# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

## INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE) AS OF SEPTEMBER 30, 2014

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

**(TRANSLATED FROM THE GREEK ORIGINAL)**

The Interim Condensed Financial Statements presented on pages 1-26 were approved by the Board of Directors on November 5, 2014 and are signed by:

| Chairman & Managing Director | Board Member & OTE Group Chief Financial Officer | OTE Group General Manager Financial Operations | Accounting Director |
|---|---|---|---|
| Michael Tsamaz | Charalampos Mazarakis | George Mavrakis | Konstantinos Vasilopoulos |

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

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

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| (Amounts in millions of Euro) | Notes | 30/09/2014 | 31/12/2013 | 30/09/2014 | 31/12/2013 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | 3,115.9 | 3,278.9 | 1,302.1 | 1,356.4 |
| Goodwill | | 507.2 | 506.0 | - | - |
| Telecommunication licenses | | 455.6 | 474.8 | 4.8 | 2.7 |
| Other intangible assets | | 441.1 | 506.6 | 103.0 | 139.3 |
| Investments | 4 | 0.2 | 0.1 | 3,538.5 | 3,538.5 |
| Loans and advances to pension funds | | 105.9 | 110.9 | 105.9 | 110.9 |
| Deferred tax assets | | 368.6 | 393.9 | 192.6 | 223.2 |
| Other non-current assets | | 83.2 | 78.0 | 53.6 | 48.2 |
| **Total non-current assets** | | **5,077.7** | **5,349.2** | **5,300.5** | **5,419.2** |
| **Current assets** | | | | | |
| Inventories | | 107.3 | 97.0 | 19.0 | 16.7 |
| Trade receivables | | 693.7 | 703.3 | 335.9 | 332.0 |
| Other financial assets | 5 | 4.2 | 16.5 | 2.4 | 11.4 |
| Other current assets | | 212.9 | 228.5 | 98.6 | 104.3 |
| Restricted cash | | 4.4 | 4.5 | - | - |
| Cash and cash equivalents | | 1,310.1 | 1,444.3 | 552.8 | 426.6 |
| **Total current assets** | | **2,332.6** | **2,494.1** | **1,008.7** | **891.0** |
| **TOTAL ASSETS** | | **7,410.3** | **7,843.3** | **6,309.2** | **6,310.2** |
| **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 | 479.0 | 511.9 | 479.0 | 511.9 |
| Treasury shares | 6 | (10.7) | (11.2) | (10.7) | (11.2) |
| Statutory reserve | | 347.2 | 347.2 | 347.2 | 347.2 |
| Foreign exchange and other reserves | | (164.3) | (157.9) | (33.3) | (11.3) |
| Changes in non-controlling interests | | (3,315.2) | (3,315.2) | - | - |
| Retained earnings | | 3,352.6 | 3,158.4 | 459.8 | 393.1 |
| **Total equity attributable to owners of the Parent** | | **2,075.7** | **1,920.3** | **2,629.1** | **2,616.8** |
| Non-controlling interests | | 383.1 | 375.4 | - | - |
| **Total equity** | | **2,458.8** | **2,295.7** | **2,629.1** | **2,616.8** |
| **Non-current liabilities** | | | | | |
| Long-term borrowings | 7 | 2,231.9 | 2,556.5 | 1,475.7 | 1,600.6 |
| Provision for staff retirement indemnities | | 227.3 | 199.3 | 196.7 | 171.4 |
| Provision for youth account | | 197.8 | 182.3 | 197.8 | 182.3 |
| Deferred tax liabilities | | 62.2 | 68.1 | - | - |
| Other non-current liabilities | | 115.8 | 133.8 | 143.6 | 161.9 |
| **Total non-current liabilities** | | **2,835.0** | **3,140.0** | **2,013.8** | **2,116.2** |
| **Current liabilities** | | | | | |
| Trade accounts payable | | 749.5 | 923.7 | 299.3 | 362.6 |
| Short-term borrowings | 7 | - | 11.0 | 271.0 | 167.0 |
| Short-term portion of long-term borrowings | 7 | 509.8 | 388.9 | 582.2 | 366.8 |
| Income tax payable | 8 | 33.4 | 82.8 | - | 38.1 |
| Deferred revenue | | 144.3 | 147.4 | 79.9 | 80.3 |
| Provision for voluntary leave scheme | 9 | 142.9 | 237.9 | 142.9 | 237.9 |
| Dividends payable | | 0.5 | 1.0 | 0.5 | 1.0 |
| Other current liabilities | | 536.1 | 614.9 | 290.5 | 323.5 |
| **Total current liabilities** | | **2,116.5** | **2,407.6** | **1,666.3** | **1,577.2** |
| **TOTAL EQUITY AND LIABILITIES** | | **7,410.3** | **7,843.3** | **6,309.2** | **6,310.2** |

The accompanying notes on pages 10-26 form an integral part of these financial statements.

## INTERIM INCOME STATEMENT (CONSOLIDATED)

| (Amounts in millions of Euro except per share data) | Notes | 3rd Quarter 2014 | 3rd Quarter 2013 | First nine months 2014 | First nine months 2013 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| **Revenue** | | | | | |
| **Fixed business:** | | | | | |
| Retail services revenues | | 307.7 | 316.7 | 922.5 | 955.8 |
| Wholesale services revenues | | 151.7 | 159.9 | 439.4 | 433.8 |
| Other revenues | | 79.8 | 73.1 | 235.4 | 215.9 |
| **Total revenues from fixed business** | | **539.2** | **549.7** | **1,597.3** | **1,605.5** |
| **Mobile business:** | | | | | |
| Service revenues | | 364.3 | 394.6 | 1,055.3 | 1,129.2 |
| Handset revenues | | 59.0 | 59.5 | 168.4 | 168.8 |
| Other revenues | | 4.5 | 6.4 | 12.5 | 15.9 |
| **Total revenues from mobile business** | | **427.8** | **460.5** | **1,236.2** | **1,313.9** |
| **Miscellaneous other revenues** | | **20.6** | **29.7** | **68.4** | **89.2** |
| **Total revenues** | | **987.6** | **1,039.9** | **2,901.9** | **3,008.6** |
| | | | | | |
| **Other operating income** | 10 | **16.7** | **14.1** | **43.0** | **28.4** |
| | | | | | |
| **Operating expenses** | | | | | |
| Interconnection and roaming costs | | (116.7) | (128.2) | (337.2) | (329.2) |
| Provision for doubtful accounts | | (21.1) | (20.9) | (63.2) | (64.1) |
| Personnel costs | | (171.5) | (206.4) | (526.1) | (624.2) |
| Costs related to early retirement programs | | (2.7) | (10.2) | (5.4) | (17.7) |
| Commission costs | | (35.0) | (39.9) | (108.5) | (126.2) |
| Device cost | | (67.2) | (69.8) | (197.6) | (185.2) |
| Maintenance and repairs | | (26.2) | (22.5) | (73.9) | (67.6) |
| Marketing | | (27.9) | (26.5) | (81.9) | (81.2) |
| Other operating expenses, out of which: | | (168.6) | (160.8) | (510.0) | (484.4) |
| *Rental, leasing and facility costs* | | *(50.1)* | *(51.2)* | *(147.1)* | *(148.0)* |
| *Third party fees and services* | | *(36.2)* | *(34.1)* | *(98.5)* | *(108.3)* |
| *Other taxes and regulatory charges* | | *(21.0)* | *(14.0)* | *(70.0)* | *(57.2)* |
| *Other sundry operating expenses* | | *(61.3)* | *(61.5)* | *(194.4)* | *(170.9)* |
| **Total operating expenses before depreciation, amortization and impairment** | | **(636.9)** | **(685.2)** | **(1,903.8)** | **(1,979.8)** |
| | | | | | |
| **Operating profit before financial activities and depreciation, amortization and impairment** | | **367.4** | **368.8** | **1,041.1** | **1,057.2** |
| Depreciation, amortization and impairment | | (197.2) | (200.5) | (592.7) | (588.4) |
| **Operating profit before financial activities** | | **170.2** | **168.3** | **448.4** | **468.8** |
| | | | | | |
| **Income and expense from financial activities** | | | | | |
| Interest expense | | (68.0) | (67.3) | (161.9) | (204.8) |
| Interest income | | 1.8 | 2.2 | 5.0 | 7.1 |
| Foreign exchange differences, net | | 0.8 | (2.2) | 0.7 | 3.5 |
| Dividend income | | - | 0.1 | - | 0.4 |
| Gains/(losses) from investments and financial assets | | - | 154.3 | 0.1 | 215.2 |
| **Total profit/(loss) from financial activities** | | **(65.4)** | **87.1** | **(156.1)** | **21.4** |
| | | | | | |
| **Profit before tax** | | **104.8** | **255.4** | **292.3** | **490.2** |
| Income tax | 8 | (34.4) | (3.2) | (95.3) | (5.1) |
| **Profit for the period from continuing operations** | | **70.4** | **252.2** | **197.0** | **485.1** |
| | | | | | |
| **Discontinued operations** | | | | | |
| Profit for the period from discontinued operations (attributable to owners of the Parent) | | - | 6.2 | - | 28.9 |
| **Profit for the period** | | **70.4** | **258.4** | **197.0** | **514.0** |
| Attributable to: | | | | | |
| Owners of the Parent | | 69.1 | 258.8 | 194.2 | 505.4 |
| Non-controlling interests | | 1.3 | (0.4) | 2.8 | 8.6 |
| **Profit for the period** | | **70.4** | **258.4** | **197.0** | **514.0** |
| **Earnings per share from continuing operations attributable to owners of the Parent** | | | | | |
| Basic earnings per share | 11 | 0.1411 | 0.5154 | 0.3982 | 0.9722 |
| Diluted earnings per share | 11 | 0.1411 | 0.5154 | 0.3980 | 0.9722 |

