# HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

**INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)**
**AS OF SEPTEMBER 30, 2015**

**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 2, 2015 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 | 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 | 30/09/2015 | 31/12/2014 | 30/09/2015 | 31/12/2014 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | 2,921.1 | 3,103.3 | 1,212.0 | 1,277.5 |
| Goodwill | | 507.3 | 505.9 | - | - |
| Telecommunication licenses | | 561.1 | 575.4 | 4.2 | 4.6 |
| Other intangible assets | | 554.2 | 568.2 | 224.9 | 225.8 |
| Investments | 4 | 0.1 | 0.2 | 3,539.5 | 3,539.5 |
| Loans to pension funds | | 88.7 | 104.4 | 88.7 | 104.4 |
| Deferred tax assets | | 360.4 | 360.0 | 164.2 | 178.6 |
| Other non-current assets | | 77.9 | 93.0 | 61.7 | 63.4 |
| **Total non-current assets** | | **5,070.8** | **5,310.4** | **5,295.2** | **5,393.8** |
| **Current assets** | | | | | |
| Inventories | | 100.3 | 87.9 | 14.4 | 11.8 |
| Trade receivables | | 771.4 | 684.9 | 383.7 | 349.1 |
| Other financial assets | 5 | 6.7 | 3.7 | 2.1 | 2.2 |
| Other current assets | | 277.8 | 203.0 | 117.8 | 110.7 |
| Restricted cash | | 2.5 | 4.5 | - | - |
| Cash and cash equivalents | | 1,052.3 | 1,509.9 | 103.3 | 613.1 |
| **Total current assets** | | **2,211.0** | **2,493.9** | **621.3** | **1,086.9** |
| **TOTAL ASSETS** | | **7,281.8** | **7,804.3** | **5,916.5** | **6,480.7** |
| **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 | 496.2 | 496.7 | 496.2 | 496.7 |
| Treasury shares | 6 | (14.7) | (14.8) | (14.7) | (14.8) |
| Statutory reserve | | 352.7 | 352.7 | 352.7 | 352.7 |
| Foreign exchange and other reserves | | (161.4) | (186.6) | (24.8) | (31.1) |
| Changes in non-controlling interests | | (3,314.1) | (3,314.1) | - | - |
| Retained earnings | | 3,477.0 | 3,401.0 | 507.7 | 496.9 |
| **Total equity attributable to owners of the Parent** | | **2,222.8** | **2,122.0** | **2,704.2** | **2,687.5** |
| Non-controlling interests | | 365.6 | 376.4 | - | - |
| **Total equity** | | **2,588.4** | **2,498.4** | **2,704.2** | **2,687.5** |
| **Non-current liabilities** | | | | | |
| Long-term borrowings | 8 | 1,481.8 | 2,173.1 | 940.8 | 1,316.7 |
| Provision for staff retirement indemnities | | 224.7 | 244.6 | 183.9 | 206.5 |
| Provision for youth account | | 166.4 | 188.8 | 166.4 | 188.8 |
| Deferred tax liabilities | | 61.0 | 60.3 | - | - |
| Other non-current liabilities | | 174.0 | 204.2 | 189.3 | 205.0 |
| **Total non-current liabilities** | | **2,107.9** | **2,871.0** | **1,480.4** | **1,917.0** |
| **Current liabilities** | | | | | |
| Trade accounts payable | | 998.0 | 998.4 | 390.3 | 387.6 |
| Short-term borrowings | 8 | - | - | 291.8 | 270.6 |
| Short-term portion of long-term borrowings | 8 | 667.7 | 465.4 | 522.4 | 692.0 |
| Income tax payable | 9 | 74.7 | 46.4 | - | - |
| Deferred revenue | | 145.7 | 143.0 | 88.7 | 78.6 |
| Provision for voluntary leave scheme | | 146.6 | 142.9 | 146.6 | 142.9 |
| Dividends payable | 7 | 0.3 | 0.5 | 0.3 | 0.5 |
| Other current liabilities | | 552.5 | 638.3 | 291.8 | 304.0 |
| **Total current liabilities** | | **2,585.5** | **2,434.9** | **1,731.9** | **1,876.2** |
| **TOTAL EQUITY AND LIABILITIES** | | **7,281.8** | **7,804.3** | **5,916.5** | **6,480.7** |

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 2015 | 3rd Quarter 2014 | First nine months 2015 | First nine months 2014 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| **Fixed business:** | | | | | |
| Retail services revenues | | 300.8 | 307.7 | 899.4 | 922.5 |
| Wholesale services revenues | | 155.8 | 151.7 | 461.7 | 439.4 |
| Other revenues | | 67.6 | 79.8 | 217.2 | 235.4 |
| **Total revenues from fixed business** | | **524.2** | **539.2** | **1,578.3** | **1,597.3** |
| **Mobile business:** | | | | | |
| Service revenues | | 354.0 | 364.3 | 1,004.2 | 1,055.3 |
| Handset revenues | | 53.8 | 59.0 | 160.0 | 168.4 |
| Other revenues | | 5.1 | 4.5 | 13.8 | 12.5 |
| **Total revenues from mobile business** | | **412.9** | **427.8** | **1,178.0** | **1,236.2** |
| **Miscellaneous other revenues** | | **34.2** | **20.6** | **109.3** | **68.4** |
| **Total revenues** | | **971.3** | **987.6** | **2,865.6** | **2,901.9** |
| | | | | | |
| **Other operating income** | 11 | **11.3** | **16.7** | **36.7** | **43.0** |
| | | | | | |
| **Operating expenses** | | | | | |
| Interconnection and roaming costs | | (126.0) | (116.7) | (354.0) | (337.2) |
| Provision for doubtful accounts | | (20.1) | (21.1) | (64.3) | (63.2) |
| Personnel costs | | (166.7) | (171.5) | (514.0) | (526.1) |
| Costs related to early retirement programs | 10 | (13.8) | (2.7) | (99.5) | (5.4) |
| Commission costs | | (37.0) | (35.0) | (109.8) | (108.5) |
| Device costs | | (61.1) | (67.2) | (200.1) | (197.6) |
| Maintenance and repairs | | (26.8) | (26.2) | (76.5) | (73.9) |
| Marketing | | (24.3) | (27.9) | (79.2) | (81.9) |
| Other operating expenses, out of which: | | (171.5) | (168.6) | (514.4) | (510.0) |
| *Rental, leasing and facility costs* | | *(51.2)* | *(50.1)* | *(149.0)* | *(147.1)* |
| *Third party fees and services* | | *(37.4)* | *(36.2)* | *(110.1)* | *(98.5)* |
| *Other taxes and regulatory charges* | | *(22.1)* | *(21.0)* | *(67.3)* | *(70.0)* |
| *Construction cost network* | | *(5.3)* | - | *(25.8)* | - |
| *Other sundry operating expenses* | | *(55.5)* | *(61.3)* | *(162.2)* | *(194.4)* |
| **Total operating expenses before depreciation, amortization and impairment** | | **(647.3)** | **(636.9)** | **(2,011.8)** | **(1,903.8)** |
| | | | | | |
| **Operating profit before financial activities and depreciation, amortization and impairment** | | **335.3** | **367.4** | **890.5** | **1,041.1** |
| Depreciation, amortization and impairment | | (209.1) | (197.2) | (609.7) | (592.7) |
| **Operating profit before financial activities** | | **126.2** | **170.2** | **280.8** | **448.4** |
| | | | | | |
| **Income and expense from financial activities** | | | | | |
| Interest expense | | (35.7) | (68.0) | (111.3) | (161.9) |
| Interest income | | 0.5 | 1.8 | 2.0 | 5.0 |
| Foreign exchange differences, net | | (2.7) | 0.8 | (1.5) | 0.7 |
| Impairment of investments and financial assets | 5, 16 | - | - | (19.9) | - |
| Gains from investments and financial assets | 4 | - | - | 36.0 | 0.1 |
| **Total loss from financial activities** | | **(37.9)** | **(65.4)** | **(94.7)** | **(156.1)** |
| | | | | | |
| **Profit before tax** | | **88.3** | **104.8** | **186.1** | **292.3** |
| Income tax | 9 | (20.7) | (34.4) | (87.5) | (95.3) |
| **Profit for the period** | | **67.6** | **70.4** | **98.6** | **197.0** |
| Attributable to: | | | | | |
| Owners of the parent | | 78.3 | 69.1 | 115.1 | 194.2 |
| Non-controlling interests | | (10.7) | 1.3 | (16.5) | 2.8 |
| **Profit for the period** | | **67.6** | **70.4** | **98.6** | **197.0** |
| | | | | | |
| **Earnings per share attributable to owners of the Parent** | | | | | |
| Basic earnings per share | 12 | 0.1602 | 0.1411 | 0.2355 | 0.3982 |
| Diluted earnings per share | 12 | 0.1602 | 0.1411 | 0.2354 | 0.3980 |

