability over time (e.g. flat service charges), or other agreed rate plans.

Mobile-network services

Revenue generated by the mobile communications business includes revenues from the provision of mobile services, and sales of mobile handsets and accessories. Mobile revenue includes service charges, charges for special features, call charges and roaming charges billed to Group's customers as well as to other mobile operators. Prior to the adoption of IFRS 15, mobile service revenues were recognized based upon minutes of use or other agreed rate plans (e.g., flat rates) less credits and adjustments for discounts.

Under IFRS 15, the Group concluded that revenue from Fixed-network and Mobile-network services will continue to be recognized over time, using similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

Telecommunication equipment

Under IFRS 15, revenues from the sale of telecommunication equipment (e.g. handsets and accessories) are recognized at the time when customer obtains control. As a result, revenues from the telecommunication equipment will continue to be recognized at a point in time, upon delivery of the equipment as they generally consist separate performance obligations. Therefore, the adoption of IFRS 15 did not have an impact on the timing of recognition for this type of revenue. However, in the cases where the equipment is sold together (as a bundle package) with telecommunication services, the amount of revenue to be recognized is affected, as noted below.

Multiple-element arrangements

The Mobile and Fixed-network services may be bundled together with the sale of equipment to a customer.

In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, prior to the adoption of IFRS 15, the Group recognized revenue for handsets and other devices when these handsets and other devices were transferred to the customer and based on the corresponding charge. Under IFRS 15, a larger portion of the total remuneration is attributable to the components delivered in advance based on these components' relative stand-alone selling price within the contract, which results in higher revenue from the sale of handsets and in lower revenue from the provision of services. It also impacts the timing of revenue's recognition, resulting in earlier recognition of revenue. The difference between the revenue and the customer charge is recognized as a contract asset, a receivable arising from customers secured cash flows in the statement of financial position.

Contract assets

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer.

Contract assets will be typically recovered between 12 to 24-month service contracts period which defines the normal operating cycle and is also frequently used at the Group. As a result, any contract asset recognized under a multiple element arrangement will also be recovered in the entity's normal operating cycle and is presented as current in the statement of financial position.

Contract assets' development for the Group is essentially the result of:

- the earlier recognition of revenues in the case of multiple-element arrangements with subsidized products delivered in advance, based on these components' relative stand-alone selling price within the contract,
- subsidized installation fees which are treated as separate performance obligation and therefore, the Group allocated the total consideration to each performance obligation of the contract (in proportion to its stand-alone selling price),
- in the case of sales through dealers, of contracts with subsidized products (or services) that are delivered in advance (e.g. mobile telephony contract plus handset), the subsidy cost to dealers is recognized against service revenue during the relative contract period. Prior to the adoption of IFRS 15 this cost was recognized as commission cost or against handset revenues when these devices were transferred to the customer and
- material rights which result from vouchers awarded by the Group to the customers and provide them with the option for discounted future purchases. The Group concluded that this material right gives rise to a separate performance obligation and allocated a portion of the total consideration to these vouchers based on the relative stand-alone selling price.

Contract liabilities

If customer pays consideration, or the entity has a right to an amount of consideration that is unconditional, before the entity transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).
For the Group, contract liabilities are primarily the result of:

- access fees charged to the customer in advance
- unused airtime
- contract liabilities from Indefeasible Rights of Use (IRUs) and
- contract liabilities' balances for connection fees. Connection fees generally do not meet the criteria to be recognized as a separate performance obligation. Before the adoption of IFRS 15, these fees were recognized over the expected customer lifetime. Under IFRS 15, these fees are recognized over the contract period. Upon adoption of IFRS 15, the corresponding adjustment has been recognized in retained earnings and the remaining balance from the deferred revenue was reclassified to contract liabilities.

The above categories (except for the connection fees) were accounted in the same way under the prior accounting treatment and they were all included in the statement of financial position under lines "other non-current liabilities" and "deferred revenues".

Some of the Group's contract liabilities will be settled within a "regular" 12 to 24-month service contract and are also tied to a defined operating cycle. However, other might be settled over a period exceeding the "regular" 12 to 24-month service contract term. Therefore, the Group has concluded that the more prudent approach is to present:
- the amount of Contract liabilities expected to be settled within 12 months as current and
- the amount of Contract liabilities expected to be settled after more than 12 months as non-current.

Contract costs

Prior to the adoption of IFRS 15, sales commissions and other customer acquisition costs resulting directly from obtaining contracts with customers were expensed as incurred. IFRS 15 requires these incremental costs of acquiring contracts to be recognized as an asset when incurred and expensed over the period in which the corresponding benefit is received.

Capitalized contract costs (costs of obtaining a contract or costs to fulfil a contract) share characteristics of an intangible asset as they mainly represent acquisition costs of customer relationships. Therefore, the Group concluded to present, in accordance with the treatment of other fixed assets, all capitalized contract costs as non-current in the statement of financial position.

In general, incremental costs of obtaining a contract at Group level refer to:
- sales commissions to third-party dealers (indirect distribution channel) and
- sales commissions to employees (direct distribution channel).

Amortizations of contract costs are respectively presented as operating expenses in the income statement, i.e. either as "commission costs" or "personnel costs".

Other presentation and disclosure requirements

The Group's income statement structure is presented in a way that disaggregates revenue recognized from contracts with customers into categories that depict their nature and amount.

Furthermore, based on the prior accounting treatment, the subsidized part of the merchandise costs related to customers' acquisition and retention was recognized in the line "commission costs". On the basis of IFRS 15 adoption, these expenses are recognized in the line "merchandise costs".

The Company's contracts as well as the majority of Group's arrangements do not include a significant financing component.

In addition to the adjustments described in the above sections, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes and retained earnings, were adjusted as necessary.

Since these effects from the new accounting treatment result in timing differences as regards the realization of revenues and expenses, the impact to equity over time is neutral. Significant profit and loss effects compared to prior accounting treatment can only therefore be attributed to changed business developments, changes in business models and products offered.

IFRS 9 "Financial Instruments"

IFRS 9 replaces the guidance of IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model. IFRS 9 also establishes a new more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the model in IAS 39.

The new provisions on the accounting of impairment losses lead to expected losses having to be expensed earlier in some cases.

a) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the requirements of IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available-for-sale.

The adoption of IFRS 9 has no effect on the Group's accounting policies related to financial liabilities.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Except for the trade receivables that are initially measured at the transaction price, the Group primarily measures a financial asset at fair value plus transaction costs except for financial assets at fair value through profit or loss.

Under IFRS 9, financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria:

- the business model within which the financial asset is held, i.e. whether the objective is to hold it in order to collect contractual cash flows or to collect contractual cash flows as well as sell financial assets and
- whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's financial assets are, as follows:

- Financial assets at amortized cost. The category includes financial assets that are held within the business model with the objective to hold financial assets and collect contractual cash flows that meet the SPPI criterion. This category includes all financial assets of the Group, except for the investments in mutual funds which are measured at fair value through profit or loss (FVPL).
- Financial assets at fair value through profit or loss (FVPL). The category includes investments in mutual funds. Investments in mutual funds do not meet the IFRS 9 criteria for classification at amortized cost, because their cash flows do not represent solely payments of principal and interest. Under IAS 39, the Group's investments in mutual funds were classified as available-for-sale (AFS) financial assets. Upon transition to IFRS 9, the Group's investments to mutual funds have been reclassified from AFS to fair value through profit or loss (FVPL) and the accumulated amount which had been previously recognized under other comprehensive income was reclassified to retained earnings.

The following table summarizes the impact of the above reclassification at January 1, 2018.

	GROUP		COMPANY	
	Effect on foreign exchange and other reserves	Effect on retained earnings	Effect on foreign exchange and other reserves	Effect on retained earnings
Closing balance 31/12/2017 - IAS 39	**(157.1)**	**3,573.1**	**(11.4)**	**727.1**
Reserve for available for sale financial assets	(1.6)	1.6	(0.5)	0.5
Deferred taxes on available for sale financial assets	0.4	(0.4)	0.1	(0.1)
Opening balance 01/01/2018 - IFRS 9	**(158.3)**	**3,574.3**	**(11.8)**	**727.5**

b) Impairment

The group has three types of financial assets that are subject to IFRS 9 new expected credit loss model:

- trade receivables,
- contract assets and
- other financial assets at amortized cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was not significant.

IFRS 9 requires the Group to adopt the expected credit losses (ECL) model for each of these classes of assets.

ECL model is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Contract assets and trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit loss in relation to trade receivables, the Group has established a provision matrix relying on aging analysis, which is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
The expected credit loss in relation to contract assets, is measured based on the expected early contract termination rate, the penalty for early termination and its collectability rate.

The loss allowances for the Group and the Company increased for trade receivables by a further amount of Euro 19.9 and Euro 12.0 respectively. Furthermore, due to the implementation of IFRS 15 a loss allowance of an amount of Euro 6.2 and Euro 0.5 for the Group and the Company was established in relation to contract assets, as of January 1, 2018. The increase in allowance resulted in respective adjustment to retained earnings.

Other financial assets at amortized cost

For all other Group's financial assets at amortized cost, the general approach is applied. These assets are considered to have low credit risk and any loss allowance is therefore limited to 12 months' expected losses.

The following tables summarize the impact of adopting IFRS 15 and IFRS 9 on the Group's and Company's statements of financial position as at January 1, 2018 and June 30, 2018 and their income statements for the second quarter period and the six-month period then ended, for each of the line items affected.