The accompanying notes on pages 10-26 form an integral part of these financial statements.

## INTERIM INCOME STATEMENT (SEPARATE)

| (Amounts in millions of Euro) | Notes | 3rd Quarter 2014 | 3rd Quarter 2013 | First nine months 2014 | First nine months 2013 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| **Fixed business:** | | | | | |
| Retail services revenues | | 217.1 | 221.1 | 647.8 | 664.1 |
| Wholesale services revenues | | 82.1 | 86.4 | 246.8 | 258.0 |
| Other revenues | | 52.7 | 53.1 | 153.6 | 162.1 |
| **Total revenues from fixed business** | | **351.9** | **360.6** | **1,048.2** | **1,084.2** |
| **Mobile business:** | | | | | |
| Handset revenues | | 4.4 | 4.4 | 11.7 | 11.9 |
| **Total revenues from mobile business** | | **4.4** | **4.4** | **11.7** | **11.9** |
| **Miscellaneous other revenues** | | **20.1** | **23.1** | **59.6** | **69.0** |
| **Total revenues** | | **376.4** | **388.1** | **1,119.5** | **1,165.1** |
| | | | | | |
| **Other operating income** | 10 | **1.5** | **6.8** | **2.2** | **9.0** |
| | | | | | |
| **Operating expenses** | | | | | |
| Interconnection & roaming costs | | (31.0) | (36.6) | (91.4) | (106.1) |
| Provision for doubtful accounts | | (5.0) | (5.5) | (15.2) | (16.5) |
| Personnel costs | | (77.6) | (112.4) | (243.3) | (341.9) |
| Commission costs | | (2.5) | (2.0) | (6.6) | (7.0) |
| Device cost | | (10.5) | (7.7) | (27.1) | (21.2) |
| Maintenance and repairs | | (13.0) | (11.4) | (40.4) | (32.7) |
| Marketing | | (4.3) | (5.3) | (17.7) | (17.4) |
| Other operating expenses, out of which: | | (83.2) | (75.5) | (247.5) | (222.7) |
| *Rental, leasing and facility costs* | | *(27.2)* | *(27.6)* | *(78.9)* | *(77.5)* |
| *Third party fees and services* | | *(36.0)* | *(28.4)* | *(97.4)* | *(88.8)* |
| *Other taxes and regulatory charges* | | *(5.6)* | *(5.7)* | *(13.9)* | *(16.1)* |
| *Other sundry operating expenses* | | *(14.4)* | *(13.8)* | *(57.3)* | *(40.3)* |
| **Total operating expenses before depreciation, amortization and impairment** | | **(227.1)** | **(256.4)** | **(689.2)** | **(765.5)** |
| | | | | | |
| **Operating profit before financial activities and depreciation, amortization and impairment** | | **150.8** | **138.5** | **432.5** | **408.6** |
| Depreciation, amortization and impairment | | (68.8) | (77.9) | (207.2) | (221.0) |
| **Operating profit before financial activities** | | **82.0** | **60.6** | **225.3** | **187.6** |
| | | | | | |
| **Income and expense from financial activities** | | | | | |
| Interest expense | | (56.0) | (42.1) | (124.0) | (127.4) |
| Interest income | | 0.5 | 1.1 | 1.6 | 3.2 |
| Foreign exchange differences, net | | 0.7 | (0.2) | 0.8 | - |
| Dividend income | | - | 0.1 | 1.1 | 7.4 |
| Gain/(losses) from investments and financial assets | | - | 0.1 | 0.1 | (19.5) |
| **Total profit /(loss) from financial activities** | | **(54.8)** | **(41.0)** | **(120.4)** | **(136.3)** |
| | | | | | |
| **Profit before tax** | | **27.2** | **19.6** | **104.9** | **51.3** |
| Income tax | 8 | (10.0) | (7.9) | (38.2) | 21.9 |
| **Profit for the period** | | **17.2** | **11.7** | **66.7** | **73.2** |

## INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

| (Amounts in millions of Euro) | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **Profit for the period** | **70.4** | **258.4** | **197.0** | **514.0** |
| **Other comprehensive income:** | | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | | |
| Actuarial gains/ (losses) | (10.9) | (0.6) | (29.5) | 7.4 |
| Deferred taxes on actuarial gains/ (losses) | 2.8 | 0.1 | 7.5 | (1.9) |
| Deferred taxes on actuarial gains/ (losses) due to change in the tax rate | - | - | - | 3.0 |
| **Total items that will not be reclassified subsequently to profit or loss** | **(8.1)** | **(0.5)** | **(22.0)** | **8.5** |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Foreign currency translation | (7.0) | (0.6) | 21.1 | (12.8) |
| Net movement in available for sale financial assets | (0.5) | 0.3 | (0.5) | 0.4 |
| **Total items that may be reclassified subsequently to profit or loss** | **(7.5)** | **(0.3)** | **20.6** | **(12.4)** |
| **Other comprehensive income / (loss) for the period** | **(15.6)** | **(0.8)** | **(1.4)** | **(3.9)** |
| **Total comprehensive income for the period** | **54.8** | **257.6** | **195.6** | **510.1** |
| **Attributable to:** | | | | |
| Owners of the Parent | 55.9 | 257.9 | 187.8 | 505.2 |
| Non-controlling interests | (1.1) | (0.3) | 7.8 | 4.9 |
| | **54.8** | **257.6** | **195.6** | **510.1** |
| **Total comprehensive income attributable to owners of the Parent arises from:** | | | | |
| Continuing operations | 55.9 | 251.7 | 187.8 | 476.3 |
| Discontinued operations | - | 6.2 | - | 28.9 |
| | **55.9** | **257.9** | **187.8** | **505.2** |