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 2015 | 3rd Quarter 2014 | First nine months 2015 | First nine months 2014 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| **Fixed business:** | | | | | |
| Retail services revenues | | 219.0 | 217.1 | 648.7 | 647.8 |
| Wholesale services revenues | | 85.7 | 82.1 | 248.7 | 246.8 |
| Other revenues | | 49.8 | 52.7 | 155.1 | 153.6 |
| **Total revenues from fixed business** | | **354.5** | **351.9** | **1,052.5** | **1,048.2** |
| **Mobile business:** | | | | | |
| Handset revenues | | 5.1 | 4.4 | 17.0 | 11.7 |
| **Total revenues from mobile business** | | **5.1** | **4.4** | **17.0** | **11.7** |
| **Miscellaneous other revenues** | | **17.7** | **20.1** | **54.4** | **59.6** |
| **Total revenues** | | **377.3** | **376.4** | **1,123.9** | **1,119.5** |
| | | | | | |
| **Other operating income** | 11 | **4.0** | **1.5** | **10.3** | **2.2** |
| | | | | | |
| **Operating expenses** | | | | | |
| Interconnection and roaming costs | | (33.8) | (31.0) | (82.4) | (91.4) |
| Provision for doubtful accounts | | (4.9) | (5.0) | (15.1) | (15.2) |
| Personnel costs | | (81.6) | (77.6) | (253.5) | (243.3) |
| Costs related to early retirement programs | 10 | (0.6) | - | (79.1) | - |
| Commission costs | | (3.2) | (2.5) | (9.4) | (6.6) |
| Device costs | | (8.5) | (10.5) | (38.5) | (27.1) |
| Maintenance and repairs | | (9.4) | (13.0) | (31.7) | (40.4) |
| Marketing | | (6.5) | (4.3) | (19.6) | (17.7) |
| Other operating expenses, out of which: | | (76.2) | (83.2) | (233.7) | (247.5) |
| *Rental, leasing and facility costs* | | *(27.0)* | *(27.2)* | *(78.0)* | *(78.9)* |
| *Third party fees and services* | | *(29.7)* | *(36.0)* | *(93.2)* | *(97.4)* |
| *Other taxes and regulatory charges* | | *(4.8)* | *(5.6)* | *(15.1)* | *(13.9)* |
| *Other sundry operating expenses* | | *(14.7)* | *(14.4)* | *(47.4)* | *(57.3)* |
| **Total operating expenses before depreciation, amortization and impairment** | | **(224.7)** | **(227.1)** | **(763.0)** | **(689.2)** |
| | | | | | |
| **Operating profit before financial activities and depreciation, amortization and impairment** | | **156.6** | **150.8** | **371.2** | **432.5** |
| Depreciation, amortization and impairment | | (78.7) | (68.8) | (221.2) | (207.2) |
| **Operating profit before financial activities** | | **77.9** | **82.0** | **150.0** | **225.3** |
| | | | | | |
| **Income and expense from financial activities** | | | | | |
| Interest expense | | (24.8) | (56.0) | (72.6) | (124.0) |
| Interest income | | 0.6 | 0.5 | 1.6 | 1.6 |
| Foreign exchange differences, net | | 0.4 | 0.7 | 1.1 | 0.8 |
| Dividend income | | - | - | 0.6 | 1.1 |
| Impairment of investment and financial assets | 16 | - | - | (17.0) | - |
| Gain from investments and financial assets | | - | - | - | 0.1 |
| **Total loss from financial activities** | | **(23.8)** | **(54.8)** | **(86.3)** | **(120.4)** |
| | | | | | |
| **Profit before tax** | | **54.1** | **27.2** | **63.7** | **104.9** |
| Income tax | 9 | (1.6) | (10.0) | (13.8) | (38.2) |
| **Profit for the period** | | **52.5** | **17.2** | **49.9** | **66.7** |

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

## INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

| | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| (Amounts in millions of Euro) | 2015 | 2014 | 2015 | 2014 |
| **Profit for the period** | **67.6** | **70.4** | **98.6** | **197.0** |
| **Other comprehensive income:** | | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | | |
| Actuarial gains / (losses) | (2.4) | (10.9) | 7.1 | (29.5) |
| Deferred taxes on actuarial gains / (losses) | 0.5 | 2.8 | (2.0) | 7.5 |
| Deferred taxes on actuarial gains / (losses) due to change in the tax rate | 1.3 | - | 1.3 | - |
| **Total items that will not be reclassified subsequently to profit or loss** | **(0.6)** | **(8.1)** | **6.4** | **(22.0)** |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Foreign currency translation | 20.2 | (7.0) | 23.1 | 21.1 |
| Net movement in available for sale financial assets | 0.1 | (0.5) | 2.0 | (0.5) |
| Deferred taxes on remeasurement to fair value of available for sale financial assets | - | - | (0.6) | - |
| **Total items that may be reclassified subsequently to profit or loss** | **20.3** | **(7.5)** | **24.5** | **20.6** |
| **Other comprehensive income / (loss) for the period** | **19.7** | **(15.6)** | **30.9** | **(1.4)** |
| **Total comprehensive income for the period** | **87.3** | **54.8** | **129.5** | **195.6** |
| **Attributable to:** | | | | |
| Owners of the Parent | 93.2 | 55.9 | 140.3 | 187.8 |
| Non-controlling interests | (5.9) | (1.1) | (10.8) | 7.8 |
| | **87.3** | **54.8** | **129.5** | **195.6** |