STATEMENT OF FINANCIAL POSITION	GROUP				
	Balances IAS 18/ IAS 11/ IAS 39	IFRS 15 Adjustments	IFRS 15 Reclassifications	IFRS 9 Adjustments	Balances IFRS 15/ IFRS 9
	31/12/2017				01/01/2018
ASSETS					
Non-current assets					
Property, plant and equipment	2,740.9	-	-	-	2,740.9
Goodwill	447.1	-	-	-	447.1
Telecommunication licenses	523.6	-	-	-	523.6
Other intangible assets	504.2	-	-	-	504.2
Investments	0.1	-	-	-	0.1
Loans to pension funds	82.5	-	-	-	82.5
Deferred tax assets	313.5	(10.9)	-	-	302.6
Contract costs	-	40.9	-	-	40.9
Other non-current assets	112.1	-	-	-	112.1
Total non-current assets	**4,724.0**	**30.0**	**-**	**-**	**4,754.0**
Current assets					
Inventories	91.3	-	-	-	91.3
Trade receivables	719.7	-	-	(19.9)	699.8
Other financial assets	5.9	-	-	-	5.9
Contract assets	-	39.2	-	(6.2)	33.0
Other current assets	259.3	-	-	-	259.3
Restricted cash	4.3	-	-	-	4.3
Cash and cash equivalents	1,297.7	-	-	-	1,297.7
Total current assets	**2,378.2**	**39.2**	**-**	**(26.1)**	**2,391.3**
TOTAL ASSETS	**7,102.2**	**69.2**	**-**	**(26.1)**	**7,145.3**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	1,387.1	-	-	-	1,387.1
Share premium	496.4	-	-	-	496.4
Treasury shares	(14.5)	-	-	-	(14.5)
Statutory reserve	373.5	-	-	-	373.5
Foreign exchange and other reserves	(157.1)	-	-	(1.2)	(158.3)
Changes in non-controlling interests	(3,314.1)	-	-	-	(3,314.1)
Retained earnings	3,573.1	67.9	-	(23.2)	3,617.8
Total equity attributable to owners of the Parent	**2,344.4**	**67.9**	**-**	**(24.4)**	**2,387.9**
Non-controlling interests	245.0	9.2	-	(1.7)	252.5
Total equity	**2,589.4**	**77.1**	**-**	**(26.1)**	**2,640.4**
Non-current liabilities					
Long-term borrowings	1,276.2	-	-	-	1,276.2
Provision for staff retirement indemnities	224.3	-	-	-	224.3
Provision for youth account	129.9	-	-	-	129.9
Contract liabilities	-	(9.7)	32.0	-	22.3
Deferred tax liabilities	30.6	-	-	-	30.6
Other non-current liabilities	130.8	-	(32.0)	-	98.8
Total non-current liabilities	**1,791.8**	**(9.7)**	**-**	**-**	**1,782.1**
Current liabilities					
Trade accounts payable	1,162.4	-	-	-	1,162.4
Short-term portion of long-term borrowings	764.5	-	-	-	764.5
Income tax payable	41.6	-	-	-	41.6
Contract liabilities	-	1.8	128.3	-	130.1
Deferred revenue	128.3	-	(128.3)	-	-
Provision for voluntary leave schemes	139.3	-	-	-	139.3
Dividends payable	0.4	-	-	-	0.4
Other current liabilities	484.5	-	-	-	484.5
Total current liabilities	**2,721.0**	**1.8**	**-**	**-**	**2,722.8**
TOTAL EQUITY AND LIABILITIES	**7,102.2**	**69.2**	**-**	**(26.1)**	**7,145.3**

STATEMENT OF FINANCIAL POSITION	COMPANY				
	Balances IAS 18/ IAS 11/ IAS 39	IFRS 15 Adjustments	IFRS 15 Reclassifications	IFRS 9 Adjustments	Balances IFRS 15/ IFRS 9
	31/12/2017				01/01/2018
ASSETS					
Non-current assets					
Property, plant and equipment	1,239.2	-	-	-	1,239.2
Telecommunication licenses	4.4	-	-	-	4.4
Other intangible assets	255.5	-	-	-	255.5
Investments	3,426.7	-	-	-	3,426.7
Loans to pension funds	82.5	-	-	-	82.5
Deferred tax assets	117.0	(1.9)	-	-	115.1
Contract costs	-	4.4	-	-	4.4
Other non-current assets	73.0	-	-	-	73.0
Total non-current assets	**5,198.3**	**2.5**	**-**	**-**	**5,200.8**
Current assets					
Inventories	12.4	-	-	-	12.4
Trade receivables	357.1	-	-	(12.0)	345.1
Other financial assets	16.8	-	-	-	16.8
Contract assets	-	2.9	-	(0.5)	2.4
Other current assets	154.5	-	-	-	154.5
Cash and cash equivalents	185.6	-	-	-	185.6
Total current assets	**726.4**	**2.9**	**-**	**(12.5)**	**716.8**
TOTAL ASSETS	**5,924.7**	**5.4**	**-**	**(12.5)**	**5,917.6**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	1,387.1	-	-	-	1,387.1
Share premium	496.4	-	-	-	496.4
Treasury shares	(14.5)	-	-	-	(14.5)
Statutory reserve	373.5	-	-	-	373.5
Foreign exchange and other reserves	(11.4)	-	-	(0.4)	(11.8)
Retained earnings	727.1	13.3	-	(12.1)	728.3
Total equity attributable to owners of the Parent	**2,958.2**	**13.3**	**-**	**(12.5)**	**2,959.0**
Total equity	**2,958.2**	**13.3**	**-**	**(12.5)**	**2,959.0**
Non-current liabilities					
Long-term borrowings	1,004.4	-	-	-	1,004.4
Provision for staff retirement indemnities	189.9	-	-	-	189.9
Provision for youth account	129.9	-	-	-	129.9
Contract liabilities	-	(9.7)	126.2	-	116.5
Other non-current liabilities	207.1	-	(126.2)	-	80.9
Total non-current liabilities	**1,531.3**	**(9.7)**	**-**	**-**	**1,521.6**
Current liabilities					
Trade accounts payable	400.4	-	-	-	400.4
Short-term borrowings	163.0	-	-	-	163.0
Short-term portion of long-term borrowings	378.4	-	-	-	378.4
Income tax payable	12.7	-	-	-	12.7
Contract liabilities	-	1.8	73.3	-	75.1
Deferred revenue	73.3	-	(73.3)	-	-
Provision for voluntary leave schemes	139.3	-	-	-	139.3
Dividends payable	0.4	-	-	-	0.4
Other current liabilities	267.7	-	-	-	267.7
Total current liabilities	**1,435.2**	**1.8**	**-**	**-**	**1,437.0**
TOTAL EQUITY AND LIABILITIES	**5,924.7**	**5.4**	**-**	**(12.5)**	**5,917.6**

STATEMENT OF FINANCIAL POSITION	GROUP		
	Balances IFRS 15/ IFRS 9	Adjustments / Reclassifications	Balances IAS 18/ IAS 11/ IAS 39
	30/06/2018		30/06/2018
ASSETS			
Non-current assets			
Property, plant and equipment	2,717.1	-	2,717.1
Goodwill	447.0	-	447.0
Telecommunication licenses	503.8	-	503.8
Other intangible assets	447.6	-	447.6
Investments	0.1	-	0.1
Loans to pension funds	80.9	-	80.9
Deferred tax assets	305.9	10.8	316.7
Contract costs	43.5	(43.5)	-
Other non-current assets	121.6	-	121.6
Total non-current assets	**4,667.5**	**(32.7)**	**4,634.8**
Current assets			
Inventories	100.6	-	100.6
Trade receivables	730.1	19.9	750.0
Other financial assets	5.8	-	5.8
Contract assets	33.5	(33.5)	-
Other current assets	266.0	-	266.0
Restricted cash	4.7	-	4.7
Cash and cash equivalents	817.1	-	817.1
Total current assets	**1,957.8**	**(13.6)**	**1,944.2**
TOTAL ASSETS	**6,625.3**	**(46.3)**	**6,579.0**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	1,387.1	-	1,387.1
Share premium	496.4	-	496.4
Treasury shares	(45.1)	-	(45.1)
Statutory reserve	373.5	-	373.5
Foreign exchange and other reserves	(131.3)	1.2	(130.1)
Changes in non-controlling interests	(3,314.1)	-	(3,314.1)
Retained earnings	3,534.3	(47.5)	3,486.8
Total equity attributable to owners of the Parent	**2,300.8**	**(46.3)**	**2,254.5**
Non-controlling interests	240.0	(9.0)	231.0
Total equity	**2,540.8**	**(55.3)**	**2,485.5**
Non-current liabilities			
Long-term borrowings	1,328.6	-	1,328.6
Provision for staff retirement indemnities	189.2	-	189.2
Provision for youth account	125.7	-	125.7
Contract liabilities	51.0	(51.0)	-
Deferred tax liabilities	29.3	-	29.3
Other non-current liabilities	94.0	59.4	153.4
Total non-current liabilities	**1,817.8**	**8.4**	**1,826.2**
Current liabilities			
Trade accounts payable	1,037.0	-	1,037.0
Short-term portion of long-term borrowings	186.4	-	186.4
Income tax payable	94.1	-	94.1
Contract liabilities	129.6	(129.6)	-
Deferred revenue	-	130.2	130.2
Provision for voluntary leave schemes	180.0	-	180.0
Dividends payable	171.9	-	171.9
Other current liabilities	467.7	-	467.7
Total current liabilities	**2,266.7**	**0.6**	**2,267.3**
TOTAL EQUITY AND LIABILITIES	**6,625.3**	**(46.3)**	**6,579.0**