## INTERIM STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

| (Amounts in millions of Euro) | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **Profit for the period** | **17.2** | **11.7** | **66.7** | **73.2** |
| **Other comprehensive income:** | | | | |
| **Items that will not be reclassified to profit or loss** | | | | |
| Actuarial gains/ (losses) | (10.9) | (0.6) | (29.5) | 7.4 |
| Deferred taxes on actuarial gains/ (losses) | 2.8 | 0.1 | 7.5 | (1.9) |
| Deferred taxes on actuarial gains/ (losses) due to change in the tax rate | - | - | - | 3.0 |
| **Total items that will not be reclassified to profit or loss** | **(8.1)** | **(0.5)** | **(22.0)** | **8.5** |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Net movement in available for sale financial assets | (0.1) | 0.2 | - | 0.2 |
| **Total items that may be reclassified to profit or loss** | **(0.1)** | **0.2** | **-** | **0.2** |
| **Other comprehensive income / (loss) for the period** | **(8.2)** | **(0.3)** | **(22.0)** | **8.7** |
| **Total comprehensive income for the period** | **9.0** | **11.4** | **44.7** | **81.9** |

## INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

| (Amounts in millions of Euro) | Attributed to owners of the parent | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Treasury shares | Statutory reserve | Foreign exchange and other reserves | Changes in non-controlling interests | Retained earnings | Total | | |
| **Balance as at January 1, 2013** | **1,171.5** | **509.6** | **-** | **347.2** | **(165.3)** | **(3,321.5)** | **3,057.3** | **1,598.8** | **390.0** | **1,988.8** |
| Profit for the period | - | - | - | - | - | - | 505.4 | **505.4** | 8.6 | **514.0** |
| Other comprehensive income / (loss) | - | - | - | - | (0.2) | - | - | **(0.2)** | (3.7) | **(3.9)** |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **-** | **(0.2)** | **-** | **505.4** | **505.2** | **4.9** | **510.1** |
| Share-based payments | - | 1.2 | - | - | - | - | - | **1.2** | - | **1.2** |
| Net change due to disposal of subsidiary | - | - | - | - | - | **1.2** | - | **1.2** | (1.1) | **0.1** |
| **Balance as at September 30, 2013** | **1,171.5** | **510.8** | **-** | **347.2** | **(165.5)** | **(3,320.3)** | **3,562.7** | **2,106.4** | **393.8** | **2,500.2** |
| | | | | | | | | | | |
| **Balance as at January 1, 2014** | **1,387.1** | **511.9** | **(11.2)** | **347.2** | **(157.9)** | **(3,315.2)** | **3,158.4** | **1,920.3** | **375.4** | **2,295.7** |
| Profit for the period | - | - | - | - | - | - | 194.2 | **194.2** | 2.8 | **197.0** |
| Other comprehensive income / (loss) | - | - | - | - | (6.4) | - | - | **(6.4)** | 5.0 | **(1.4)** |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **-** | **(6.4)** | **-** | **194.2** | **187.8** | **7.8** | **195.6** |
| Dividend payment | - | - | - | - | - | - | - | **-** | (0.1) | **(0.1)** |
| Acquisition of treasury shares for purposes of share option plan (see Note 6) | - | - | (58.1) | - | - | - | - | **(58.1)** | - | **(58.1)** |
| Transfer of treasury shares upon exercise of share option plan (see Note 6) | - | - | 58.6 | - | - | - | - | **58.6** | - | **58.6** |
| Exercise of share options under the share option plan (see Note 6) | - | (32.9) | - | - | - | - | - | **(32.9)** | - | **(32.9)** |
| **Balance as at September 30, 2014** | **1,387.1** | **479.0** | **(10.7)** | **347.2** | **(164.3)** | **(3,315.2)** | **3,352.6** | **2,075.7** | **383.1** | **2,458.8** |

The accompanying notes on pages 10-26 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, 2013** | **1,171.5** | **509.6** | **-** | **347.2** | **(22.2)** | **746.7** | **2,752.8** |
| Profit for the period | - | - | - | - | - | 73.2 | **73.2** |
| Other comprehensive income / (loss) | - | - | - | - | 8.7 | - | **8.7** |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **-** | **8.7** | **73.2** | **81.9** |
| Share-based payments | - | 1.2 | - | - | - | - | **1.2** |
| **Balance as at September 30, 2013** | **1,171.5** | **510.8** | **-** | **347.2** | **(13.5)** | **819.9** | **2,835.9** |
| | | | | | | | |
| **Balance as at January 1, 2014** | **1,387.1** | **511.9** | **(11.2)** | **347.2** | **(11.3)** | **393.1** | **2,616.8** |
| Profit for the period | - | - | - | - | - | 66.7 | **66.7** |
| Other comprehensive income / (loss) | - | - | - | - | (22.0) | - | **(22.0)** |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **-** | **(22.0)** | **66.7** | **44.7** |
| Acquisition of treasury shares for purposes of share option plan (see Note 6) | - | - | (58.1) | - | - | - | **(58.1)** |
| Transfer of treasury shares upon exercise of share option plan (see Note 6) | - | - | 58.6 | - | - | - | **58.6** |
| Exercise of share options under the share option plan (see Note 6) | - | (32.9) | - | - | - | - | **(32.9)** |
| **Balance as at September 30, 2014** | **1,387.1** | **479.0** | **(10.7)** | **347.2** | **(33.3)** | **459.8** | **2,629.1** |

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

| (Amounts in millions of Euro) | Notes | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 01/01-30/09/2014 | 01/01-30/09/2013 | 01/01-30/09/2014 | 01/01-30/09/2013 |
| **Cash flows from operating activities** | | | | | |
| Profit before tax | | 292.3 | 490.2 | 104.9 | 51.3 |
| Adjustments for: | | | | | |
| Depreciation, amortization and impairment | | 592.7 | 588.4 | 207.2 | 221.0 |
| Share-based payment | | - | 1.2 | - | 0.3 |
| Costs related to early retirement programs | | 5.4 | 17.7 | - | - |
| Provision for staff retirement indemnities | | 7.0 | 8.8 | 5.3 | 6.7 |
| Provision for youth account | | 2.0 | 2.2 | 2.0 | 2.2 |
| Write down of inventories | | 3.1 | 1.3 | - | - |
| Provision for doubtful accounts | | 63.2 | 64.1 | 15.2 | 16.5 |
| Other provisions | | 3.1 | (2.5) | (0.1) | (2.1) |
| Foreign exchange differences, net | | (0.7) | (3.5) | (0.8) | - |
| Interest income | | (5.0) | (7.1) | (1.6) | (3.2) |
| Dividend income | | - | (0.4) | (1.1) | (7.4) |
| (Gains)/losses from investments and financial assets | | (0.1) | (215.2) | (0.1) | 19.5 |
| Interest expense | | 161.9 | 204.8 | 124.0 | 127.4 |
| Working capital adjustments: | | | | | |
| Decrease / (increase) in inventories | | (12.5) | (6.1) | (2.3) | (2.6) |
| Decrease / (increase) in accounts receivable | | (33.2) | (72.3) | 1.6 | 9.6 |
| (Decrease) / increase in liabilities (except borrowings) | | (94.0) | (21.0) | (14.4) | (59.6) |
| Plus/(Minus): | | | | | |
| Payment for early retirement programs and voluntary leave scheme | 9 | (111.4) | (24.2) | (105.2) | (6.5) |
| Payment of staff retirement indemnities and youth account, net of employees' contributions | | (7.7) | (20.8) | (7.7) | (20.0) |
| Interest and related expenses paid | | (224.2) | (242.1) | (163.2) | (145.0) |
| Income taxes paid | | (122.3) | (85.5) | (57.3) | (9.0) |
| Net cash flows from operating activities of discontinued operations | | - | 55.7 | - | - |
| **Net cash flows from operating activities** | | **519.6** | **733.7** | **106.4** | **199.1** |
| | | | | | |
| **Cash flows from investing activities** | | | | | |
| Purchase of financial assets | | - | (226.4) | - | (75.0) |
| Sale or maturity of financial assets | 5 | 12.4 | 229.6 | 9.0 | 75.0 |
| Repayment of loans receivable | | 9.0 | 7.8 | 9.0 | 7.8 |
| Purchase of property, plant and equipment and intangible assets | | (430.7) | (451.6) | (151.3) | (99.7) |
| Movement in restricted cash | | 0.1 | 58.4 | - | - |
| Proceeds from disposal of subsidiaries / investments, net of cash disposed | | (2.2) | 729.7 | - | 202.8 |
| Interest received | | 3.3 | 6.7 | 1.7 | 3.0 |
| Dividends received | | - | 0.4 | 0.7 | 7.4 |
| Return of capital invested in subsidiaries / investments | | - | 1.0 | - | 1.0 |
| Net cash flows used in investing activities of discontinued operations | | - | (30.7) | - | - |
| **Net cash flows from / (used in) investing activities** | | **(408.1)** | **324.9** | **(130.9)** | **122.3** |
| | | | | | |
| **Cash flows from financing activities** | | | | | |
| Net payments for share option plan | 6 | (38.5) | - | (38.5) | - |
| Proceeds from loans granted and issued | 7 | 700.0 | 1,245.7 | 1,063.7 | 670.2 |
| Repayment of loans | 7 | (908.7) | (1,756.5) | (874.0) | (1,192.1) |
| Dividends paid to Company's owners | | (0.5) | (0.9) | (0.5) | (0.9) |
| Net cash flows used in financing activities of discontinued operations | | - | (3.8) | - | - |
| **Net cash flows from / (used in) financing activities** | | **(247.7)** | **(515.5)** | **150.7** | **(522.8)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(136.2)** | **543.1** | **126.2** | **(201.4)** |
| **Cash and cash equivalents, at the beginning of the period** | | **1,444.3** | **1,161.6** | **426.6** | **392.3** |
| Net foreign exchange differences | | 2.0 | 2.5 | - | - |
| **Cash and cash equivalents, at the end of the period** | | **1,310.1** | **1,707.2** | **552.8** | **190.9** |