## INTERIM STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

| | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| (Amounts in millions of Euro) | 2015 | 2014 | 2015 | 2014 |
| **Profit for the period** | **52.5** | **17.2** | **49.9** | **66.7** |
| **Other comprehensive income:** | | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | | |
| Actuarial gains / (losses) | (2.4) | (10.9) | 7.1 | (29.5) |
| Deferred taxes on actuarial gains / (losses) | 0.5 | 2.8 | (2.0) | 7.5 |
| Deferred taxes on actuarial gains / (losses) due to change in the tax rate | 1.3 | - | 1.3 | - |
| **Total items that will not be reclassified subsequently to profit or loss** | **(0.6)** | **(8.1)** | **6.4** | **(22.0)** |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Net movement in available for sale financial assets | - | (0.1) | (0.1) | - |
| **Total items that may be reclassified subsequently to profit or loss** | **-** | **(0.1)** | **(0.1)** | **-** |
| **Other comprehensive income / (loss) for the period** | **(0.6)** | **(8.2)** | **6.3** | **(22.0)** |
| **Total comprehensive income for the period** | **51.9** | **9.0** | **56.2** | **44.7** |

## INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

| | Attributed to owners 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, 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 distribution | - | - | - | - | - | - | - | **-** | (0.1) | **(0.1)** |
| Acquisition of treasury shares for purposes of share option plan | - | - | (58.1) | - | - | - | - | **(58.1)** | - | **(58.1)** |
| Transfer of treasury shares upon exercise of share option plan | - | - | 58.6 | - | - | - | - | **58.6** | - | **58.6** |
| Exercise of share options under the share option plan | - | (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** |
| | | | | | | | | | | |
| **Balance as at January 1, 2015** | **1,387.1** | **496.7** | **(14.8)** | **352.7** | **(186.6)** | **(3,314.1)** | **3,401.0** | **2,122.0** | **376.4** | **2,498.4** |
| Profit / (loss) for the period | - | - | - | - | - | - | 115.1 | **115.1** | (16.5) | **98.6** |
| Other comprehensive income | - | - | - | - | 25.2 | - | - | **25.2** | 5.7 | **30.9** |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **-** | **25.2** | **-** | **115.1** | **140.3** | **(10.8)** | **129.5** |
| Dividend distribution (see Note 7) | - | - | - | - | - | - | (39.1) | **(39.1)** | - | **(39.1)** |
| Acquisition of treasury shares for purposes of share option plan (see Note 6) | - | - | (0.4) | - | - | - | - | **(0.4)** | - | **(0.4)** |
| Transfer of treasury shares upon exercise of share option plan (see Note 6) | - | - | 0.5 | - | - | - | - | **0.5** | - | **0.5** |
| Exercise of share options under the share option plan (see Note 6) | - | (0.5) | - | - | - | - | - | **(0.5)** | - | **(0.5)** |
| **Balance as at September 30, 2015** | **1,387.1** | **496.2** | **(14.7)** | **352.7** | **(161.4)** | **(3,314.1)** | **3,477.0** | **2,222.8** | **365.6** | **2,588.4** |

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, 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 | - | - | (58.1) | - | - | - | **(58.1)** |
| Transfer of treasury shares upon exercise of share option plan | - | - | 58.6 | - | - | - | **58.6** |
| Exercise of share options under the share option plan | - | (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** |
| | | | | | | | |
| **Balance as at January 1, 2015** | **1,387.1** | **496.7** | **(14.8)** | **352.7** | **(31.1)** | **496.9** | **2,687.5** |
| Profit for the period | - | - | - | - | - | 49.9 | **49.9** |
| Other comprehensive income | - | - | - | - | 6.3 | - | **6.3** |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **6.3** | **49.9** | **56.2** |
| Dividend distribution (see Note 7) | - | - | - | - | - | (39.1) | **(39.1)** |
| Acquisition of treasury shares for purposes of share option plan (see Note 6) | - | - | (0.4) | - | - | - | **(0.4)** |
| Transfer of treasury shares upon exercise of share option plan (see Note 6) | - | - | 0.5 | - | - | - | **0.5** |
| Exercise of share options under the share option plan (see Note 6) | - | (0.5) | - | - | - | - | **(0.5)** |
| **Balance as at September 30, 2015** | **1,387.1** | **496.2** | **(14.7)** | **352.7** | **(24.8)** | **507.7** | **2,704.2** |

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

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

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| (Amounts in millions of Euro) | Notes | 01/01-30/09/2015 | 01/01-30/09/2014 | 01/01-30/09/2015 | 01/01-30/09/2014 |
| **Cash flows from operating activities** | | | | | |
| Profit before tax | | 186.1 | 292.3 | 63.7 | 104.9 |
| Adjustments for: | | | | | |
| Depreciation, amortization and impairment | | 609.7 | 592.7 | 221.2 | 207.2 |
| Costs related to early retirement programs | | 99.5 | 5.4 | 79.1 | - |
| Provision for staff retirement indemnities | | 8.7 | 7.0 | 6.7 | 5.3 |
| Provision for youth account | | 2.5 | 2.0 | 2.5 | 2.0 |
| Provision for write down of inventories | | 4.9 | 3.1 | 1.5 | - |
| Provision for doubtful accounts | | 64.3 | 63.2 | 15.1 | 15.2 |
| Other provisions | | - | 3.1 | - | (0.1) |
| Foreign exchange differences, net | | 1.5 | (0.7) | (1.1) | (0.8) |
| Interest income | | (2.0) | (5.0) | (1.6) | (1.6) |
| Dividend income | | - | - | (0.6) | (1.1) |
| (Gains) / losses from investments and financial assets - Impairments | | (16.1) | (0.1) | 17.0 | (0.1) |
| Interest expense | | 111.3 | 161.9 | 72.6 | 124.0 |
| Working capital adjustments: | | | | | |
| Decrease / (increase) in inventories | | (16.4) | (12.5) | (4.1) | (2.3) |
| Decrease / (increase) in receivables | | (244.8) | (33.2) | (86.1) | 1.6 |
| (Decrease) / increase in liabilities (except borrowings) | | 108.5 | (94.0) | 57.9 | (14.4) |
| Plus/(Minus): | | | | | |
| Payment for early retirement programs and voluntary leave scheme | 10 | (93.2) | (111.4) | (79.8) | (105.2) |
| Payment of staff retirement indemnities and youth account, net of employees' contributions | | (21.4) | (7.7) | (21.2) | (7.7) |
| Interest and related expenses paid | | (150.0) | (224.2) | (103.9) | (163.2) |
| Income taxes paid | | (84.0) | (122.3) | (8.8) | (57.3) |
| **Net cash flows from operating activities** | | **569.1** | **519.6** | **230.1** | **106.4** |
| **Cash flows from investing activities** | | | | | |
| Loans granted | | - | - | (12.3) | - |
| Sale or maturity of financial assets | | - | 12.4 | - | 9.0 |
| Repayment of loans receivable | | 7.3 | 9.0 | 7.3 | 9.0 |
| Purchase of property, plant and equipment and intangible assets | | (509.4) | (430.7) | (185.6) | (151.3) |
| Movement in restricted cash | | 2.0 | 0.1 | - | - |
| Proceeds from disposal of subsidiaries / investments, net of cash disposed | | - | (2.2) | - | - |
| Interest received | | 2.1 | 3.3 | 1.7 | 1.7 |
| Dividends received | | - | - | 1.5 | 0.7 |
| **Net cash flows used in investing activities** | | **(498.0)** | **(408.1)** | **(187.4)** | **(130.9)** |
| **Cash flows from financing activities** | | | | | |
| Share option plan | | (0.4) | (38.5) | 17.8 | (38.5) |
| Proceeds from loans granted and issued | 8 | - | 700.0 | 261.0 | 1,063.7 |
| Repayment of loans | 8 | (493.3) | (908.7) | (791.9) | (874.0) |
| Dividends paid to Company's owners | | (39.4) | (0.5) | (39.4) | (0.5) |
| **Net cash flows from / (used in) financing activities** | | **(533.1)** | **(247.7)** | **(552.5)** | **150.7** |
| **Net increase / (decrease) in cash and cash equivalents** | | **(462.0)** | **(136.2)** | **(509.8)** | **126.2** |
| **Cash and cash equivalents, at the beginning of the period** | | **1,509.9** | **1,444.3** | **613.1** | **426.6** |
| Net foreign exchange differences | | 4.4 | 2.0 | - | - |
| **Cash and cash equivalents, at the end of the period** | | **1,052.3** | **1,310.1** | **103.3** | **552.8** |