STATEMENT OF FINANCIAL POSITION	COMPANY		
	Balances IFRS 15/ IFRS 9	Adjustments / Reclassifications	Balances IAS 18/ IAS 11/ IAS 39
	30/06/2018		30/06/2018
ASSETS			
Non-current assets			
Property, plant and equipment	1,256.6	-	1,256.6
Telecommunication licenses	4.0	-	4.0
Other intangible assets	237.1	-	237.1
Investments	3,365.6	-	3,365.6
Loans to pension funds	80.9	-	80.9
Deferred tax assets	112.1	1.8	113.9
Contract costs	4.0	(4.0)	-
Other non-current assets	78.8	-	78.8
Total non-current assets	**5,139.1**	**(2.2)**	**5,136.9**
Current assets			
Inventories	12.2	-	12.2
Trade receivables	322.3	12.0	334.3
Other financial assets	10.5	-	10.5
Contract assets	1.5	(1.5)	-
Other current assets	97.3	-	97.3
Cash and cash equivalents	456.3	-	456.3
Total current assets	**900.1**	**10.5**	**910.6**
TOTAL ASSETS	**6,039.2**	**8.3**	**6,047.5**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	1,387.1	-	1,387.1
Share premium	496.4	-	496.4
Treasury shares	(45.1)	-	(45.1)
Statutory reserve	373.5	-	373.5
Foreign exchange and other reserves	(13.2)	0.4	(12.8)
Retained earnings	668.3	(1.1)	667.2
Total equity attributable to owners of the Parent	**2,867.0**	**(0.7)**	**2,866.3**
Total equity	**2,867.0**	**(0.7)**	**2,866.3**
Non-current liabilities			
Long-term borrowings	1,086.0	-	1,086.0
Provision for staff retirement indemnities	153.9	-	153.9
Provision for youth account	125.7	-	125.7
Contract liabilities	112.6	(112.6)	-
Other non-current liabilities	74.8	121.0	195.8
Total non-current liabilities	**1,553.0**	**8.4**	**1,561.4**
Current liabilities			
Trade accounts payable	404.5	-	404.5
Short-term borrowings	319.0	-	319.0
Short-term portion of long-term borrowings	128.9	-	128.9
Income tax payable	60.6	-	60.6
Contract liabilities	77.9	(77.9)	-
Deferred revenue	-	78.5	78.5
Provision for voluntary leave schemes	180.0	-	180.0
Dividends payable	171.8	-	171.8
Other current liabilities	276.5	-	276.5
Total current liabilities	**1,619.2**	**0.6**	**1,619.8**
TOTAL EQUITY AND LIABILITIES	**6,039.2**	**8.3**	**6,047.5**

INCOME STATEMENT	GROUP			
	IFRS 15/ IFRS 9 2nd Quarter 2018	Adjustments	Reclassifications	IAS 18/ IAS 11/ IAS 39 2nd Quarter 2018
Revenue				
Fixed business:				
Retail services revenues	289.6	2.3	-	291.9
Wholesale services revenues	161.1	(0.1)	-	161.0
Other revenues	75.4	(1.3)	-	74.1
Total revenues from fixed business	**526.1**	**0.9**	**-**	**527.0**
Mobile business:				
Service revenues	331.3	8.5	-	339.8
Handset revenues	61.7	(10.7)	-	51.0
Other revenues	10.3	-	-	10.3
Total revenues from mobile business	**403.3**	**(2.2)**	**-**	**401.1**
Miscellaneous other revenues	**29.7**	**(0.4)**	**-**	**29.3**
Total revenues	**959.1**	**(1.7)**	**-**	**957.4**
Other operating income	**15.6**	**-**	**-**	**15.6**
Operating expenses				
Interconnection and roaming costs	(136.8)	-	-	(136.8)
Provision for doubtful accounts	(32.2)	0.5	-	(31.7)
Personnel costs	(160.3)	(0.5)	-	(160.8)
Costs related to voluntary leave schemes	(37.1)	-	-	(37.1)
Commission costs	(22.1)	(1.0)	(13.0)	(36.1)
Merchandise costs	(86.9)	-	13.0	(73.9)
Maintenance and repairs	(26.5)	-	-	(26.5)
Marketing	(25.4)	-	-	(25.4)
Other operating expenses, out of which:	(167.5)	-	-	(167.5)
Rental, leasing and facility costs	*(54.9)*	-	-	*(54.9)*
Third party fees and services	*(39.0)*	-	-	*(39.0)*
Other taxes and regulatory charges	*(17.8)*	-	-	*(17.8)*
Construction cost network	-	-	-	-
Other sundry operating expenses	*(55.8)*	-	-	*(55.8)*
Total operating expenses before depreciation, amortization and impairment	**(694.8)**	**(1.0)**	**-**	**(695.8)**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**279.9**	**(2.7)**	**-**	**277.2**
Depreciation, amortization and impairment	(186.2)	-		(186.2)
Operating profit before financial and investing activities	**93.7**	**(2.7)**	**-**	**91.0**
Income and expense from financial and investing activities				
Interest and related expenses	(19.4)	-	-	(19.4)
Interest income	0.5	-	-	0.5
Foreign exchange differences, net	(16.9)	-	-	(16.9)
Gains / (losses) from investments and other financial assets - Impairment	-	-	-	-
Total loss from financial and investing activities	**(35.8)**	**-**	**-**	**(35.8)**
Profit before tax	**57.9**	**(2.7)**	**-**	**55.2**
Income tax	(15.8)	0.1	-	(15.7)
Profit for the period	**42.1**	**(2.6)**	**-**	**39.5**
Attributable to:				
Owners of the parent	49.0	(2.1)	-	46.9
Non-controlling interests	(6.9)	(0.5)	-	(7.4)
Profit for the period	**42.1**	**(2.6)**	**-**	**39.5**

Adjustments also include the impact of IFRS 9 related to the impairment of the contract asset.

INCOME STATEMENT	GROUP			
	IFRS 15/ IFRS 9	Adjustments	Reclassifications	IAS 18/ IAS 11/ IAS 39
	1st Half 2018			1st Half 2018
Revenue				
Fixed business:				
Retail services revenues	580.3	5.1	-	585.4
Wholesale services revenues	320.0	(0.1)	-	319.9
Other revenues	144.7	(3.1)	-	141.6
Total revenues from fixed business	**1,045.0**	**1.9**	**-**	**1,046.9**
Mobile business:				
Service revenues	639.8	17.3	-	657.1
Handset revenues	123.2	(20.3)	-	102.9
Other revenues	17.0	-	-	17.0
Total revenues from mobile business	**780.0**	**(3.0)**	**-**	**777.0**
Miscellaneous other revenues	**55.4**	**(0.8)**	**-**	**54.6**
Total revenues	**1,880.4**	**(1.9)**	**-**	**1,878.5**
Other operating income	**27.5**	**-**	**-**	**27.5**
Operating expenses				
Interconnection and roaming costs	(268.9)	-	-	(268.9)
Provision for doubtful accounts	(61.6)	0.7	-	(60.9)
Personnel costs	(287.8)	(1.0)	-	(288.8)
Costs related to voluntary leave schemes	(37.4)	-	-	(37.4)
Commission costs	(48.6)	(2.0)	(24.2)	(74.8)
Merchandise costs	(173.2)	-	24.2	(149.0)
Maintenance and repairs	(54.6)	-	-	(54.6)
Marketing	(47.0)	-	-	(47.0)
Other operating expenses, out of which:	(334.1)	-	-	(334.1)
Rental, leasing and facility costs	*(110.0)*	-	-	*(110.0)*
Third party fees and services	*(74.5)*	-	-	*(74.5)*
Other taxes and regulatory charges	*(35.2)*	-	-	*(35.2)*
Construction cost network	*(0.1)*	-	-	*(0.1)*
Other sundry operating expenses	*(114.3)*	-	-	*(114.3)*
Total operating expenses before depreciation, amortization and impairment	**(1,313.2)**	**(2.3)**	**-**	**(1,315.5)**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**594.7**	**(4.2)**	**-**	**590.5**
Depreciation, amortization and impairment	(390.1)	-	-	(390.1)
Operating profit before financial and investing activities	**204.6**	**(4.2)**	**-**	**200.4**
Income and expense from financial and investing activities				
Interest and related expenses	(43.3)	-	-	(43.3)
Interest income	0.9	-	-	0.9
Foreign exchange differences, net	(24.1)	-	-	(24.1)
Gains / (losses) from investments and other financial assets - Impairment	(0.1)	-	-	(0.1)
Total loss from financial and investing activities	**(66.6)**	**-**	**-**	**(66.6)**
Profit before tax	**138.0**	**(4.2)**	**-**	**133.8**
Income tax	(61.6)	(0.1)	-	(61.7)
Profit for the period	**76.4**	**(4.3)**	**-**	**72.1**
Attributable to:				
Owners of the parent	88.0	(2.8)	-	85.2
Non-controlling interests	(11.6)	(1.5)	-	(13.1)
Profit for the period	**76.4**	**(4.3)**	**-**	**72.1**

Adjustments also include the impact of IFRS 9 related to the impairment of the contract asset.

INCOME STATEMENT	COMPANY		
	IFRS 15/ IFRS 9	Adjustments	IAS 18/ IAS 11/ IAS 39
	2nd Quarter 2018		2nd Quarter 2018
Revenue			
Fixed business:			
Retail services revenues	227.4	0.5	227.9
Wholesale services revenues	80.0	(0.1)	79.9
Other revenues	54.8	(0.3)	54.5
Total revenues from fixed business	**362.2**	**0.1**	**362.3**
Mobile business:			
Handset revenues	8.1	-	8.1
Total revenues from mobile business	**8.1**	**-**	**8.1**
Miscellaneous other revenues	**20.3**	**(0.3)**	**20.0**
Total revenues	**390.6**	**(0.2)**	**390.4**
Other operating income	**1.2**	**-**	**1.2**
Operating expenses			
Interconnection and roaming costs	(24.2)	-	(24.2)
Provision for doubtful accounts	(7.2)	(0.2)	(7.4)
Personnel costs	(70.7)	-	(70.7)
Costs related to voluntary leave schemes	(33.1)	-	(33.1)
Commission costs	(5.2)	0.3	(4.9)
Merchandise costs	(16.2)	-	(16.2)
Maintenance and repairs	(10.0)	-	(10.0)
Marketing	(4.3)	-	(4.3)
Other operating expenses, out of which:	(90.1)	-	(90.1)
Rental, leasing and facility costs	*(26.1)*	-	*(26.1)*
Third party fees and services	*(37.8)*	-	*(37.8)*
Other taxes and regulatory charges	*(4.9)*	-	*(4.9)*
Other sundry operating expenses	*(21.3)*	-	*(21.3)*
Total operating expenses before depreciation, amortization and impairment	**(261.0)**	**0.1**	**(260.9)**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**130.8**	**(0.1)**	**130.7**
Depreciation, amortization and impairment	(75.8)	-	(75.8)
Operating profit before financial and investing activities	**55.0**	**(0.1)**	**54.9**
Income and expense from financial and investing activities			
Interest and related expenses	(14.9)	-	(14.9)
Interest income	0.6	-	0.6
Foreign exchange differences, net	1.1	-	1.1
Dividend income	30.0	-	30.0
Gains / (losses) from investments and other financial assets - Impairment	-	-	-
Total profit from financial and investing activities	**16.8**	**-**	**16.8**
Profit before tax	**71.8**	**(0.1)**	**71.7**
Income tax	(17.9)	-	(17.9)
Profit for the period	**53.9**	**(0.1)**	**53.8**

Adjustments also include the impact of IFRS 9 related to the impairment of the contract asset.