The accompanying notes on pages 10-26 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.ote.gr. The Company is listed on the Athens Exchange. Until September 19, 2010, OTE ADRs (American Depositary Receipts) were also listed on the New York Stock Exchange. Following OTE's delisting from NYSE, OTE ADRs now trade in the US OTC (Over the Counter) market. OTE GDRs (Global Depositary Receipts) are also listed on the London Stock Exchange.

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

Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and as of September 30, 2014 holds a 40.00% 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 September 30, 2014, were approved for issuance by the Board of Directors on November 5, 2014.

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

| | GROUP | COMPANY |
|---|---|---|
| September 30, 2014 | 22,093 | 6,878 |
| December 31, 2013 | 22,667 | 6,878 |
| September 30, 2013 | 24,896 | 8,717 |

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

| COMPANY NAME | LINE OF BUSINESS | COUNTRY | 30/09/2014 | 31/12/2013 |
|---|---|---|---|---|
| | | | GROUP's OWNERSHIP INTEREST | |
| COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE") | Mobile telecommunications services | Greece | 100.00% | 100.00% |
| OTE INTERNATIONAL INVESTMENTS LTD | Investment holding company | Cyprus | 100.00% | 100.00% |
| COSMO-ONE HELLAS MARKET SITE S.A. ("COSMO-ONE") | E-commerce services | Greece | 61.74% | 61.74% |
| VOICENET S.A. ("VOICENET") (see below) | Telecommunications services | Greece | 100.00% | 100.00% |
| OTE PLC | Financing services | U.K. | 100.00% | 100.00% |
| OTE SAT-MARITEL S.A. ("OTE SAT – MARITEL") | Satellite telecommunications services | Greece | 94.08% | 94.08% |
| OTE PLUS TECHNICAL AND BUSINESS SOLUTIONS S.A.– SECURITY SERVICES ("OTE PLUS") | Consulting and security services | Greece | 100.00% | 100.00% |
| DIERGASIA ENERGY TECHNICAL COMMERCIAL S.A. – GENERAL CONSTRUCTION COMPANY ("DIERGASIA") (see below) | Consulting services | Greece | 100.00% | 100.00% |
| OTE ESTATE S.A. ("OTE ESTATE") | Real estate | Greece | 100.00% | 100.00% |
| OTE INTERNATIONAL SOLUTIONS S.A. ("OTE-GLOBE") | Wholesale telephony services | Greece | 100.00% | 100.00% |
| HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD. ("HATWAVE") | Investment holding company | Cyprus | 52.67% | 52.67% |
| OTE INSURANCE AGENCY S.A. ("OTE INSURANCE") | Insurance brokerage services | Greece | 100.00% | 100.00% |
| OTE ACADEMY S.A. ("OTE ACADEMY") | Training services | Greece | 100.00% | 100.00% |
| TELEKOM ROMANIA COMMUNICATIONS S.A. ("TELEKOM ROMANIA") (ex ROMTELECOM - see below) | Fixed line telephony services | Romania | 54.01% | 54.01% |
| NEXTGEN COMMUNICATIONS SRL ("NEXTGEN") | Telecommunications services | Romania | 54.01% | 54.01% |
| TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A. ("TELEKOM ROMANIA MOBILE") (ex COSMOTE ROMANIA - see below) | Mobile telecommunications services | Romania | 86.20% | 86.20% |
| COSMO-HOLDING ALBANIA S.A. ("CHA") (see below) | Investment holding company | Greece | 100.00% | 100.00% |

| COMPANY NAME | LINE OF BUSINESS | COUNTRY | 30/09/2014 | 31/12/2013 |
|---|---|---|---|---|
| | | | GROUP's OWNERSHIP INTEREST | |
| ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC") | Mobile telecommunications services | Albania | 99.76% | 99.76% |
| GERMANOS S.A. ("GERMANOS") | Retail services | Greece | 100.00% | 100.00% |
| E-VALUE S.A. | Marketing services | Greece | 100.00% | 100.00% |
| GERMANOS TELECOM ROMANIA S.A. | Retail services | Romania | 100.00% | 100.00% |
| SUNLIGHT ROMANIA S.R.L. FILIALA | Retail services | Romania | 100.00% | 100.00% |
| MOBILBEEEP LTD | Retail services | Greece | 100.00% | 100.00% |
| OTE INVESTMENT SERVICES S.A. | Investment holding company | Greece | 100.00% | 100.00% |
| COSMOHOLDING ROMANIA LTD | Investment holding company | Cyprus | 100.00% | 100.00% |
| TELEMOBIL S.A. ("ZAPP") | Mobile telecommunications services | Romania | 100.00% | 100.00% |
| E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD") | Overdue accounts management | Greece | 100.00% | 100.00% |
| COSMOHOLDING INTERNATIONAL B.V. (see below) | Investment holding company | Netherlands | 100.00% | - |
| E-VALUE INTERNATIONAL S.A. (see below) | Marketing services | Romania | 100.00% | - |

### DISSOLUTION AND LIQUIDATION OF DIERGASIA

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

### COSMOHOLDING INTERNATIONAL B.V.

On March 7, 2014, COSMOHOLDING INTERNATIONAL B.V. was established in the Netherlands with a share capital of Euro 1.6, owned by COSMOTE (99.00%) and GERMANOS (1.00%).

### E-VALUE INTERNATIONAL S.A.

On August 13, 2014, E-VALUE INTERNATIONAL S.A. was established in Romania with a share capital of Euro 1.5, owned by COSMOHOLDING INTERNATIONAL B.V. (99.00%) and E-VALUE S.A. (1.00%).

### REBRANDING OF ROMANIAN COMPANIES

Following a rebranding process in the Romanian operations, the new name of ROMTELECOM is TELEKOM ROMANIA COMMUNICATIONS S.A. and the new name of COSMOTE ROMANIA is TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A..

### MERGER OF VOICENET

On September 4, 2014, OTE's and VOICENET's Board of Directors decided the merger by absorption of VOICENET by OTE. The completion of the process is subject to the approval by the relevant authorities.

### MERGER OF CHA

On September 4, 2014, the Board of Directors of COSMOTE and CHA approved the initiation of the merger process between CHA and COSMOTE, by which CHA will be absorbed by COSMOTE.