## 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 September 30, 2015 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, 2015 and for the nine month period then ended, were approved for issuance by the Board of Directors on November 2, 2015.

The total numbers of Group and Company employees as of September 30, 2015 and 2014 and as of December 31, 2014 were as follows:

| | GROUP | COMPANY |
|---|---|---|
| September 30, 2015 | 21,609 | 8,458 |
| December 31, 2014 | 22,144 | 6,924 |
| September 30, 2014 | 22,093 | 6,878 |

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 | 30/09/2015 GROUP’s OWNERSHIP INTEREST | 31/12/2014 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% |
| 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”) | 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”) | Mobile telecommunications services | Romania | 86.20% | 86.20% |
| COSMO-HOLDING ALBANIA S.A. (“CHA”) (see below) | Investment holding company | Greece | 0.00% | 100.00% |

| COMPANY NAME | LINE OF BUSINESS | COUNTRY | 30/09/2015 GROUP's OWNERSHIP INTEREST | 31/12/2014 |
|---|---|---|---|---|
| TELEKOM ALBANIA ex ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC") (see below) | Mobile telecommunications services | Albania | 99.76% | 99.76% |
| GERMANOS S.A. ("GERMANOS") | Retail services | Greece | 100.00% | 100.00% |
| COSMOTE E-VALUE (ex E-VALUE S.A.) (see below) | 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. | Investment holding company | 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% |

### 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.

### 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 would be absorbed by COSMOTE. The process was completed in July 2015.

### REBRANDING OF E-VALUE S.A.

On February 16, 2015, the Board of Directors of E-VALUE S.A. approved the rebranding of E-VALUE S.A. to COSMOTE E-VALUE. The relevant decision was published on the General Commercial Registry (Γ.Ε.ΜΗ.) on February 25, 2015.

### REBRANDING OF AMC

On July 22, 2015, after the necessary approvals, AMC was renamed to TELEKOM ALBANIA.

## 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, 2014, which are available on the Company's 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 and loss and available-for-sale financial assets 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, 2014.

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, 2014 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, 2015, 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

- **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.

**Annual Improvements to IFRSs 2013** (effective for annual periods beginning on or after January 1, 2015):
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.

- **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.

Standards and Interpretations effective for subsequent periods

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, 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 "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 also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. 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, 2018): 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 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. The standard has not yet been endorsed by the EU.

- **IAS 19 (Amendment) "Employee Benefits"** (effective for annual periods beginning on or after February 1, 2015): 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.

- **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): These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and they also clarify 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.

- IAS 1 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after January 1, 2016): These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments have not yet been endorsed by the EU.

- IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment Entities: Applying the Consolidation Exception" (effective for annual periods beginning on or after January 1, 2016): These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after February 1, 2015):

The amendments set out below describe the key changes to seven IFRSs, following the publication of the results of the IASB's 2010-2012 cycle of the annual improvements project.

- 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 2014 (effective for annual periods beginning on or after January 1, 2016):

The amendments set out below describe the key changes to four IFRSs. 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 | |
|---|---|---|---|---|
| | 30/09/2015 | 31/12/2014 | 30/09/2015 | 31/12/2014 |
| (a) Investments in subsidiaries | - | - | 3,539.4 | 3,539.4 |
| (b) Other investments | 0.1 | 0.2 | 0.1 | 0.1 |
| **TOTAL** | **0.1** | **0.2** | **3,539.5** | **3,539.5** |

(a) Investments in subsidiaries are analyzed as follows:

| | OTE's direct ownership interest | Country of incorporation | 30/09/2015 | 31/12/2014 |
|---|---|---|---|---|
| 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 |
| OTE SAT - 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 | 163.7 | 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** | | | **3,539.4** | **3,539.4** |

The Group's non-controlling interests amounted to Euro 365.6 as of September 30, 2015 (December 31, 2014: 376.4), out of which Euro 362.7 relate to TELEKOM ROMANIA (December 31, 2014: 373.5), representing the 45.99% on TELEKOM ROMANIA's equity, which is owned by the Romanian State.

### SALE OF GLOBUL AND GERMANOS TELECOM BULGARIA A.D.

In 2013, the Group sold its 100.00% stake in GLOBUL and in GERMANOS TELECOM BULGARIA A.D. to Telenor Mobile Communications AS, the Norwegian telecom operator. Included in the consolidated income statement of the first nine months of 2015 is a gain of Euro 36.0, reflecting the reversal of a provision related to that sale.

## 5. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30/09/2015 | 31/12/2014 | 30/09/2015 | 31/12/2014 |
| **Marketable securities:** | | | | |
| Available for sale – Mutual funds | 6.7 | 3.7 | 2.1 | 2.2 |
| **TOTAL** | **6.7** | **3.7** | **2.1** | **2.2** |

The movement of other financial assets is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30/09/2015 | 31/12/2014 | 30/09/2015 | 31/12/2014 |
| Balance at the beginning of the period | 3.7 | 7.5 | 2.2 | 2.4 |
| Transfer from other non-current assets | 3.9 | - | - | - |
| Sales – maturities of available for sale financial assets | - | (3.4) | - | - |
| Impairment of financial assets | (2.9) | - | - | - |
| Transfer from other comprehensive income | 2.1 | - | - | - |
| Fair value adjustments through other comprehensive income | (0.1) | (0.4) | (0.1) | (0.2) |
| **Balance at the end of the period** | **6.7** | **3.7** | **2.1** | **2.2** |

## 6. SHARE CAPITAL – SHARE PREMIUM – TREASURY SHARES

OTE's share capital as of September 30, 2015 and December 31, 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, 2015 and December 31, 2014, amounted to Euro 496.2 and Euro 496.7, respectively, the decrease (Euro 0.5) 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, 2015:

| 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 | 208,519,201 | 42.54% |
| Private investors | 35,194,310 | 7.18% |
| Treasury shares | 1,361,680 | 0.28% |
| **TOTAL** | **490,150,389** | **100.00%** |

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

| | Number of shares | Amount |
|---|---|---|
| Own shares as at January 1, 2015 | 1,369,951 | 14.8 |
| Own shares acquired during the period | 50,500 | 0.4 |
| Own shares transferred during the period | (58,771) | (0.5) |
| **Own shares as at September 30, 2015** | **1,361,680** | **14.7** |

## 7. DIVIDENDS

On June 12, 2015, the General Assembly of OTE's Shareholders approved the distribution of dividend from 2014 profits of a total amount of Euro 39.1 or Euro 0.08 (in absolute amount) per share. The amount of dividends payable as of September 30, 2015, amounted to Euro 0.3 (December 31, 2014: Euro 0.5).