INCOME STATEMENT	COMPANY		
	IFRS 15/ IFRS 9	Adjustments	IAS 18/ IAS 11/ IAS 39
	1st Half 2018		1st Half 2018
Revenue			
Fixed business:			
Retail services revenues	452.6	1.6	454.2
Wholesale services revenues	162.6	(0.1)	162.5
Other revenues	105.9	(0.6)	105.3
Total revenues from fixed business	**721.1**	**0.9**	**722.0**
Mobile business:			
Handset revenues	15.7	-	15.7
Total revenues from mobile business	**15.7**	**-**	**15.7**
Miscellaneous other revenues	**38.9**	**(0.8)**	**38.1**
Total revenues	**775.7**	**0.1**	**775.8**
Other operating income	**4.4**	**-**	**4.4**
Operating expenses			
Interconnection and roaming costs	(46.5)	-	(46.5)
Provision for doubtful accounts	(14.2)	(0.3)	(14.5)
Personnel costs	(120.8)	-	(120.8)
Costs related to voluntary leave schemes	(33.1)	-	(33.1)
Commission costs	(10.0)	0.4	(9.6)
Merchandise costs	(32.0)	-	(32.0)
Maintenance and repairs	(19.9)	-	(19.9)
Marketing	(10.6)	-	(10.6)
Other operating expenses, out of which:	(175.1)	-	(175.1)
Rental, leasing and facility costs	*(51.8)*	-	*(51.8)*
Third party fees and services	*(70.0)*	-	*(70.0)*
Other taxes and regulatory charges	*(10.2)*	-	*(10.2)*
Other sundry operating expenses	*(43.1)*	-	*(43.1)*
Total operating expenses before depreciation, amortization and impairment	**(462.2)**	**0.1**	**(462.1)**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**317.9**	**0.2**	**318.1**
Depreciation, amortization and impairment	(154.3)	-	(154.3)
Operating profit before financial and investing activities	**163.6**	**0.2**	**163.8**
Income and expense from financial and investing activities			
Interest and related expenses	(32.0)	-	(32.0)
Interest income	1.3	-	1.3
Foreign exchange differences, net	0.4	-	0.4
Dividend income	30.0	-	30.0
Gains / (losses) from investments and other financial assets - Impairment	(0.1)	-	(0.1)
Total loss from financial and investing activities	**(0.4)**	**-**	**(0.4)**
Profit before tax	**163.2**	**0.2**	**163.4**
Income tax	(51.7)	(0.1)	(51.8)
Profit for the period	**111.5**	**0.1**	**111.6**

Adjustments also include the impact of IFRS 9 related to the impairment of the contract asset.

5. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
(a) Investments in subsidiaries	-	-	3,365.5	3,426.6
(b) Other investments	0.1	0.1	0.1	0.1
TOTAL	**0.1**	**0.1**	**3,365.6**	**3,426.7**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	30/06/2018	31/12/2017
COSMOTE	100.00%	Greece	2,763.3	2,763.3
COSMOTE PAYMENTS	100.00%	Greece	0.4	-
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	284.9	284.9
COSMOTE TV PRODUCTIONS	100.00%	Greece	3.8	3.8
COSMO-ONE	30.87%	Greece	0.5	0.5
OTESAT-MARITEL	94.08%	Greece	4.6	4.6
OTE PLC	100.00%	U.K.	0.1	0.1
OTE PLUS	100.00%	Greece	8.2	8.2
OTE ESTATE	100.00%	Greece	193.2	193.2
OTE GLOBE	100.00%	Greece	102.2	163.7
OTE INSURANCE	100.00%	Greece	0.1	0.1
OTE ACADEMY	100.00%	Greece	0.2	0.2
OTE RURAL NORTH	100.00%	Greece	1.8	1.8
OTE RURAL SOUTH	100.00%	Greece	2.2	2.2
TOTAL			**3,365.5**	**3,426.6**

NEW ENTITY
On June 5, 2018, COSMOTE PAYMENTS was established. The entity is wholly owned by OTE.

CAPITAL REDUCTION OF SUBSIDIARY
In June 2018, OTE received from its subsidiary OTE GLOBE an amount of Euro 61.5, arising from its share capital reduction, reducing the carrying value of its investment by the equivalent amount.

NON-CONTROLLING INTERESTS
The Group's non-controlling interests amount to Euro 240.0 as of June 30, 2018 (December 31, 2017: Euro 245.0), out of which an amount of Euro 237.7 relates to TELEKOM ROMANIA (December 31, 2017: Euro 241.9), representing the 45.99% on TELEKOM ROMANIA's equity, which is owned by the Romanian State.

6. SHARE CAPITAL-SHARE PREMIUM

OTE's share capital as of June 30, 2018 amounted to Euro 1,387.1 (December 31, 2017: 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, 2018 amounted to Euro 496.4 (December 31, 2017: Euro 496.4).

The following is an analysis of the ownership of OTE's shares as of June 30, 2018:

Shareholder	Number of shares	Percentage %
DEUTSCHE TELEKOM AG	220,567,676	45.00%
Hellenic State	4,901,507	1.00%
EFKA	19,606,015	4.00%
Institutional investors	210,562,423	42.96%
Private investors	30,371,606	6.20%
Treasury shares	4,141,162	0.84%
TOTAL	**490,150,389**	**100.00%**

7. DIVIDENDS

On June 12, 2018, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 171.5 or Euro 0.352880 (in absolute amount) per share. The amount of dividends payable for the Group and the Company as of June 30, 2018 amounted to Euro 171.9 and Euro 171.8 respectively (December 31, 2017: Euro 0.4 and Euro 0.4).

8. LONG-TERM AND SHORT-TERM BORROWINGS

LONG – TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	30/06/2018	31/12/2017
(a) Bank loans	470.7	407.8
(b) Global Medium-Term Note Programme of OTE PLC	1,044.3	1,632.9
Total long-term debt	**1,515.0**	**2,040.7**
Short-term portion of long-term debt	(186.4)	(764.5)
Long-term borrowings	**1,328.6**	**1,276.2**

The analysis of the Group's long-term debt is as follows:

Description	Rate	Maturity	31/12/2017		30/06/2018				
			Outstanding nominal value	Book value	New loans	Repayments/ Prepayments	Amortization of expenses	Outstanding nominal value	Book value
a) Bank loans									
EBRD loan Euro 339.0	Euribor+3.50%	16/09/2019	226.0	224.6	-	(56.5)	0.6	169.5	168.7
BSTDB loan Euro 50.0	Euribor+3.50%	16/09/2019	33.3	33.2	-	(8.3)	-	25.0	24.9
EBRD loan Euro 65.0	Euribor+2.90%	09/07/2020	65.0	65.0	-	(10.8)	-	54.2	54.2
EBRD loan Euro 85.0	Euribor+2.95%	12/01/2021	85.0	85.0	-	(12.1)	-	72.9	72.9
EIB loan Euro 150.0	2.805%	23/01/2025	-	-	150.0	-	-	150.0	150.0
(b) Global Medium-Term Note Programme of OTE PLC									
Euro 700.0 notes	7.875%	07/02/2018	590.3	590.1	-	(590.3)	0.2	-	-
Euro 350.0 notes	4.375%	02/12/2019	350.0	346.8	-	-	0.8	350.0	347.6
Euro 700.0 notes	3.500%	09/07/2020	700.0	696.0	-	-	0.7	700.0	696.7
			2,049.6	**2,040.7**	**150.0**	**(678.0)**	**2.3**	**1,521.6**	**1,515.0**

For the Group, as of June 30, 2018, the short-term portion of long term debt for EBRD loans, for BSTDB loan and for EIB amounts to Euro 158.3, Euro 16.6 and Euro 11.5 respectively.

COMPANY	30/06/2018	31/12/2017
(a) Bank loans	193.6	257.8
(b) Intercompany loans	1,021.3	1,125.0
Total long-term debt	**1,214.9**	**1,382.8**
Short-term portion of long-term debt	(128.9)	(378.4)
Long-term borrowings	**1,086.0**	**1,004.4**

The analysis of the Company's long-term loans is as follows:

Description	Maturity	31/12/2017		30/06/2018				
		Outstanding nominal value	Book value	New Loans	Repayments/ Prepayments	Amortization of expenses	Outstanding nominal value	Book value
a) Bank loans								
EBRD loan Euro 339.0	16/09/2019	226.0	224.6	-	(56.5)	0.6	169.5	168.7
BSTDB loan Euro 50.0	16/09/2019	33.3	33.2	-	(8.3)	-	25.0	24.9
b) Intercompany loans								
Euro 250.0 loan	07/02/2018	250.0	249.9	-	(250.0)	0.1	-	-
Euro 150.0 loan	02/12/2019	150.0	148.6	-	-	0.4	150.0	149.0
Euro 75.0 loan	27/05/2020	-	-	75.0	-	-	75.0	75.0
Euro 70.0 loan	10/06/2020	-	-	70.0	-	-	70.0	70.0
Euro 30.6 loan	23/06/2020	30.6	30.6	-	-	-	30.6	30.6
Euro 700.0 loan	09/07/2020	700.0	695.9	-	-	0.8	700.0	696.7
		1,389.9	**1,382.8**	**145.0**	**(314.8)**	**1.9**	**1,220.1**	**1,214.9**

For the Company, as of June 30, 2018, the short-term portion of long term debt for EBRD loan and for BSTDB loan amounts to Euro 112.3 and Euro 16.6 respectively.