## 2. BASIS OF PREPARATION

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

These interim financial statements do not include all the information required in the annual financial statements and they should be read in conjunction with the annual audited financial statements as of December 31, 2013, which are available on the Company's website https://www.ote.gr/web/guest/corporate/ir/financial-results/financial-statements-of-ote-group-and-ote-sa.

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

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same as those applied to the annual audited financial statements as of December 31, 2013. With effect from January 1, 2014 the Company reassessed the estimated useful life of specific transmission equipment resulting in an average increase in their estimated useful life of 6 years. The impact in the depreciation expense for the current financial period is a decrease of approximately Euro 28.1 relative to the corresponding period in the prior year.

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared using accounting policies consistent with those adopted for the preparation of the annual financial statements as of December 31, 2013 and which are comprehensively presented in the notes of the annual financial statements, except for the adoption of the following new and amended IFRS and IFRIC interpretations which became effective for the accounting periods beginning January 1, 2014, noted below:

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

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

- **IAS 32 (Amendment) "Financial Instruments: Presentation":** This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

**Group of standards on consolidation and joint arrangements**

The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). The main provisions are as follows:

- **IFRS 10 "Consolidated Financial Statements"**: IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency / principal relationships.

- **IFRS 11 "Joint Arrangements"**: IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

- **IFRS 12 "Disclosure of Interests in Other Entities"**: IFRS 12 requires entities to disclose information, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28.

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

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

- **IFRS 10, IFRS 11 and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance":** The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities.

- **IFRS 10, IFRS 12 and IAS 27 (Amendment) "Investment entities"**: The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make.

- **IAS 36 (Amendment) "Recoverable amount disclosures for non-financial assets"**: This amendment requires: a) disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed and b) detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. Also, it removes the requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

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

Standards and Interpretations effective for subsequent periods

- **IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7:** (effective for annual periods beginning on or after January 1, 2018) 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 used today. IFRS 9 "Hedge Accounting" establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Group is currently investigating the impact of IFRS 9 on its financial statements. The standard has not yet been endorsed by the EU.

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after January 1, 2017): The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard has not yet been endorsed by the EU.

- **IFRIC 21 "Levies"**: (effective for annual periods beginning on or after June 17, 2014). This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

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

- **IFRS 11 (Amendment) "Joint Arrangements"** (effective for annual periods beginning on or after January 1, 2016): This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a "business". This amendment has not yet been endorsed by the EU.

- **IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortization"** (effective for annual periods beginning on or after January 1, 2016): This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments have not yet been endorsed by the EU.

- **IAS 27 (Amendment) "Separate financial statements"** (effective for annual periods beginning on or after January 1, 2016): This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements. This amendment has not yet been endorsed by the EU.

- **IFRS 10 and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"** (effective for annual periods beginning on or after January 1, 2016): These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments have not yet been endorsed by the EU.

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

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

- **IFRS 2 "Share-based payment"**: The amendment clarifies the definition of a "vesting condition" and separately defines "performance condition" and "service condition".

- **IFRS 3 "Business combinations":** The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

- **IFRS 8 "Operating segments":** The amendment requires disclosure of the judgments made by management in aggregating operating segments.

- **IFRS 13 "Fair value measurement"**: The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

- **IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"**: Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- **IAS 24 "Related party disclosures":** The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

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

- **IFRS 3 "Business combinations"**: This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.

- **IFRS 13 "Fair value measurement":** The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.

- **IAS 40 "Investment property"**: The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

**Annual Improvements to IFRSs 2014** (effective for annual periods beginning on or after January 1, 2016)

The amendments set out below describe the key changes to four IFRSs, following the publication of the results of the IASB's 2012-2014 cycle of the annual improvements project. The improvements have not yet been endorsed by the EU.

- **IFRS 5 "Non-current assets held for sale and discontinued operations":** The amendment clarifies that, when an asset (or disposal group) is reclassified from "held for sale" to "held for distribution", or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

- **IFRS 7 "Financial instruments: Disclosures"**: The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34.

- **IAS 19 "Employee benefits":** The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

- **IAS 34 "Interim financial reporting":** The amendment clarifies what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report".

## 4. INVESTMENTS

Investments are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30/09/2014 | 31/12/2013 | 30/09/2014 | 31/12/2013 |
| (a) Investments in subsidiaries | - | - | 3,538.4 | 3,538.4 |
| (b) Other investments | 0.2 | 0.1 | 0.1 | 0.1 |
| **TOTAL** | **0.2** | **0.1** | **3,538.5** | **3,538.5** |

(a) Investments in subsidiaries

| | OTE's direct ownership interest | Country of incorporation | 30/09/2014 | 31/12/2013 |
|---|---|---|---|---|
| COSMOTE | 100.00% | Greece | 2,762.9 | 2,762.9 |
| OTE INTERNATIONAL INVESTMENTS LTD | 100.00% | Cyprus | 401.9 | 401.9 |
| COSMO-ONE | 30.87% | Greece | 0.5 | 0.5 |
| VOICENET | 100.00% | Greece | 3.1 | 3.1 |
| OTE SAT- MARITEL | 94.08% | Greece | 4.6 | 4.6 |
| OTE PLC | 100.00% | U.K. | - | - |
| OTE PLUS | 100.00% | Greece | 8.2 | 8.2 |
| OTE ESTATE | 100.00% | Greece | 193.2 | 193.2 |
| OTE GLOBE | 100.00% | Greece | 163.7 | 163.7 |
| OTE INSURANCE | 100.00% | Greece | 0.1 | 0.1 |
| OTE ACADEMY | 100.00% | Greece | 0.2 | 0.2 |
| **TOTAL** | | | **3,538.4** | **3,538.4** |

## 5. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30/09/2014 | 31/12/2013 | 30/09/2014 | 31/12/2013 |
| **Marketable securities:** | | | | |
| Held for trading – Bonds | - | 3.4 | - | - |
| Available for sale – Mutual funds | 4.2 | 4.1 | 2.4 | 2.4 |
| | **4.2** | **7.5** | **2.4** | **2.4** |
| **Derivative financial instruments:** | | | | |
| Interest rate swaps – fair value hedges | - | 9.0 | - | 9.0 |
| | **-** | **9.0** | **-** | **9.0** |
| **TOTAL** | **4.2** | **16.5** | **2.4** | **11.4** |

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30/09/2014 | 31/12/2013 | 30/09/2014 | 31/12/2013 |
| Balance at the beginning of the period/ year | 7.5 | 6.7 | 2.4 | 1.9 |
| Additions | - | 226.4 | - | 75.0 |
| Sales – maturities | (3.4) | (226.4) | - | (75.0) |
| Gain / (loss) through income statement | - | 0.1 | - | 0.1 |
| Fair value adjustments through other comprehensive income | 0.1 | 0.7 | - | 0.4 |
| **Balance at the end of the period / year** | **4.2** | **7.5** | **2.4** | **2.4** |

The outstanding amount of OTE's interest rate swaps (Euro 9.0 as of December 31, 2013) was received on April 8, 2014.

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

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

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

| Shareholder | Number of shares | Percentage % |
|---|---|---|
| Hellenic State | 29,409,027 | 6.00% |
| IKA–ETAM (refers only to the transfer of 4% from the Hellenic State) | 19,606,015 | 4.00% |
| DEUTSCHE TELEKOM AG | 196,060,156 | 40.00% |
| Institutional investors | 206,678,303 | 42.17% |
| Private investors | 37,442,768 | 7.64% |
| Treasury shares | 954,120 | 0.19% |
| **TOTAL** | **490,150,389** | **100.00%** |

Since October 2013 and based on the respective approval by the General Meeting of the Company's Shareholders, OTE has been acquiring own shares, solely in the context of the existing share option plan. In the first nine months of 2014, OTE acquired 5,026,651 own shares and the total amount paid to acquire these shares was Euro 58.1. In addition OTE paid in the first nine months of 2014 an amount of Euro 6.1 with respect to own shares acquired in 2013. In April 2014, 5,270,490 options were exercised and an equal number of own shares was transferred to the beneficiaries. The acquisition cost of the own shares transferred was Euro 58.6, while the exercise proceeds amounted to Euro 25.7. The difference of Euro 32.9 has reduced the Share Premium. As a result of all the above, as of September 30, 2014 the outstanding number of own shares held by OTE was 954,120 shares with a book value of Euro 10.7.