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

### LONG–TERM BORROWINGS

Long-term borrowings are analyzed as follows:

| GROUP | 30/09/2015 | 31/12/2014 |
|---|---|---|
| (a) Syndicated loans | 133.0 | 165.9 |
| (b) Global Medium-Term Note Programme | 2,016.5 | 2,472.6 |
| **Total long-term debt** | **2,149.5** | **2,638.5** |
| Short-term portion | (667.7) | (465.4) |
| **Long-term portion** | **1,481.8** | **2,173.1** |

(a) Syndicated loans

On April 27, 2015, TELEKOM ROMANIA MOBILE repaid in total Euro 33.8 under the syndicated facility with EBRD, along with the payment of accrued interest.

(b) Global Medium-Term Note Programme

Repayment of Euro 787.7 Notes due February 12, 2015

In January and February 2015, OTE PLC proceeded with the repurchase of a nominal amount of Euro 49.8, under the Euro 787.7 Notes maturing February 12, 2015, along with the payment of accrued interest. The Notes were surrendered for cancellation. On February 12, 2015, OTE PLC proceeded with the full redemption of the remaining outstanding amount of Euro 382.6 under the above Notes along with the payment of the accrued interest.

Bond buybacks

In January and March 2015, OTE PLC proceeded with the repurchase of a nominal amount of Euro 27.1, under the Euro 900.0 Notes maturing on May 20, 2016, along with the payment of accrued interest. The Notes were surrendered for cancellation. As a result, the outstanding nominal amount of the Euro 900.0 Notes is Euro 629.5.

Reclassification

On May 20, 2015, the outstanding nominal amount of Euro 629.5 under the Euro 900.0 Notes (initial nominal value) maturing on May 20, 2016, was reclassified from “Long-term borrowings” to “Short-term portion of long-term borrowings”.

| COMPANY | 30/09/2015 | 31/12/2014 |
|---|---|---|
| Intercompany loans from OTE PLC | 1,463.2 | 2,008.7 |
| **Total long-term debt** | **1,463.2** | **2,008.7** |
| Short-term portion | (522.4) | (692.0) |
| **Long-term portion** | **940.8** | **1,316.7** |

Repayment of loan granted from OTE PLC

In January and February 2015, OTE proceeded with partial prepayments of a nominal amount of Euro 49.8 under the Euro 600.0 loan from OTE PLC maturing on February 11, 2015, along with the payment of the accrued interest. In February 2015, OTE proceeded with the full repayment of the remaining outstanding amount of Euro 382.6 under the above loan, along with the payment of accrued interest.

Prepayments of loan granted from OTE PLC

On March 20, 2015, OTE proceeded with partial prepayment to OTE PLC of a nominal amount of Euro 2.9 under the Euro 575.0 bond loan maturing on May 19, 2016.

On May 22 and on May 28, 2015, OTE proceeded with partial prepayment to OTE PLC of a nominal amount of Euro 46.0 under the Euro 99.7 bond loan maturing on September 15, 2015 along with the payment of accrued interest.

On July 2, 2015, OTE proceeded with the full prepayment to OTE PLC of the remaining nominal amount of Euro 53.7 under the Euro 99.7 bond loan maturing on September 15, 2015 along with the payment of accrued interest.

On July 2, 2015, OTE proceeded with the partial prepayment to OTE PLC of a nominal amount of Euro 33.1 under the Euro 65.0 bond loan maturing on October 15, 2015 along with the payment of accrued interest.

New loan granted from OTE PLC

On April 27, 2015, OTE signed a Euro 20.0 bond loan agreement with OTE PLC maturing on May 19, 2016.

Reclassification

On May 19, 2015, the outstanding nominal amount of Euro 377.2 under the Euro 575.0 (initial nominal value) intercompany bond loan and the Euro 20.0 intercompany bond loan, both maturing on May 19, 2016, were reclassified from “Long-term borrowings” to “Short-term portion of long-term borrowings”.

## SHORT–TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of September 30, 2015 for the Company amounted to Euro 291.8 (December 31, 2014: Euro 270.6).

Prepayments under loans granted from OTE PLC

On February 20, 2015, OTE proceeded with the full prepayment to OTE PLC of the Euro 51.0 bond loan maturing on May 29, 2015 along with the payment of accrued interest.

In February and March, 2015, OTE proceeded with partial prepayments to OTE PLC of a total subscription amount of Euro 119.8 along with the payment of the accrued yield under the Euro 170.7 zero coupon bond loan maturing on December 10, 2015.

On April 28, 2015, OTE proceeded with the full prepayment to OTE PLC of the Euro 53.0 bond loan maturing on June 10, 2015 along with the payment of accrued interest.

### New loans granted from OTE PLC

On May 27, 2015, OTE signed a Euro 30.0 bond loan agreement with OTE PLC maturing on May 19, 2016.

In June 2015, OTE signed two zero coupon bond loans of nominal amount of Euro 62.7 and Euro 62.8 with OTE PLC maturing in March 2016. The subscription amount received under each zero coupon bond loan was Euro 60.0.

In July 2015, OTE signed two zero coupon bond loans of nominal amount of Euro 8.1 and Euro 14.3 with OTE PLC maturing in October 2015. The subscription amount received under these zero coupon bond loans was Euro 8.0 and Euro 14.0, respectively.

In July 2015, OTE signed two zero coupon bond loans of nominal amount of Euro 30.4 and Euro 41.8 with OTE PLC maturing in April 2016 and in March 2016, respectively. The subscription amount received under these zero coupon bond loans was Euro 29.0 and Euro 40.0, respectively.

## 9. INCOME TAXES

The corporate income tax rate of legal entities in Greece was set at 26% for fiscal year 2013 onwards. Based on Law 4334/2015 published on July 16, 2015, and Law 4336/2015 published on August 14, 2015, the income tax rate of legal entities in Greece increased from 26% to 29% and the income tax prepayment increased from 80% to 100%, effective from January 1, 2015.