SHORT –TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of June 30, 2018 for the Company amounted to Euro 319.0 (December 31, 2017: Euro 163.0), out of which Euro 119.0 have been granted by OTE PLC and Euro 200.0 have been granted by TELEKOM ALBANIA.

The analysis of short- term loans is as follows:

Description	Maturity date	31/12/2017	30/06/2018		
		Book value	New loans	Repayments/ Prepayments	Book value
Euro 163.0 loan	17/01/2018	163.0	-	(163.0)	-
Euro 50.0 loan	29/11/2018	-	50.0	-	50.0
Euro 50.0 loan	06/12/2018	-	50.0	-	50.0
Euro 50.0 loan	13/12/2018	-	50.0	-	50.0
Euro 50.0 loan	20/12/2018	-	50.0	-	50.0
Euro 60.0 loan	15/01/2019	-	60.0	(15.0)	45.0
Euro 60.0 loan	22/01/2019	-	60.0	(21.0)	39.0
Euro 60.0 loan	29/01/2019	-	60.0	(25.0)	35.0
		163.0	**380.0**	**(224.0)**	**319.0**

9. PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

OTE

On March 22, 2018 a new Collective Labor Agreement (CLA) was signed, amending, among others, the indemnity payable in case of retirement.

According to the new CLA, the benefit to be provided on retirement is calculated as follows:

a) For employees joined OTE prior to June 10, 1999, the indemnity is equal to the lesser amount between 100% of the maximum liability and Euro 0.03 (annually adjusted according to the inflation rate) plus 9 months' salary.
b) For employees joined OTE from June 10, 1999 until July 14, 2005, the indemnity is equal to the lesser amount between 100% of the maximum liability and Euro 0.03 (annually adjusted according to the inflation rate) plus 7 months' salary.
c) For employees who joined OTE from July 15, 2005, the indemnity payable will be equal to 40% of the retirement indemnity as provided in law 4093/2012.

As result of the amendment, a negative past service cost of Euro 33.4 was recognized in the interim consolidated and separate income statement and is included in the line "Personnel costs".

10. PROVISIONS FOR VOLUNTARY LEAVE SCHEME

OTE Voluntary Leave Scheme
In the first half of 2018, OTE proceeded to the implementation of voluntary leave schemes, the respective cost of which amounted to Euro 33.1.

Other voluntary leave schemes
In the first half of 2018, the operating segments, COSMOTE Group – Greece, TELEKOM ROMANIA, COSMOTE Group – Romania and COSMOTE Group – Albania, implemented voluntary leave schemes, the total cost of which was Euro 2.7, Euro 0.9, Euro 0.4 and Euro 0.3, respectively.

The total cost of the above mentioned programs for the first half of 2018, amounted to Euro 37.4 and Euro 33.1 for the Group and the Company, respectively. Amounts paid during the first half of 2018, in relation to voluntary leave schemes were Euro 8.2 for the Group and Euro 5.8 for the Company.

11. INCOME TAXES

The corporate income tax rate of legal entities in Greece is set at 29% for fiscal year 2015 onwards.

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:

ENTITY	Open Tax Years
OTE	2017
COSMOTE	2010, 2017
OTE INTERNATIONAL INVESTMENTS LTD	2012 – 2017
COSMO-ONE	2017
OTE PLC	2014 – 2017
OTESAT-MARITEL	2017
OTE PLUS	2010, 2017
OTE ESTATE	2017
OTE GLOBE	2010, 2017
OTE INSURANCE	2017
OTE ACADEMY	2017
COSMOTE TV PRODUCTIONS	2017
TELEKOM ROMANIA	2017
NEXTGEN	2008 – 2017
TELEKOM ALBANIA	2017
TELEKOM ROMANIA MOBILE	2013 – 2017

ENTITY	Open Tax Years
GERMANOS	2017
COSMOTE E-VALUE	2010, 2017
MOBILBEEEP LTD	2011 – 2017
COSMOHOLDING ROMANIA LTD	-
E-VALUE LTD	2017
COSMOHOLDING INTERNATIONAL B.V.	2014 – 2017
E-VALUE INTERNATIONAL S.A.	2014 – 2017
OTE RURAL NORTH	2014 – 2017
OTE RURAL SOUTH	2014 – 2017

- OTE, COSMOTE, GERMANOS, OTESAT-MARITEL and OTE GLOBE have received from the tax authorities, audit notifications for year 2012. It is noted that for the said year, the companies have been audited within the framework of the Annual Tax Certificate process as provided by paragraph 5 of article 82 of law 2238/1994 and the relevant Tax Compliance Reports have been issued without reservations by PricewaterhouseCoopers S.A.. The respective tax audits for COSMOTE, GERMANOS and OTE GLOBE are in progress.
- COSMOTE E-VALUE and OTE PLUS have received tax audit notifications for year 2010. The relevant audits have not started yet.
- The tax audits for COSMOTE and OTE GLOBE for the fiscal year 2010 are in progress.
- The tax audit for TELEKOM ROMANIA MOBILE for the years 2013 - 2016 is in progress.
- GERMANOS TELECOM ROMANIA S.A. and SUNLIGHT ROMANIA S.R.L-FILIALA have been absorbed in 2017 by TELEKOM ROMANIA MOBILE. Both companies were not audited for the tax years 2011 – 2017.
- ZAPP has been absorbed in 2017 by TELEKOM ROMANIA MOBILE. ZAPP was not audited for the tax years 2016 - 2017.
- The tax audit for TELEKOM ROMANIA for the years 2011 - 2016 was completed and the tax authorities imposed additional taxes and fines amounting to Euro 19.6. TELEKOM ROMANIA has appealed against the findings of the tax authorities.
- COSMO-ONE, OTE INSURANCE, OTE ACADEMY, COSMOTE TV PRODUCTIONS, MOBILBEEEP LTD and E-VALUE LTD, have not been audited by the tax authorities for the fiscal year 2010. In principal, fiscal year 2010 is considered closed for tax audit purposes.
- COSMOHOLDING ROMANIA LTD has been audited by the tax authorities within 2018 for all of its open tax years. The tax audit was completed without any impact for the company.

The current income tax expense of the Group for the first half of 2018 includes a positive effect amounted to Euro 31.8 related to deductible investment losses for which no deferred tax asset was previously recognized.

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

For the Greek companies of the Group that are subject to the Tax Certificate process, the tax audit for the financial year 2017 has been completed by PricewaterhouseCoopers S.A. and the "Tax Compliance Report" will be issued in the third quarter of 2018.

The major components of income tax expense are as follows:

	2nd Quarter		1st Half	
GROUP	**2018**	**2017**	**2018**	**2017**
Current income tax	22.8	45.3	65.7	89.7
Deferred income tax	(7.0)	(5.5)	(4.1)	(7.0)
Total income tax	**15.8**	**39.8**	**61.6**	**82.7**

	2nd Quarter		1st Half	
COMPANY	**2018**	**2017**	**2018**	**2017**
Current income tax	23.7	23.1	48.2	45.2
Deferred income tax	(5.8)	(0.7)	3.5	0.6
Total income tax	**17.9**	**22.4**	**51.7**	**45.8**

Income tax payable for the Group and the Company as of June 30, 2018 amounted to Euro 94.1 and 60.6, respectively (December 31, 2017: Euro 41.6 and 12.7, respectively).

Income tax receivable for the Group and the Company as of June 30, 2018 amounted to Euro 21.9 and Euro 7.7, respectively (December 31, 2017: Euro 22.8 and Euro 7.7 respectively) and is recorded under “Other current assets”.

12. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

	2nd Quarter		1st Half	
GROUP	2018	2017	2018	2017
Gain from disposal of property, plant and equipment	6.3	1.8	10.7	5.6
Income from contract penalties	4.3	1.9	7.2	4.2
Income from investment property	1.7	2.0	3.5	4.0
Income from related parties (Note 16)	-	-	0.1	0.1
Other	3.3	3.3	6.0	7.3
TOTAL	**15.6**	**9.0**	**27.5**	**21.2**

	2nd Quarter		1st Half	
COMPANY	2018	2017	2018	2017
Income from disposal of property, plant and equipment	0.2	-	2.0	0.8
Income from contract penalties	-	0.3	0.7	0.3
Income from related parties (Note 16)	0.5	0.4	1.0	0.7
Other	0.5	0.6	0.7	1.0
TOTAL	**1.2**	**1.3**	**4.4**	**2.8**

13. EARNINGS PER SHARE

Earnings / (losses) per share (after income taxes) are calculated by dividing the profit / (loss) 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:

	2nd Quarter		1st Half	
GROUP	2018	2017	2018	2017
Profit attributable to owners of the parent	**49.0**	**31.1**	**88.0**	**67.5**
Weighted average number of shares for basic earnings per share	487,571,486	488,819,070	488,185,969	488,824,644
Share options	-	-	-	-
Weighted average number of shares adjusted for the effect of dilutions	487,571,486	488,819,070	488,185,969	488,824,644
Basic earnings per share	0.1005	0.0636	0.1803	0.1381
Diluted earnings per share	0.1005	0.0636	0.1803	0.1381

(Earnings per share are in absolute amounts)

14. CONTRACT BALANCES

The following table provides information about contract assets and contract liabilities from contract with customers:

	GROUP		COMPANY	
	30/06/2018	01/01/2018	30/06/2018	01/01/2018
Contract costs (short-term portion)	33.1	31.0	2.6	2.7
Contract costs (long-term portion)	10.4	9.9	1.4	1.7
Total contract costs	**43.5**	**40.9**	**4.0**	**4.4**
Contract assets (short-term portion)	22.9	24.7	1.0	2.2
Contract assets (long-term portion)	10.6	8.3	0.5	0.2
Total contract assets	**33.5**	**33.0**	**1.5**	**2.4**
Total assets	**77.0**	**73.9**	**5.5**	**6.8**
Contract liabilities (short-term portion)	129.6	130.1	77.9	75.1
Contract liabilities (long-term portion)	51.0	22.3	112.6	116.5
Total liabilities	**180.6**	**152.4**	**190.5**	**191.6**

15. OPERATING SEGMENT INFORMATION

The following information is provided for the reportable segments, which are separately disclosed in the financial statements and which are regularly reviewed by the Group's chief operating decision makers. Segments were determined based on the Group's legal structure and business activities.