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

| | Number of shares | Amount |
|---|---|---|
| Own shares as at January 1, 2014 | 1,197,959 | 11.2 |
| Own shares acquired during the period | 5,026,651 | 58.1 |
| Own shares transferred during the period | (5,270,490) | (58.6) |
| **Own shares as at September 30, 2014** | **954,120** | **10.7** |

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

| | 01/01- 30/09/2014 | | 01/01- 31/12/2013 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding at the beginning of the period | 11,951,653 | 9.73 | 16,220,885 | 11.92 |
| Exercised | (5,270,490) | 4.88 | (277,755) | 5.64 |
| Forfeited / Canceled | (36,640) | 19.49 | (3,991,477) | 17.13 |
| Outstanding at the end of the period | 6,644,523 | 13.96 | 11,951,653 | 9.73 |
| | | | | |
| Exercisable at the end of the period | 6,644,523 | 13.96 | 11,951,653 | 9.73 |

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

Long-term borrowings are analyzed as follows:

| GROUP | 30/09/2014 | 31/12/2013 |
|---|---|---|
| (a) Syndicated loans | 176.9 | 209.8 |
| (b) Global Medium-Term Note Programme | 2,564.8 | 2,735.6 |
| **Total long-term debt** | **2,741.7** | **2,945.4** |
| Short-term portion | (509.8) | (388.9) |
| **Long-term portion** | **2,231.9** | **2,556.5** |

(a) Syndicated loans

On April 25, 2014, TELEKOM ROMANIA MOBILE repaid in total Euro 33.8 under the syndicated facility with the European Bank of Reconstruction and Development ("EBRD"), along with the accrued interest.

(b) Global Medium-Term Note Programme

Reclassification

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

Repayment

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

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

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

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

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

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

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

| COMPANY | 30/09/2014 | 31/12/2013 |
|---|---|---|
| Intercompany loans from OTE PLC | 2,057.9 | 1,967.4 |
| **Total long-term debt** | **2,057.9** | **1,967.4** |
| Short-term portion | (582.2) | (366.8) |
| **Long-term portion** | **1,475.7** | **1,600.6** |

New bond loans between OTE PLC and OTE

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

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

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

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

#### Reclassifications

On February 11, 2014, the loans Euro 600 and Euro 187.7 from OTE PLC maturing on February 11, 2015, were reclassified from "Long-term borrowings" to "Short-term portion of long-term borrowings".

On September 15, 2014, the loan Euro 99.7 from OTE PLC maturing on September 15, 2015, was reclassified from "Long-term borrowings" to "Short-term portion of long-term borrowings".

#### Repayment of loans granted from OTE PLC

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

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

On July 14, 2014, OTE proceeded with a partial prepayment of a nominal amount of Euro 117.3 under the Euro 600.0 loan from OTE PLC maturing on February 11, 2015. As a result, the outstanding nominal amount of the loan as of September 30, 2014 was Euro 482.7.

On July 14, 2014, OTE proceeded with a partial prepayment of a nominal amount of Euro 195.0 under the Euro 575.0 bond loan from OTE PLC maturing on May 19, 2016. As a result, the outstanding nominal amount of the bond loan as of September 30, 2014 was Euro 380.0.

#### Derivatives

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

### SHORT –TERM BORROWINGS

#### GROUP

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

#### COMPANY

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

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

## 8. INCOME TAXES

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

#### Audit tax certificate

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

#### Unaudited tax years

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

| COMPANY | Open Tax Years |
|---|---|
| OTE | None |
| COSMOTE | 2010 |
| OTE INTERNATIONAL INVESTMENTS LTD | 2010 – 2013 |
| COSMO-ONE | 2010 |
| VOICENET | None |
| OTE PLC | 2012 – 2013 |
| OTE SAT-MARITEL | 2007 – 2010 |
| OTE PLUS | 2010 |
| OTE ESTATE | 2008 – 2010 |
| OTE-GLOBE | 2010 |
| OTE INSURANCE | 2010 |
| OTE ACADEMY | None |
| HATWAVE | 1996 – 2013 |
| OTE INVESTMENTS SERVICES S.A. | 2010 |
| TELEKOM ROMANIA | 2006 – 2013 |
| NEXTGEN | 2008 – 2013 |
| AMC | 2011 – 2013 |
| TELEKOM ROMANIA MOBILE | 2007 – 2013 |
| GERMANOS | 2010 |
| E-VALUE S.A. | 2010 |
| GERMANOS TELECOM ROMANIA S.A. | 2008 – 2013 |
| SUNLIGHT ROMANIA S.R.L. - FILIALA | 2008 – 2013 |
| MOBILBEEEP LTD | 2010 – 2013 |
| CHA | 2007 – 2011 |
| COSMOHOLDING ROMANIA LTD | 2009 – 2013 |
| ZAPP | 2009 – 2013 |
| E-VALUE LTD | 2010 |
| COSMOHOLDING INTERNATIONAL B.V. | n/a |
| E-VALUE INTERNATIONAL S.A. | n/a |

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

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

- The tax audit of the Company for the fiscal years 2009 and 2010 was completed in August 2014 and the tax authorities imposed additional taxes amounting to Euro 17.5, out of which the Company has accepted an amount of Euro 6.9. The remaining amount of taxes imposed (Euro 10.6) relates to costs associated with OTE's Voluntary Leave Scheme and the early retirement programs. Based on the respective law, the Company was required to pay in advance the amount of Euro 10.6 in order to appeal, which will be reimbursed to the Company in the event of a favourable outcome. Based on the management's assessment, OTE considers there are good grounds to believe that OTE will win this case. Due to the already established provision for unaudited years in the statement of financial position, the tax audit did not have any impact in the Company's income statement.

The major components of income tax expense are as follows:

| | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| **GROUP** | **2014** | **2013** | **2014** | **2013** |
| Current income tax | 26.9 | 28.7 | 68.3 | 74.2 |
| Deferred income tax - Effect due to change in the income tax rate | - | - | - | (50.0) |
| Deferred income tax | 7.5 | (25.5) | 27.0 | (19.1) |
| **Total income tax** | **34.4** | **3.2** | **95.3** | **5.1** |

| | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| **COMPANY** | **2014** | **2013** | **2014** | **2013** |
| Current income tax | - | 4.9 | - | 7.9 |
| Deferred income tax - Effect due to change in the income tax rate | - | - | - | (41.4) |
| Deferred income tax | 10.0 | 3.0 | 38.2 | 11.6 |
| **Total income tax** | **10.0** | **7.9** | **38.2** | **(21.9)** |

Income tax payable for the Group and the Company as of September 30, 2014 amounted to Euro 33.4 and Euro nil, respectively.

Income tax receivable for the Group and the Company as of September 30, 2014 amounted to Euro 26.4 and Euro 10.8, respectively and is recorded under "Other current assets".

## 9. PROVISION FOR VOLUNTARY LEAVE SCHEME

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

| GROUP and COMPANY | 2014 |
|---|---|
| **Balance at January 1** | **237.9** |
| Payments during the period | (95.0) |
| **Balance at September 30** | **142.9** |

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

### Other early retirement programs

In the first nine months of 2014, the Romanian entities of the Group applied early retirement programs, the total cost of which was Euro 5.4 and is recorded in the consolidated income statement in the line "Costs related to early retirement programs".

Beyond the payments for Voluntary Leave Scheme, amounts paid during the first nine months of 2014, in relation to early retirement programs were Euro 16.4 for the Group and Euro 10.2 for the Company.