### 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 – 2014 |
| COSMO-ONE | 2010 |
| OTE PLC | 2013 – 2014 |
| OTESAT-MARITEL | 2009 – 2010 |
| OTE PLUS | 2010 |
| OTE ESTATE | 2008 – 2010 |
| OTE-GLOBE | 2010 |
| OTE INSURANCE | 2010 |
| OTE ACADEMY | 2010 |
| HATWAVE | 1996 – 2014 |
| OTE INVESTMENTS SERVICES S.A. | 2010 |
| TELEKOM ROMANIA | 2006 – 2014 |
| NEXTGEN | 2008 – 2014 |
| TELEKOM ALBANIA | 2013 – 2014 |
| TELEKOM ROMANIA MOBILE | 2013 – 2014 |
| GERMANOS | 2010 |
| COSMOTE E-VALUE | 2010 |
| GERMANOS TELECOM ROMANIA S.A. | 2009 – 2014 |
| SUNLIGHT ROMANIA S.R.L. - FILIALA | 2009 – 2014 |
| MOBILBEEEP LTD | 2010 – 2014 |
| CHA | 2007 – 2011 and 2014 |
| COSMOHOLDING ROMANIA LTD | 2009 – 2014 |
| ZAPP | 2009 – 2014 |
| E-VALUE LTD | 2010 |
| COSMOHOLDING INTERNATIONAL B.V. | 2014 |

| COMPANY | Open Tax Years |
|---|---|
| E-VALUE INTERNATIONAL S.A. | 2014 |
| OTE RURAL NORTH | 2014 |
| OTE RURAL SOUTH | 2014 |

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, the tax audit for the financial year 2014 has been completed by PricewaterhouseCoopers S.A. and the "Tax Compliance Report" has been issued in the third quarter of 2015. No significant additional tax liabilities arose in excess of those provided for and disclosed in the financial statements.

- The tax audit for CHA for the fiscal years 2007 - 2011 is in progress. The company has been absorbed by COSMOTE (see Note 1).
- The tax audit for OTESAT - MARITEL for the fiscal year 2008 has been completed without any significant impact to the Group and the company has received an audit notice for years 2009 and 2010.
- The tax audit for TELEKOM ROMANIA MOBILE for the fiscal years 2007 - 2012 has been completed and has identified accounting differences which are estimated to result in additional taxes of Euro 3.0 (including penalties). The company has appealed against this decision.
- The tax audit for OTE ESTATE for the fiscal years 2008 - 2010 is in progress.

The major components of income tax expense are as follows:

| | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| GROUP | 2015 | 2014 | 2015 | 2014 |
| Current income tax | 36.1 | 26.9 | 88.4 | 68.3 |
| Deferred income tax - Effect due to change in the income tax rate | (29.4) | - | (29.4) | - |
| Deferred income tax | 14.0 | 7.5 | 28.5 | 27.0 |
| **Total income tax** | **20.7** | **34.4** | **87.5** | **95.3** |

| | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| COMPANY | 2015 | 2014 | 2015 | 2014 |
| Deferred income tax - Effect due to change in the income tax rate | (19.3) | - | (19.3) | - |
| Deferred income tax | 20.9 | 10.0 | 33.1 | 38.2 |
| **Total income tax** | **1.6** | **10.0** | **13.8** | **38.2** |

Income tax payable for the Group and the Company as of September 30, 2015 amounted to Euro 74.7 and Euro nill, respectively (December 31, 2014: Euro 46.4 and nill respectively).

Income tax receivable for the Group and the Company as of September 30, 2015 amounted to Euro 22.7 and Euro 10.1, respectively (December 31, 2014: Euro 34.4 and 11.6 respectively) and is recorded under “Other current assets”.

## 10. PROVISION FOR VOLUNTARY LEAVE SCHEME

### OTE Voluntary Leave Scheme

On May 22, 2015, OTE announced the implementation of a voluntary leave scheme mainly addressed to employees close to their retirement age. The scheme was completed at the end of June 2015, when the participated employees left the Company. The respective cost amounted to Euro 75.0. Furthermore, OTE’s cost related to prior early retirement programs amounted to Euro 4.1.

### Other early retirement programs

In the first nine months of 2015, COSMOTE group, TELEKOM ROMANIA and other Group companies applied early retirement programs, the total cost of which was Euro 5.9, Euro 14.0 and Euro 0.5, respectively.

The total cost of the above mentioned programs for the first nine months of 2015, amounted to Euro 99.5 and Euro 79.1 for the Group and the Company, respectively. Amounts paid during the first nine months of 2015, in relation to early retirement programs were Euro 93.2 for the Group and Euro 79.8 for the Company.

## 11. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

| GROUP | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Income from disposal of property, plant and equipment | 6.2 | 8.1 | 14.7 | 21.5 |
| Income from contract penalties | 2.2 | 3.3 | 12.0 | 9.3 |
| Income from investment property | 1.8 | 1.9 | 5.5 | 5.7 |
| Other | 1.1 | 3.4 | 4.5 | 6.5 |
| **TOTAL** | **11.3** | **16.7** | **36.7** | **43.0** |

| COMPANY | 3rd Quarter | | First nine months | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Income from disposal of property, plant and equipment | 3.5 | 1.4 | 4.5 | 1.4 |
| Income from contract penalties | - | - | 4.4 | 0.2 |
| Income from investment property | - | 0.1 | - | 0.1 |
| Other | 0.5 | - | 1.4 | 0.5 |
| **TOTAL** | **4.0** | **1.5** | **10.3** | **2.2** |

## 12. 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 | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Profit attributable to owners of the Parent | 78.3 | 69.1 | 115.1 | 194.2 |
| Weighted average number of shares for basic earnings per share | 488,774,437 | 489,617,279 | 488,779,840 | 487,657,040 |
| Share options outstanding | 4,040,815 | 6,644,523 | 4,040,815 | 6,644,523 |
| Weighted average number of shares adjusted for the effect of dilutions | 488,911,451 | 489,853,653 | 488,923,669 | 487,902,764 |
| Basic earnings per share | 0.1602 | 0.1411 | 0.2355 | 0.3982 |
| Diluted earnings per share | 0.1602 | 0.1411 | 0.2354 | 0.3980 |

(Earnings per share are in absolute amounts)

## 13. OPERATING SEGMENT INFORMATION

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

| Nine month period ended September 30, 2015 | OTE | COSMOTE GROUP | TELEKOM ROMANIA | OTHER | TOTAL | Eliminations | GROUP |
|---|---|---|---|---|---|---|---|
| Revenue from external customers | 1,051.4 | 1,164.8 | 424.5 | 224.9 | 2,865.6 | - | 2,865.6 |
| Intersegment revenue | 72.5 | 108.8 | 18.2 | 115.5 | 315.0 | (315.0) | - |
| Total revenues | 1,123.9 | 1,273.6 | 442.7 | 340.4 | 3,180.6 | (315.0) | 2,865.6 |
| Other operating income | 10.3 | 2.2 | 20.3 | 6.9 | 39.7 | (3.0) | 36.7 |
| Operating expenses | (984.2) | (1,135.6) | (497.1) | (322.2) | (2,939.1) | 317.6 | (2,621.5) |
| Operating profit / (loss) | 150.0 | 140.2 | (34.1) | 25.1 | 281.2 | (0.4) | 280.8 |
| Operating profit before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs | 450.3 | 417.3 | 82.8 | 44.5 | 994.9 | (0.4) | 994.5 |
| Profit / (loss) for the period | 49.9 | 58.2 | (35.9) | 27.3 | 99.5 | (0.9) | 98.6 |

| Nine month period ended September 30, 2014 | OTE | COSMOTE GROUP | TELEKOM ROMANIA | OTHER | TOTAL | Eliminations | GROUP |
|---|---|---|---|---|---|---|---|
| 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 revenues | 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 | 66.7 | 103.3 | 5.9 | 22.1 | 198.0 | (1.0) | 197.0 |