Using quantitative and qualitative thresholds OTE, COSMOTE Group – Greece, COSMOTE Group – Romania, COSMOTE Group – Albania (or TELEKOM ALBANIA) and TELEKOM ROMANIA 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. This category comprises all the other operations of the Group, the most material of which relate to the Group's real estate subsidiary, OTE ESTATE, the Group's international carrier, OTE GLOBE and the Group's financing subsidiary, OTE PLC. The types of services provided by the reportable segments are as follows:

- OTE is a provider of fixed-line services, internet access services, ICT services and TV services in Greece.
- COSMOTE Group is a provider of mobile telecommunications services in Greece, Romania and Albania.
- TELEKOM ROMANIA is a provider of fixed-line services, internet access services, ICT 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 financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations; operating profit / (loss) before financial and investing activities and profit / (loss) for the year.

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

Six month period ended June 30, 2018	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Retail services revenues (fixed business)	451.9	-	-	-	128.4	-	580.3	-	580.3
Service revenues (mobile business)	-	446.2	145.6	29.2	18.8	-	639.8	-	639.8
Revenue from the sale of goods and merchandise	16.5	61.3	35.9	0.7	18.2	1.0	133.6	-	133.6
Other revenues	251.6	2.1	16.6	0.2	100.7	155.5	526.7	-	526.7
External revenue	**720.0**	**509.6**	**198.1**	**30.1**	**266.1**	**156.5**	**1,880.4**	**-**	**1,880.4**
Intersegment revenue	55.7	73.4	47.7	2.9	14.6	61.9	256.2	(256.2)	-
Total revenues	**775.7**	**583.0**	**245.8**	**33.0**	**280.7**	**218.4**	**2,136.6**	**(256.2)**	**1,880.4**
Operating profit before financial and investing activities, depreciation, amortization and impairment	317.9	181.1	42.8	2.3	26.3	25.1	595.5	(0.8)	594.7
Costs related to voluntary leave schemes	(33.1)	(2.7)	(0.4)	(0.3)	(0.9)	-	(37.4)	-	(37.4)
Other restructuring costs and non-recurring litigations	(0.3)	-	-	(1.7)	-	-	(2.0)	-	(2.0)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	351.3	183.8	43.2	4.3	27.2	25.1	634.9	(0.8)	634.1
Depreciation, amortization and impairment	(154.3)	(109.3)	(57.8)	(6.1)	(50.1)	(12.9)	(390.5)	0.4	(390.1)
Operating profit / (loss) before financial and investing activities	163.6	71.8	(15.0)	(3.8)	(23.8)	12.2	205.0	(0.4)	204.6
Dividend income	30.0	24.9	-	-	-	-	54.9	(54.9)	-
Interest income	1.3	19.4	-	1.6	0.1	28.2	50.6	(49.7)	0.9
Interest and related expenses	(32.0)	(13.2)	(18.8)	(0.3)	(1.2)	(27.5)	(93.0)	49.7	(43.3)
Income tax	(51.7)	(7.1)	2.4	(0.1)	-	(5.1)	(61.6)	-	(61.6)
Profit / (loss) for the period	111.5	95.6	(33.3)	(24.9)	(25.3)	8.1	131.7	(55.3)	76.4
Purchase of property plant and equipment and intangible assets	158.5	92.6	22.1	6.2	65.4	7.3	352.1	-	352.1

Six month period ended June 30, 2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Retail services revenues (fixed business)	448.1	-	-	-	147.2	-	595.3	-	595.3
Service revenues (mobile business)	-	446.0	141.0	28.5	15.9	-	631.4	-	631.4
Revenue from the sale of goods and merchandise	15.0	45.0	34.0	0.6	12.6	0.7	107.9	-	107.9
Other revenues	254.6	6.6	8.4	0.3	106.2	157.1	533.2	-	533.2
External revenue	**717.7**	**497.6**	**183.4**	**29.4**	**281.9**	**157.8**	**1,867.8**	**-**	**1,867.8**
Intersegment revenue	65.1	68.6	30.9	3.5	13.1	68.6	249.8	(249.8)	-
Total revenues	**782.8**	**566.2**	**214.3**	**32.9**	**295.0**	**226.4**	**2,117.6**	**(249.8)**	**1,867.8**
Operating profit before financial and investing activities, depreciation, amortization and impairment	329.0	186.8	29.1	2.9	38.5	22.2	608.5	(1.2)	607.3
Costs related to voluntary leave schemes	(2.1)	-	(0.4)	-	(8.3)	0.1	(10.7)	-	(10.7)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	331.1	186.8	29.5	2.9	46.8	22.1	619.2	(1.2)	618.0
Depreciation, amortization and impairment	(155.8)	(111.6)	(47.3)	(9.3)	(56.3)	(12.2)	(392.5)	-	(392.5)
Operating profit / (loss) before financial and investing activities	173.2	75.2	(18.2)	(6.4)	(17.8)	10.0	216.0	(1.2)	214.8
Interest income	1.2	24.2	-	3.2	0.1	51.7	80.4	(79.6)	0.8
Interest and related expenses	(47.1)	(23.6)	(25.1)	(0.1)	(3.8)	(50.3)	(150.0)	79.6	(70.4)
Income tax	(45.8)	(27.8)	(2.7)	1.5	-	(7.9)	(82.7)	-	(82.7)
Profit / (loss) for the period	135.9	47.8	(44.6)	(9.7)	(22.8)	2.3	108.9	(56.6)	52.3
Purchase of property plant and equipment and intangible assets	206.1	102.4	34.7	9.1	63.8	7.4	423.5	-	423.5

30/06/2018	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets	2,673.6	2,433.8	778.8	559.6	853.5	1,902.4	9,201.7	(2,576.4)	6,625.3
Segment liabilities	3,172.2	1,212.2	509.8	64.6	336.6	1,365.5	6,660.9	(2,576.4)	4,084.5

31/12/2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets	2,498.0	2,556.2	813.6	570.1	885.1	2,592.0	9,915.0	(2,812.8)	7,102.2
Segment liabilities	2,966.5	1,455.8	524.7	53.0	359.1	1,966.5	7,325.6	(2,812.8)	4,512.8

GEOGRAPHIC INFORMATION

Geographic information for the Group's revenues and operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations is as follows:

Six month period ended June 30, 2018	Greece	Romania	Albania	Elim.	TOTAL
Total revenues	1,396.8	464.3	33.0	(13.7)	1,880.4
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	559.4	70.4	4.3	-	634.1

Six month period ended June 30, 2017	Greece	Romania	Albania	Elim.	TOTAL
Total revenues	1,382.9	466.2	32.9	(14.2)	1,867.8
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	538.8	76.3	2.9	-	618.0

16. RELATED PARTY DISCLOSURES

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

The 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 45.00% 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, provides services and delivers goods to them. Furthermore, OTE grants / receives loans to / from these related parties, receives dividends and pays dividends.

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

	1st Half 2018		1st Half 2017	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	46.8	72.0	49.0	63.2
COSMOTE TV PRODUCTIONS	-	0.4	0.2	0.2
COSMO-ONE	-	0.3	-	0.3
OTE SAT-MARITEL	0.1	0.1	0.1	0.1
OTE PLUS	-	1.0	-	0.8
OTE ESTATE	-	23.2	0.2	21.9
OTE GLOBE	6.9	21.4	6.2	26.4
OTE ACADEMY	-	0.7	0.1	1.5
TELEKOM ROMANIA	-	-	0.1	-
OTE RURAL NORTH	0.8	0.8	2.8	0.2
OTE RURAL SOUTH	1.1	1.6	6.4	0.1
DEUTSCHE TELEKOM group of companies (except for OTE Group)	8.6	2.4	4.7	2.4
TOTAL	**64.3**	**123.9**	**69.8**	**117.1**

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

	1st Half 2018		1st Half 2017	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	20.0	18.3	19.4	16.5
TOTAL	**20.0**	**18.3**	**19.4**	**16.5**

OTE's other operating income with its related parties is analyzed as follows:

	Other operating income OTE	
	1st Half 2018	1st Half 2017
COSMOTE Group - Greece	0.9	0.6
OTE ESTATE	-	0.1
OTE ACADEMY	0.1	-
TOTAL	**1.0**	**0.7**

The Group's other operating income with its related parties which is not eliminated in the consolidation is analyzed as follows:

	Group's other operating income	
	1st Half 2018	1st Half 2017
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.1	0.1
TOTAL	**0.1**	**0.1**

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

	1st Half 2018		1st Half 2017	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	19.8	-	29.7
COSMOTE Group - Albania	-	1.1	-	2.0
OTE RURAL NORTH	0.2	-	0.2	-
OTE RURAL SOUTH	0.3	-	0.3	-
TOTAL	**0.5**	**20.9**	**0.5**	**31.7**

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

	Dividend income OTE	
	1st Half 2018	1st Half 2017
OTESAT-MARITEL	-	0.6
OTE ESTATE	30.0	55.0
TOTAL	**30.0**	**55.6**

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

	30/06/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	55.0	183.7	77.8	181.6
COSMOTE Group - Romania	0.2	-	0.2	-
COSMOTE Group - Albania	-	-	0.1	-
COSMOTE TV PRODUCTIONS	0.1	0.4	0.2	0.2
COSMO-ONE	-	0.3	-	0.2
OTESAT-MARITEL	4.2	0.2	4.0	0.1
OTE PLUS	0.1	2.0	-	2.1
OTE ESTATE	1.8	1.1	51.7	1.2
OTE GLOBE	3.1	9.4	23.4	8.8
OTE ACADEMY	0.5	0.5	0.7	1.9
TELEKOM ROMANIA	0.9	0.1	0.9	0.1
COSMOTE PAYMENTS	-	0.4	-	-
OTE RURAL NORTH	3.9	1.1	11.1	0.1
OTE RURAL SOUTH	6.7	1.0	16.5	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	9.0	83.8	8.7	6.3
TOTAL	**85.5**	**284.0**	**195.3**	**202.6**

Amounts owed by OTE to DEUTSCHE TELEKOM group of companies (except for OTE Group) include dividend payable amounting to Euro 77.8 as of June 30, 2018 (December 31, 2017: nil).