## 10. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

| GROUP | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Income from disposal of property, plant and equipment | 8.1 | 9.0 | 21.5 | 11.6 |
| Income from contract penalties | 3.3 | 1.3 | 9.3 | 3.7 |
| Income from investment property | 1.9 | 1.9 | 5.7 | 6.0 |
| Other | 3.4 | 1.9 | 6.5 | 7.1 |
| **TOTAL** | **16.7** | **14.1** | **43.0** | **28.4** |

| COMPANY | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Income from disposal of property, plant and equipment | 1.4 | 5.5 | 1.4 | 7.1 |
| Income from contract penalties | - | - | 0.2 | - |
| Income from investment property | 0.1 | - | 0.1 | - |
| Other | - | 1.3 | 0.5 | 1.9 |
| **TOTAL** | **1.5** | **6.8** | **2.2** | **9.0** |

## 11. EARNINGS PER SHARE

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

Earnings per share are analyzed as follows:

| GROUP | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **Profit attributable to owners of the Parent** | **69.1** | **258.8** | **194.2** | **505.4** |
| Profit for the period from continuing operations (attributable to owners of the Parent) | 69.1 | 252.6 | 194.2 | 476.5 |
| Profit for the period from discontinued operations (attributable to owners of the Parent) | - | 6.2 | - | 28.9 |
| Weighted average number of shares for basic earnings per share | 489,617,279 | 490,150,389 | 487,657,040 | 490,150,389 |
| Share options outstanding | 6,644,523 | 15,933,658 | 6,644,523 | 15,933,658 |
| Weighted average number of shares adjusted for the effect of dilutions | 489,853,653 | 490,150,389 | 487,902,764 | 490,150,389 |
| **Basic earnings per share** | **0.1411** | **0.5280** | **0.3982** | **1.0311** |
| From continuing operations | 0.1411 | 0.5154 | 0.3982 | 0.9722 |
| From discontinued operations | - | 0.0126 | - | 0.0589 |
| **Diluted earnings per share** | **0.1411** | **0.5280** | **0.3980** | **1.0311** |
| From continuing operations | 0.1411 | 0.5154 | 0.3980 | 0.9722 |
| From discontinued operations | - | 0.0126 | - | 0.0589 |

(Earnings per share are in absolute amounts)

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

## 12. OPERATING SEGMENT INFORMATION

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

Using the quantitative thresholds OTE, COSMOTE group and 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. The types of services provided by the reportable segments are as follows:

- OTE is a provider of local, long-distance and international fixed-line voice telephony, internet access services and TV services in Greece.
- COSMOTE group is a provider of mobile telecommunications services in Greece, Albania and Romania.
- TELEKOM ROMANIA is a provider of local, long-distance and international fixed-line voice telephony, internet access services and TV services in Romania.

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

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

| Nine month period ended September 30, 2014 | OTE | COSMOTE GROUP | TELEKOM ROMANIA | OTHER | TOTAL | Eliminations | Total from continuing operations |
|---|---|---|---|---|---|---|---|
| Revenue from external customers | 1,058.4 | 1,233.3 | 440.9 | 169.3 | 2,901.9 | - | 2,901.9 |
| Intersegment revenue | 61.1 | 78.5 | 16.8 | 146.2 | 302.6 | (302.6) | - |
| Total revenue | 1,119.5 | 1,311.8 | 457.7 | 315.5 | 3,204.5 | (302.6) | 2,901.9 |
| Other operating income | 2.2 | 3.3 | 37.4 | 3.0 | 45.9 | (2.9) | 43.0 |
| Operating expenses | (896.4) | (1,123.9) | (487.9) | (293.7) | (2,801.9) | 305.4 | (2,496.5) |
| Operating profit | 225.3 | 191.2 | 7.2 | 24.8 | 448.5 | (0.1) | 448.4 |
| Operating profit before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs | 432.5 | 455.0 | 118.4 | 44.8 | 1,050.7 | - | 1,050.7 |
| Profit for the period from continuing operations | 66.7 | 103.3 | 5.9 | 22.1 | 198.0 | (1.0) | 197.0 |

| Nine month period ended September 30, 2013 | OTE | COSMOTE GROUP | TELEKOM ROMANIA | OTHER | TOTAL | Eliminations | Total from continuing operations |
|---|---|---|---|---|---|---|---|
| Revenue from external customers | 1,097.4 | 1,305.6 | 430.8 | 174.8 | 3,008.6 | - | 3,008.6 |
| Intersegment revenue | 67.7 | 82.4 | 16.0 | 143.2 | 309.3 | (309.3) | - |
| Total revenue | 1,165.1 | 1,388.0 | 446.8 | 318.0 | 3,317.9 | (309.3) | 3,008.6 |
| Other operating income | 9.0 | 6.5 | 12.5 | 2.9 | 30.9 | (2.5) | 28.4 |
| Operating expenses | (986.5) | (1,163.6) | (440.8) | (289.4) | (2,880.3) | 312.1 | (2,568.2) |
| Operating profit | 187.6 | 230.9 | 18.5 | 31.5 | 468.5 | 0.3 | 468.8 |
| Operating profit before depreciation, amortization, impairment and cost of early retirement program | 408.6 | 500.6 | 110.1 | 55.6 | 1,074.9 | - | 1,074.9 |
| Profit for the period from continuing operations | 73.2 | 266.8 | 17.9 | 53.4 | 411.3 | 73.8 | 485.1 |

## 13. RELATED PARTY DISCLOSURES

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

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

DEUTSCHE TELEKOM AG is a 40.00% 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, and provides services to them. Furthermore, OTE grants/ receives loans to/ from these related parties, receives dividends and pays dividends.

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

| | First nine months 2014 | | First nine months 2013 | |
|---|---|---|---|---|
| | Sales OTE | Purchases OTE | Sales OTE | Purchases OTE |
| COSMOTE group of companies | 50.6 | 48.8 | 54.2 | 49.0 |
| OTE INTERNATIONAL INVESTMENTS LTD | 0.5 | 3.2 | 0.6 | 3.0 |
| HELLAS-SAT | n/a | n/a | 0.1 | 0.2 |
| COSMO-ONE | - | 0.4 | - | 0.5 |
| VOICENET | 0.9 | 1.8 | 1.3 | 1.7 |
| OTE SAT – MARITEL | 0.4 | 0.3 | 0.5 | 0.6 |
| OTE PLUS | 0.3 | 45.9 | 0.4 | 36.8 |
| OTE ESTATE | - | 34.1 | 0.4 | 35.9 |
| OTE-GLOBE | 8.3 | 42.2 | 10.1 | 44.2 |
| OTE ACADEMY | 0.1 | 4.1 | 0.1 | 2.7 |
| TELEKOM ROMANIA | - | 0.1 | - | - |
| DEUTSCHE TELEKOM group of companies (except for OTE Group) | 0.1 | 0.6 | 0.1 | 0.3 |
| **TOTAL** | **61.2** | **181.5** | **67.8** | **174.9** |

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

| | First nine months 2014 | | First nine months 2013 | |
|---|---|---|---|---|
| | Group's sales | Group's purchases | Group's sales | Group's purchases |
| DEUTSCHE TELEKOM group of companies (except for OTE Group) | 19.4 | 16.8 | 14.9 | 18.8 |
| **TOTAL** | **19.4** | **16.8** | **14.9** | **18.8** |

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

| | Finance expense OTE | |
|---|---|---|
| | First nine months 2014 | First nine months 2013 |
| OTE PLC | 118.4 | 91.1 |
| **TOTAL** | **118.4** | **91.1** |

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

| | Dividend income OTE | |
|---|---|---|
| | First nine months 2014 | First nine months 2013 |
| OTE SAT – MARITEL | 1.0 | - |
| OTE INSURANCE | 0.1 | - |
| HELLAS-SAT | n/a | 7.0 |
| **TOTAL** | **1.1** | **7.0** |