## 14. 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 2015 | | First nine months 2014 | |
|---|---|---|---|---|
| | Sales OTE | Purchases OTE | Sales OTE | Purchases OTE |
| COSMOTE group of companies | 55.6 | 78.3 | 50.6 | 48.8 |
| OTE INTERNATIONAL INVESTMENTS LTD | 0.4 | 2.5 | 0.5 | 3.2 |
| COSMO-ONE | - | 0.4 | - | 0.4 |
| VOICENET | n/a | n/a | 0.9 | 1.8 |
| OTE SAT – MARITEL | 0.6 | 0.2 | 0.4 | 0.3 |
| OTE PLUS | 0.3 | 20.1 | 0.3 | 45.9 |
| OTE ESTATE | 0.2 | 31.9 | - | 34.1 |
| OTE-GLOBE | 10.5 | 43.0 | 8.3 | 42.2 |
| OTE ACADEMY | 0.2 | 4.5 | 0.1 | 4.1 |
| TELEKOM ROMANIA | - | - | - | 0.1 |
| OTE RURAL NORTH | 2.3 | - | - | - |
| OTE RURAL SOUTH | 2.4 | - | - | - |
| DEUTSCHE TELEKOM group of companies (except for OTE Group) | 1.5 | 1.5 | 0.1 | 0.6 |
| **TOTAL** | **74.0** | **182.4** | **61.2** | **181.5** |

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

| | First nine months 2015 | | First nine months 2014 | |
|---|---|---|---|---|
| | Group's sales | Group's purchases | Group's sales | Group's purchases |
| DEUTSCHE TELEKOM group of companies (except for OTE Group) | 21.1 | 23.4 | 19.4 | 16.8 |
| **TOTAL** | **21.1** | **23.4** | **19.4** | **16.8** |

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

| | First nine months 2015 | | First nine months 2014 | |
|---|---|---|---|---|
| | Finance income OTE | Finance expense OTE | Finance income OTE | Finance expense OTE |
| OTE PLC | - | 63.3 | - | 118.4 |
| OTE RURAL NORTH | 0.1 | - | - | - |
| OTE RURAL SOUTH | 0.1 | - | - | - |
| **TOTAL** | **0.2** | **63.3** | **-** | **118.4** |

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

| | Dividend income OTE | |
|---|---|---|
| | First nine months 2015 | First nine months 2014 |
| OTE SAT – MARITEL | 0.6 | 1.0 |
| OTE INSURANCE | - | 0.1 |
| **TOTAL** | **0.6** | **1.1** |

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

| | 30/09/2015 | | 31/12/2014 | |
|---|---|---|---|---|
| | Amounts owed to OTE | Amounts owed by OTE | Amounts owed to OTE | Amounts owed by OTE |
| COSMOTE group of companies | 53.9 | 125.3 | 85.7 | 117.2 |
| OTE INTERNATIONAL INVESTMENTS LTD | 0.2 | 0.6 | 0.2 | 1.0 |
| COSMO-ONE | - | 0.3 | - | 0.1 |
| OTE SAT – MARITEL | 2.9 | 0.1 | 3.3 | 4.5 |
| OTE PLUS | 0.4 | 12.8 | 0.5 | 23.6 |
| OTE ESTATE | 1.2 | 5.7 | 0.5 | 4.6 |
| OTE-GLOBE | 18.1 | 52.2 | 14.8 | 53.5 |
| OTE ACADEMY | 0.7 | 1.5 | 0.5 | 1.1 |
| TELEKOM ROMANIA | 0.5 | - | 0.5 | 0.2 |
| OTE RURAL NORTH | 2.9 | - | - | - |
| OTE RURAL SOUTH | 3.0 | - | - | - |
| DEUTSCHE TELEKOM group of companies (except for OTE Group) | 2.4 | 2.0 | 1.3 | 1.6 |
| **TOTAL** | **86.2** | **200.5** | **107.3** | **207.4** |

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

| | 30/9/2015 | | 31/12/2014 | |
|---|---|---|---|---|
| | 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) | 35.2 | 84.0 | 17.3 | 72.6 |
| **TOTAL** | **35.2** | **84.0** | **17.3** | **72.6** |

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

| | 30/9/2015 | | 31/12/2014 | |
|---|---|---|---|---|
| | Amounts owed to OTE | Amounts owed by OTE | Amounts owed to OTE | Amounts owed by OTE |
| OTE PLC | - | 1,776.4 | - | 2,344.5 |
| OTE RURAL NORTH | 6.1 | - | - | - |
| OTE RURAL SOUTH | 6.2 | - | - | - |
| **TOTAL** | **12.3** | **1,776.4** | **-** | **2,344.5** |

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 5.4 (including the employer's contributions to pension funds where applicable) for the first nine months of 2015 (first nine months of 2014: Euro 4.8).

As of September 30, 2015, 678,314 outstanding options under OTE's share based payment plan have been granted to the Company's key management personnel.

## 15. 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, 2014, except for the following:

TELENOR: In 2014, TELENOR notified COSMOTE that after thorough examination it has identified violations of the warranties provided by COSMOTE at the sale of GLOBUL and claimed an amount of Euro 15.4 based on the alleged incurred loss so far. In the first half of 2015, TELENOR reduced the amount to Euro 9.6, reserving the right to raise further claims depending on the outcome of the pending legal and tax cases. The Group is evaluating the validity of TELENOR's claim.

DEP INFO Limited: With respect to DEP INFO Limited's appeal against the Court's decisions which rejected its claim against OTE (Euro 7.0 for damages) and its first appeal, the case was heard on October 6, 2014 and the Court issued a decision by which the appeal was rejected.

S.P. COM S.A.: With respect to S.P. COM S.A.'s appeal against the Court's decision which rejected its claim against OTE (Euro 7.3 in damages plus interest), the case was heard on September 25, 2014 and the Court issued a decision by which the appeal was rejected.

### COSMOTE

VIVA electronic Communications single-member Ltd: With respect to VIVA electronic Communications single-member Ltd's lawsuit against COSMOTE claiming an amount of Euro 10.6, on September 2, 2015 VIVA electronic Communications single-member Ltd resigned from the lawsuit.

### GERMANOS

HELLENIC COMPETITION COMMISSION (HCC): With respect to HCC's decision which was notified to GERMANOS on December 31, 2014 and based on which a fine of Euro 10.3 was imposed, GERMANOS appealed against this decision before the Athens Court of Appeals. The hearing was held on October 8, 2015 and the decision is pending.