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:

	30/06/2018		31/12/2017	
	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)	26.0	146.6	29.8	83.7
TOTAL	**26.0**	**146.6**	**29.8**	**83.7**

Amounts owed by the Group to DEUTSCHE TELEKOM group of companies (except for OTE Group) include dividend payable amounting to Euro 77.8 as of June 30, 2018 (December 31, 2017: nil).

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

	30/06/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,043.8	-	1,239.5
COSMOTE Group - Albania	-	326.0	-	72.1
OTE RURAL NORTH	10.6	-	10.6	-
OTE RURAL SOUTH	12.3	-	18.5	-
TOTAL	**22.9**	**1,369.8**	**29.1**	**1,311.6**

Amounts owed by OTE to OTE PLC and COSMOTE Group – Albania (TELEKOM ALBANIA) relating to loans include interest payable amounting to Euro 28.5 and Euro 1.0 respectively as of June 30, 2018 (December 31, 2017: OTE PLC Euro 22.5 and TELEKOM ALBANIA Euro 1.1).

Amounts owed to OTE by OTE RURAL NORTH and OTE RURAL SOUTH relating to loans, include interest receivable amounting to Euro 0.1 as of June 30, 2018 (December 31, 2017: Euro 0.1).

Key Management Personnel and those closely related to them are defined in accordance with IAS 24 "Related Party Disclosures". Key management compensation comprises salaries and other short term benefits, termination benefits, post-employment benefits and other long term benefits (as defined in IAS 19 "Employee Benefits") and share-based payments (as defined in IFRS 2 "Share-based Payment").

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 4.6 for the first half of 2018 (first half of 2017: Euro 4.6).

17. 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 extraordinary developments with respect to the litigations and claims referred to the financial statements as of December 31, 2017.

18. 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:

	Carrying Amount		Fair value	
GROUP	**30/06/2018**	**31/12/2017**	**30/06/2018**	**31/12/2017**
Financial Assets				
Trade receivables	730.1	719.7	730.1	719.7
Loans to pension funds	87.9	89.5	119.1	121.7
Loans and advances to employees	58.2	53.4	58.2	53.4
Guarantees	5.8	5.9	5.8	5.9
Guaranteed receipt from Grantor (Financial asset model)	28.1	38.0	28.1	38.0
Contract assets	33.5	-	33.5	-
Restricted cash	4.7	4.3	4.7	4.3
Cash and cash equivalents	817.1	1,297.7	817.1	1,297.7
Financial Liabilities				
Long-term borrowings	1,328.6	1,276.2	1,374.9	1,345.1
Short-term portion of long-term borrowings	186.4	764.5	187.0	771.6
Trade accounts payable	1,037.0	1,162.4	1,037.0	1,162.4
Interest payable	38.7	36.7	38.7	36.7
Unpaid portion for spectrum licenses	-	13.5	-	13.5
Liability for TV broadcasting rights (long-term portion)	70.6	76.4	70.6	76.4

COMPANY	Carrying Amount 30/06/2018	Carrying Amount 31/12/2017	Fair value 30/06/2018	Fair value 31/12/2017
Financial Assets				
Trade receivables	322.3	357.1	322.3	357.1
Loans to pension funds	87.9	89.5	119.1	121.7
Loans and advances to employees	56.9	52.9	56.9	52.9
Guarantees	0.5	0.4	0.5	0.4
Other receivables from related parties	9.6	7.5	9.6	7.5
Loans to group companies	22.8	29.0	22.8	31.7
Contract assets	1.5	-	1.5	-
Cash and cash equivalents	456.3	185.6	456.3	185.6
Financial Liabilities				
Long-term borrowings	1,086.0	1,004.4	1,122.8	1,060.8
Short-term borrowings and short-term portion of long-term borrowings	447.9	541.4	449.5	545.2
Trade accounts payable	404.5	400.4	404.5	400.4
Interest payable	31.6	26.3	31.6	26.3
Liability for TV broadcasting rights (long-term portion)	69.4	75.3	69.4	75.3

The fair values of loans to pension funds, loans to group companies, long-term borrowings, short-term borrowings and short-term portion of long-term borrowings are based on either quoted (unadjusted) prices or on cash flows discounted using either direct or indirect observable inputs. The fair value of the remaining financial assets and financial liabilities approximate their carrying amounts.

As at June 30, 2018, the Group and the Company held the following financial instruments measured at fair value:

GROUP	Fair value 30/06/2018	Fair value 31/12/2017	Fair value hierarchy
Financial Assets			
Investments in mutual funds	4.0	4.1	Level 1
Investments in mutual funds	1.8	1.8	Level 3

COMPANY	Fair value 30/06/2018	Fair value 31/12/2017	Fair value hierarchy
Financial Assets			
Investment in mutual funds	2.4	2.5	Level 1

FINANCIAL RISK MANAGEMENT

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing continuous signs of stability, evidenced by the completion of the fourth and final review on 22 June 2018. However uncertainties continue to exist, since the economy remains very sensitive to external shocks. The capital controls initially imposed on June 28, 2015 continue to be in place but have been eased over time. The most recent related amendment came into force on May 31, 2018. To the extent that the agreed primary surplus targets will be achieved in the future and assuming that the capital controls will be further eased or eliminated in the short to medium term, no material negative impact on the Group's Greek operations is anticipated.

Management continually assesses the possible impact of any changes in the macroeconomic and financial environment in Greece so as to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations. Management is not able to accurately predict the likely developments in the Greek economy, however based on its assessment, it has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of June 30, 2018.

Financial Risks

The below stated risks are significantly affected by the macroeconomic and financial environment in Greece, as analyzed above.

a) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a 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.

Financial instruments classified as fair value through profit and loss include mutual funds and other securities. These financial assets are not considered to expose the Group and the Company to a significant credit risk.

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 the 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 other telecommunication service providers, due to their relatively small number and the high volume 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 recognizes 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, adjusted for forward-looking factors specific to the customers and the economic environment.

Group's cash and cash equivalents are mainly invested in highly rated counterparties and with a very short term tenor.

Loans include loans to employees, which are collected either through the payroll or are netted-off with their retirement indemnities, and loans to pension funds mainly due to prior years voluntary leave schemes. The latter loans are exposed to credit risk related to the debt servicing capacity of the pension fund.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or 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 other financial assets as at June 30, 2018 amount to Euro 822.9 and Euro 466.8 respectively and their short-term borrowings and short-term portion of long-term borrowings amount to Euro 186.4 and Euro 447.9, respectively.

For the monitoring of the liquidity risk, the Group prepares cash flows forecasts 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.

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, the 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 plans and maximize shareholder value.

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

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

GROUP	June 30, 2018	December 31, 2017
Long-term borrowings	1,328.6	1,276.2
Short-term portion of long-term borrowings	186.4	764.5
Cash and cash equivalents	(817.1)	(1,297.7)
Net debt	**697.9**	**743.0**
Total equity	2,540.8	2,589.4
Gearing ratio	**0.27x**	**0.29x**

COMPANY	June 30, 2018	December 31, 2017
Long-term borrowings	1,086.0	1,004.4
Short-term borrowings	319.0	163.0
Short-term portion of long-term borrowings	128.9	378.4
Cash and cash equivalents	(456.3)	(185.6)
Net debt	**1,077.6**	**1,360.2**
Total equity	2,867.0	2,958.2
Gearing ratio	**0.38x**	**0.46x**

19. RECLASSIFICATIONS

In the consolidated and separate statement of financial position of 2017, an amount of Euro 5.2 and Euro 3.5 respectively, relating to “Deferred revenue” has been reclassified to “Other current liabilities”, as the then outstanding balance of “Deferred revenue” following the implementation of IFRS 15 is not material.

In the interim consolidated and separate income statement of the first half of 2017, an amount of Euro 3.4 and Euro 3.2 respectively, has been reclassified from “Third party fees and services“ to “Other sundry operating expenses” for better presentation.

20. EVENTS AFTER THE FINANCIAL POSITION DATE

The most significant events after June 30, 2018, are as follows:

Shareholder Remuneration Policy - Share Buyback Programs

In the respect of the new shareholder remuneration policy and pursuant to the approval from the Extraordinary Shareholders General Meeting held on February 15, 2018, OTE launched its share buy-back program on April 4, 2018. Until August 6, 2018, OTE had acquired 3,988,229 own shares for a total consideration of Euro 43.3. The shares acquired will be cancelled, following approval from Shareholders General Meeting. As of August 6, 2018, OTE possessed 5,308,339 own shares for a total value of Euro 57.6.
The aggregated amount of the share buy-back program is intended to be of a range of Euro 85.0 to Euro 95.0 and will be completed at any time between October 1, 2018 and January 31, 2019.

New Euro 400.0 Notes under the Global Medium-Term Note Programme of OTE PLC

On July 18, 2018, OTE PLC issued Euro 400.0 Fixed Rate Notes under its Global Medium-Term Note Programme, maturing on July 18, 2022 with an annual coupon of 2.375%. The Notes are guaranteed by OTE.

OTE’s Credit Valuation

On July 27, 2018, Standard & Poor's Ratings Services raised its long-term corporate credit rating on OTE to 'BB+' from 'BB'.