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

| | 30/09/2014 | | 31/12/2013 | |
|---|---|---|---|---|
| | Amounts owed to OTE | Amounts owed by OTE | Amounts owed to OTE | Amounts owed by OTE |
| COSMOTE group of companies | 45.9 | 98.2 | 44.0 | 87.3 |
| OTE INTERNATIONAL INVESTMENTS LTD | 0.1 | 0.9 | 0.4 | 1.1 |
| COSMO-ONE | - | 0.1 | 0.1 | 0.2 |
| VOICENET | 0.7 | 1.0 | 0.6 | 1.1 |
| OTE SAT – MARITEL | 3.2 | 4.4 | 1.7 | 4.0 |
| OTE PLUS | 0.4 | 19.3 | 0.5 | 18.9 |
| OTE ESTATE | 0.3 | 4.7 | 0.6 | 11.0 |
| OTE-GLOBE | 13.1 | 51.9 | 14.8 | 54.9 |
| OTE ACADEMY | 0.4 | 0.8 | 0.4 | 1.6 |
| TELEKOM ROMANIA | 0.2 | - | 0.4 | 0.5 |
| DEUTSCHE TELEKOM group of companies (except for OTE Group) | 0.2 | 0.5 | 0.2 | 0.9 |
| **TOTAL** | **64.5** | **181.8** | **63.7** | **181.5** |

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:

| | 30/09/2014 | | 31/12/2013 | |
|---|---|---|---|---|
| | Amounts owed to Group | Amounts owed by Group | Amounts owed to Group | Amounts owed by Group |
| DEUTSCHE TELEKOM group of companies (except for OTE Group) | 22.6 | 65.6 | 14.5 | 57.2 |
| **TOTAL** | **22.6** | **65.6** | **14.5** | **57.2** |

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

| | Amounts owed by OTE | |
|---|---|---|
| | 30/09/2014 | 31/12/2013 |
| OTE PLC | 2,373.9 | 2,217.0 |
| **TOTAL** | **2,373.9** | **2,217.0** |

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

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 4.8 (including the employer's contributions to pension funds where applicable) for the first nine months of 2014 (first nine months of 2013: Euro 4.9).

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

## 14. LITIGATION AND CLAIMS

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

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

CIVIL PROCEEDINGS

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

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

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

**TELENOR:** TELENOR notified COSMOTE that after thorough examination it has identified violations of the warranties provided by COSMOTE and claims an amount of Euro 15.4 based on the alleged incurred loss so far. The Group is evaluating the validity of TELENOR's claim.

## 15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

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

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| GROUP | 30/09/2014 | 31/12/2013 | 30/09/2014 | 31/12/2013 |
| **Financial Assets** | | | | |
| Trade receivables | 693.7 | 703.3 | 693.7 | 703.3 |
| Loans to Auxiliary Fund | 117.5 | 122.6 | 146.8 | 144.1 |
| Other loans | 56.8 | 53.3 | 56.8 | 53.3 |
| Restricted cash | 4.4 | 4.5 | 4.4 | 4.5 |
| Cash and cash equivalents | 1,310.1 | 1,444.3 | 1,310.1 | 1,444.3 |
| **Financial Liabilities** | | | | |
| Long-term borrowings | 2,231.9 | 2,556.5 | 2,413.6 | 2,738.8 |
| Short-term borrowings and short-term portion of long-term borrowings | 509.8 | 399.9 | 522.0 | 405.3 |
| Trade accounts payable | 749.5 | 923.7 | 749.5 | 923.7 |
| Cash collateral on interest rate swaps | - | 9.3 | - | 9.3 |

| COMPANY | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 30/09/2014 | 31/12/2013 | 30/09/2014 | 31/12/2013 |
| **Financial Assets** | | | | |
| Trade receivables | 335.9 | 332.0 | 335.9 | 332.0 |
| Loans to Auxiliary Fund | 117.5 | 122.6 | 146.8 | 144.1 |
| Other loans | 56.2 | 53.7 | 56.2 | 53.7 |
| Cash and cash equivalents | 552.8 | 426.6 | 552.8 | 426.6 |
| **Financial Liabilities** | | | | |
| Long-term borrowings | 1,475.7 | 1,600.6 | 1,561.4 | 1,709.1 |
| Short-term borrowings and short-term portion of long-term borrowings | 853.2 | 533.8 | 865.7 | 539.7 |
| Trade accounts payable | 299.3 | 362.6 | 299.3 | 362.6 |
| Cash collateral on interest rate swaps | - | 9.3 | - | 9.3 |

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

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

| GROUP | Fair value | | Fair value hierarchy |
|---|---|---|---|
| | 30/09/2014 | 31/12/2013 | |
| **Financial Assets** | | | |
| Available-for-sale mutual funds | 4.2 | 4.1 | Level 1 |
| Held for trading bonds | - | 3.4 | Level 1 |
| Derivative financial instruments | - | 9.0 | Level 2 |

| COMPANY | Fair value | | Fair value hierarchy |
|---|---|---|---|
| | 30/09/2014 | 31/12/2013 | |
| **Financial Assets** | | | |
| Available-for-sale mutual funds | 2.4 | 2.4 | Level 1 |
| Derivative financial instruments | - | 9.0 | Level 2 |

## 16. RECLASSIFICATIONS

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

In the consolidated income statement of the third quarter 2013, an amount of Euro 4.2 has been reclassified from “Interconnection and roaming costs” to “Other operating expenses” and specifically “Other sundry operating expenses” for better presentation.

## 17. EVENTS AFTER THE FINANCIAL POSITION DATE

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

### NEW ENTITIES

On October 7, 2014, the following entities were established (wholly owned by OTE):

- “OTE RURAL NORTH SPECIAL PURPOSE DEVELOPMENT AND MANAGEMENT OF BROADBAND INFRASTRUCTURE S.A.” with the distinctive title “OTE RURAL NORTH SPSA”
- “OTE RURAL SOUTH SPECIAL PURPOSE DEVELOPMENT AND MANAGEMENT OF BROADBAND INFRASTRUCTURE S.A.” with the distinctive title “OTE RURAL SOUTH SPSA”.

### SPECTRUM ACQUISITION

On October 13, 2014, following the auction process conducted by the Hellenic Telecommunications and Post Committee (HTPC), COSMOTE has secured rights to use radio frequencies in the 800MHz and 2.6GHz spectrum bands.

In particular, COSMOTE has been granted:

- 2 spectrum blocks of 2x5MHz in the 791-821MHz and 832-862MHz bands, for a total price of Euro 103.0.
- 6 spectrum blocks of 2x5 MHz in the 2500-2570MHz and 2620-2690MHz bands, for a total price of Euro 28.2.
- 2 unpaired spectrum blocks of 10 MHz in the 2575-2615MHz, for a total price of Euro 3.6.

The aforementioned rights have been granted to COSMOTE until February 28, 2030.

## LOANS

### GROUP

#### Bond buybacks

On October 14, 2014, OTE PLC repurchased a nominal amount of Euro 4.6, under the Notes maturing February 2015. As a result, the outstanding nominal amount of the Notes is Euro 478.2.

#### EBRD loan agreement

On October 24, 2014, TELEKOM ROMANIA MOBILE repaid Euro 11.3 under the syndicated facility with EBRD, along with accrued interest.

### COMPANY

#### Prepayment of loan granted from OTE PLC

On October 14, 2014, OTE proceeded with a partial prepayment of a nominal amount of Euro 4.6 under the Euro 600.0 loan from OTE PLC maturing on 11 February 2015 along with accrued interest. As a result, the outstanding nominal amount of the loan is Euro 478.2.

#### Reclassification

On October 15, 2014 the intercompany loan Euro 65.0 maturing on October 15, 2015 was reclassified from “Long-term borrowing” to “Short-term portion of long-term borrowing”.

## ACQUISITION OF OWN SHARES

Within October 2014, in the context of the existing share option plan OTE acquired 500,000 own shares and the total amount paid to acquire these shares was Euro 5.1.