V. FINANCIAL DATA AND INFORMATION

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

Greek General Commercial Registry ("Γ.Ε.ΜΗ.") 1037501000

REGISTERED OFFICE: 99 KIFISSIAS AVE - 15124 MAROUSSI, ATHENS

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM JANUARY 1, 2018 TO JUNE 30, 2018

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.cosmote.gr
Date of approval of financial statements from the Board of Directors: August 08, 2018
The Certified Auditor: Fotis Smirnis (RN ICA(GR): 52861)
Auditing Company: PricewaterhouseCoopers S.A. Certified Auditors - Accountants (SOEL REG: No 113)
Type of Auditor's Opinion: Unqualified

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

	GROUP		COMPANY	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
ASSETS				
Property, plant and equipment	2,717.1	2,740.9	1,256.6	1,239.2
Intangible assets	1,398.4	1,474.9	241.1	259.9
Other non current assets	552.0	508.2	3,641.4	3,699.2
Inventories	100.6	91.3	12.2	12.4
Trade receivables	730.1	719.7	322.3	357.1
Other current assets	310.0	269.5	109.3	171.3
Cash and cash equivalents	817.1	1,297.7	456.3	185.6
TOTAL ASSETS	**6,625.3**	**7,102.2**	**6,039.2**	**5,924.7**
EQUITY AND LIABILITIES				
Share capital	1,387.1	1,387.1	1,387.1	1,387.1
Other equity items	913.7	957.3	1,479.9	1,571.1
Equity attributable to shareholders of the parent (a)	2,300.8	2,344.4	2,867.0	2,958.2
Non-controlling interests (b)	240.0	245.0	-	-
Total equity (c) = (a) + (b)	**2,540.8**	**2,589.4**	**2,867.0**	**2,958.2**
Long-term borrowings	1,328.6	1,276.2	1,086.0	1,004.4
Provisions / Other non-current liabilities	489.2	515.6	467.0	526.9
Short-term borrowings	186.4	764.5	447.9	541.4
Other current liabilities	2,080.3	1,956.5	1,171.3	893.8
Total liabilities (d)	**4,084.5**	**4,512.8**	**3,172.2**	**2,966.5**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**6,625.3**	**7,102.2**	**6,039.2**	**5,924.7**

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

	01.01-30.06.2018	01.01-30.06.2017	01.04-30.06.2018	01.04-30.06.2017
Total revenues	1,880.4	1,867.8	959.1	938.8
Profit before taxes, investment and financial activities	**204.6**	**214.8**	**93.7**	**110.3**
Profit before tax	138.0	135.0	57.9	59.6
Profit after tax (A)	**76.4**	**52.3**	**42.1**	**19.8**
Attributable to:				
- Owners of the parent	88.0	67.5	49.0	31.1
- Non - controlling interests	(11.6)	(15.2)	(6.9)	(11.3)
Other comprehensive income / (loss) after tax (B)	**26.2**	**10.8**	**21.1**	**16.3**
Total comprehensive income after tax (A) + (B)	**102.6**	**63.1**	**63.2**	**36.1**
Attributable to:				
- Owners of the parent	115.0	79.5	70.2	47.8
- Non - controlling interests	(12.4)	(16.4)	(7.0)	(11.7)
Basic earnings per share (in €)	**0.1803**	**0.1381**	**0.1005**	**0.0636**
Profit before taxes, investment, financial activities and depreciation, amortization and impairment	**594.7**	**607.3**	**279.9**	**305.7**

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

	01.01-30.06.2018	01.01-30.06.2017	01.04-30.06.2018	01.04-30.06.2017
Total revenues	775.7	782.8	390.6	390.8
Profit before taxes, investment and financial activities	**163.6**	**173.2**	**55.0**	**84.7**
Profit before tax	163.2	181.7	71.8	115.2
Profit after tax (A)	**111.5**	**135.9**	**53.9**	**92.8**
Other comprehensive income / (loss) after tax (B)	**(1.4)**	**4.4**	**(0.3)**	**3.2**
Total comprehensive income/ (loss) after tax (A)+(B)	**110.1**	**140.3**	**53.6**	**96.0**
Profit before taxes, investment, financial activities and depreciation, amortization and impairment	**317.9**	**329.0**	**130.8**	**163.1**

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

	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Total equity at the beginning of the period (01.01.2018 and 01.01.2017)	2,589.4	2,651.7	2,958.2	2,802.7
Impact of implementation of IFRS 15 and IFRS 9	51.0	-	0.8	-
Total comprehensive income after tax	102.6	63.1	110.1	140.3
Dividend distribution	(171.6)	(78.2)	(171.5)	(78.2)
Acquisition of treasury shares	(30.8)	-	(30.8)	-
Share option plans	0.2	(0.2)	0.2	(0.2)
Total equity at the end of the period (30.06.2018 and 30.06.2017)	**2,540.8**	**2,636.4**	**2,867.0**	**2,864.6**

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-30.06.2018	01.01-30.06.2017	01.01-30.06.2018	01.01-30.06.2017
Cash flows from operating activities				
Profit before tax	138.0	135.0	163.2	181.7
Adjustments for:				
Depreciation, amortization and impairment	390.1	392.5	154.3	155.8
Costs related to voluntary leave schemes	37.4	10.7	33.1	2.1
Provision for staff retirement indemnities	(29.5)	5.5	(30.4)	4.6
Provision for youth account	1.3	1.4	1.3	1.4
Foreign exchange differences, net	24.1	10.2	(0.4)	1.2
Interest income	(0.9)	(0.8)	(1.3)	(1.2)
Dividend income	-	-	(30.0)	(55.6)
(Gains) / losses from investments and other financial assets - Impairment	0.1	-	0.1	-
Interest and related expenses	43.3	70.4	32.0	47.1
Working capital adjustments:				
Decrease / (increase) in inventories	(9.2)	(5.8)	0.2	2.5
Decrease / (increase) in receivables	(48.7)	(28.8)	4.6	(1.7)
(Decrease) / increase in liabilities (except borrowings)	(58.7)	(91.2)	6.2	(2.5)
Plus / (Minus):				
Payment for voluntary leave schemes	(8.2)	(10.2)	(5.8)	(6.3)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(5.8)	(6.0)	(5.6)	(6.0)
Interest and related expenses paid	(34.5)	(37.3)	(21.9)	(29.5)
Income tax paid	(13.2)	(13.5)	(0.3)	(1.2)
Net cash flows from operating activities (a)	**425.6**	**432.1**	**299.3**	**292.4**
Cash flows from investing activities				
Return of capital invested in subsidiary	-	-	61.5	-
Sale or maturity of financial assets	-	0.2	6.2	-
Repayment of loans receivable	3.6	2.7	3.6	2.7
Purchase of property, plant and equipment and intangible assets	(352.1)	(423.5)	(158.5)	(206.1)
Movement in restricted cash	(0.4)	(0.1)	-	-
Interest received	0.9	0.7	1.3	1.2
Dividends received	-	-	101.0	-
Net cash flows used in investing activities (b)	**(348.0)**	**(420.0)**	**15.1**	**(202.2)**
Cash flows from financing activities				
Acquisition of own shares	(29.8)	-	(29.8)	-
Share option plans	-	(0.3)	-	(0.3)
Proceeds from loans granted and issued	150.0	-	525.0	193.6
Repayment of loans	(678.0)	(87.4)	(538.8)	(414.8)
Dividends paid to Company's owners	(0.1)	(0.3)	(0.1)	(0.3)
Net cash flows used in financing activities (c)	**(557.9)**	**(88.0)**	**(43.7)**	**(221.8)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**(480.3)**	**(75.9)**	**270.7**	**(131.6)**
Cash and cash equivalents, at the beginning of the period	**1,297.7**	**1,585.6**	**185.6**	**511.6**
Net foreign exchange differences	(0.3)	(1.2)	-	-
Cash and cash equivalents, at the end of the period	**817.1**	**1,508.5**	**456.3**	**380.0**

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 5 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 11 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 at June 30, 2018 for litigations and other risks, as well as for unaudited tax years or pending tax cases are as follows: a) for the Group € 132.2 million and € 27.9 million respectively and b) for the Company € 119.6 million and € 16.1 million respectively.
4) Number of employees at the end of the period Group: 20,410 (30.06.2017: 21,271), Company 8,488 (30.06.2017: 8,626).
5) Other comprehensive income / (loss) after tax for the first six months of 2018 which was recognized directly in equity for the Group, relates to actuarial losses € (1.4) million (net of deferred taxes) and foreign currency translation € 27.6 million. As for the Company, it relates to actuarial losses € (1.4) million (net of deferred taxes).
6) Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and holds a 45.00% interest in OTE as of June 30, 2018.
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 2018, amounted to € 64.3 million and € 123.9 million, respectively. Other operating income for the first six months of 2018 amounted to € 1.0 million. Finance income and expense for the first six months of 2018 amounted to € 0.5 million and € 20.9 million respectively. The outstanding balance of receivables and payables from / to related parties as of June 30, 2018 derived from current transactions amounted to € 85.5 million and € 284.0 million, respectively. The outstanding balance of loans receivables from and payables to related parties amounted to € 22.9 million and € 1,369.8 million, respectively. Dividend income from related parties amounts to € 30.0 million. Fees to the members of the Board of Directors and the Company's key management personnel compensation charged in the Income Statement for the first six months of 2018, amounted to € 4.6 million. At Group level, sales and purchases of goods and services between related parties which are not eliminated, for the first six months of 2018 amounted to € 20.0 million and € 18.3 million, respectively. Other operating income, between related parties which is not eliminated, for the first six months of 2018 amounted to € 0.1 million. The outstanding balances of receivables and payables, between related parties which are not eliminated, as of June 30, 2018 resulting from operating transactions amounted to € 26.0 million and € 146.6 million, respectively.
8) Basic earnings per share were calculated based on the weighted average number of shares outstanding.
9) The impact of adopting IFRS 15 and IFRS 9 on the Group's and Company's interim condensed financial statements is presented in Note 4 of the financial statements.
10) Reclassifications have been made for better presentation with no impact on the equity or the results of operations of the Group and the Company. These reclassifications are presented in Note 19 of the financial statements.
11) Significant events after June 30, 2018 are disclosed in Note 20 of the financial statements.

Athens, August 08, 2018

CHAIRMAN AND MANAGING DIRECTOR	BOARD MEMBER AND OTE GROUP CHIEF FINANCIAL OFFICER	EXECUTIVE DIRECTOR FINANCIAL OPERATIONS OTE GROUP	ACCOUNTING DIRECTOR
MICHAEL TSAMAZ I.D. Number AB 516212	CHARALAMPOS MAZARAKIS I.D. Number AE 096808 License Number 0021943	GEORGE MAVRAKIS I.D. Number AN 023801	ANASTASIOS KAPENIS I.D.Number AK 618263 License Number 0086190