## 16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Fair value and fair value hierarchy of financial instruments

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** | **30/09/2015** | **31/12/2014** | **30/09/2015** | **31/12/2014** |
| **Financial Assets** | | | | |
| Trade receivables | 771.4 | 684.9 | 771.4 | 684.9 |
| Loans to pension funds | 95.3 | 116.1 | 131.9 | 148.5 |
| Loans and advances to employees | 56.8 | 70.7 | 56.8 | 70.7 |
| Guaranteed receipt from grantor (Financial assets model) | 28.8 | 2.9 | 28.8 | 2.9 |
| Restricted cash | 2.5 | 4.5 | 2.5 | 4.5 |
| Cash and cash equivalents | 1,052.3 | 1,509.9 | 1,052.3 | 1,509.9 |
| **Financial Liabilities** | | | | |
| Long-term borrowings | 1,481.8 | 2,173.1 | 1,473.1 | 2,232.1 |
| Short-term borrowings and short-term portion of long-term borrowings | 667.7 | 465.4 | 671.7 | 468.4 |
| Trade accounts payable | 998.0 | 998.4 | 998.0 | 998.4 |

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| **COMPANY** | **30/09/2015** | **31/12/2014** | **30/09/2015** | **31/12/2014** |
| **Financial Assets** | | | | |
| Trade receivables | 383.7 | 349.1 | 383.7 | 349.1 |
| Loans to pension funds | 95.3 | 116.1 | 131.9 | 148.5 |
| Loans and advances to employees | 55.8 | 70.1 | 55.8 | 70.1 |
| Cash and cash equivalents | 103.3 | 613.1 | 103.3 | 613.1 |
| **Financial Liabilities** | | | | |
| Long-term borrowings | 940.8 | 1,316.7 | 902.6 | 1,320.9 |
| Short-term borrowings and short-term portion of long-term borrowings | 814.2 | 962.6 | 817.2 | 961.8 |
| Trade accounts payable | 390.3 | 387.6 | 390.3 | 387.6 |

The fair value of cash and cash equivalents, trade receivables, restricted cash, loans and advances to employees 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.

### LOANS TO THE AUXILIARY PENSION FUND/TAYTEKO

Based on article 74 of Law 3371/2005 and the provisions of the related Ministerial Decision, OTE should grant an interest bearing loan to the Auxiliary Pension Fund/TAYTEKO in order to cover the Lump Sum benefits due to participants of the 2005 Voluntary Leave Scheme. Based on the loan agreements signed (the initial on October 23, 2006 and the amendments on October 30, 2007 and on May 21, 2008), the total amount granted was Euro 189.3, repayable in 21 years including a two year grace period, meaning that the repayment started on October 1, 2008 through monthly installments. The loan bears interest at 0.29%. At the date of the contractual commitment, the loan was discounted to its present value.

Furthermore, based on L. 3762/2009 (2009 Voluntary Leave Scheme), OTE was required to grant an interest-free long-term loan to the Auxiliary Pension Fund/TAYTEKO for the Lump Sum benefits that TAYTEKO would be required to pay to these employees. The respective loan agreement was signed in June 2010 for a nominal amount of Euro 30.0, being an interest free loan with duration of 22 years. At the date of the contractual commitment, the loan was discounted to its present value.

These loans are exposed to credit risk related to the debt servicing capacity of the Fund.

In 2015, TAYTEKO informed OTE that it is experiencing severe financial distress and liquidity problems. Following further discussions and extensive negotiations with the competent Ministry of Labor, Social Security and Social Solidarity and the management of TAYTEKO and aiming to secure OTE's interests, an agreement was reached on the restructuring of the two loans, as per below:

- Reduction of the installments from the current level of Euro 11.8 per annum to Euro 6.6 per annum for the next 2 years and to Euro 7.4 per annum from the 3rd year onwards and up to maturity.
- Extension of the Euro 189.3 loan maturity for 7 years and of the Euro 30.0 loan maturity for 3.8 years.

OTE's and TAYTEKO's Board of Directors approved the restructuring of the two loans in the way described above. Following these approvals, an amendment was signed on May 28, 2015, describing the terms of the loans' restructuring.

As a result, a charge of Euro 17.0 (before tax) was recorded in the income statement of the first nine months of 2015, being the impact of this restructuring on the present value of these loans and is included in the line "Impairment of investments and financial assets". The nominal value of these loans has not been affected by the restructuring.

## OTHER FINANCIAL ASSETS

As at September 30, 2015, the Group and the Company held the following financial instruments measured at fair value:

| GROUP | Fair value | | Fair value hierarchy |
|---|---|---|---|
| | 30/09/2015 | 31/12/2014 | |
| **Financial Assets** | | | |
| Available-for-sale mutual funds | 3.5 | 3.7 | Level 1 |
| Available-for-sale mutual funds | 3.2 | - | Level 3 |
| Other non-current financial assets | - | 3.9 | Level 3 |

| COMPANY | Fair value | | Fair value hierarchy |
|---|---|---|---|
| | 30/09/2015 | 31/12/2014 | |
| **Financial Assets** | | | |
| Available-for-sale mutual funds | 2.1 | 2.2 | Level 1 |

## FINANCIAL RISK MANAGEMENT

### Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece continues to be volatile. Following the imposition of capital controls in the country on June 28, 2015, domestic transactions and dealings with foreign suppliers and creditors was affected as a result of limits on daily ATM withdrawals and restrictions on payments abroad. The Group may be impacted as a result of residential customers, corporate customers and the public sector delaying payments of their obligations, adversely affecting the liquidity of the Group and the Company. Furthermore as the Group's and the Company's debt is totally owed to creditors outside Greece and as the Group's and the Company's operations in Greece are to a significant extent dependent on foreign suppliers, the Group and the Company need to seek approval from the appropriate authorities in order to use cash and cash equivalents held in Greece to settle its foreign debt and to settle payments to foreign suppliers. The continued instability of the Greek banking sector and the imposition of capital controls, described previously, continue to negatively impact the economic situation in Greece, which may affect the Group's and the Company's business, results of operations, financial condition and prospects.

Notwithstanding the above, the Group's Greek operations continue without any disruption; however management is not able to accurately predict the likely developments in the Greek economy and the resulting future impact on the Group's operations. Assuming that the capital controls are lifted within mid to end 2016 and the agreed terms and conditions of the third bailout program are implemented, no material negative impact on the Group's Greek operations is anticipated in the medium to long term. Management has therefore concluded that, due to the aforementioned reasons, no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of September 30, 2015.

In this uncertain economic environment, management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations.

### Financial Risks

The below stated risks are significantly affected by the capital controls imposed as well as 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 available-for-sale and held-for-trading include mutual funds and other securities. These financial asset categories 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 their diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is however considered to exist for amounts receivable from other telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Group and the Company. For this category the Group and the Company assess the credit risk following the established policies and procedures and make the appropriate provision for impairment. Furthermore, concentration of risk is considered to exist for amounts receivable from the public sector.

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

Cash and cash equivalents are also considered to be exposed to a high level of credit risk, in light of the macroeconomic conditions in Greece which are placing significant pressure on the domestic banks. Most of the Group's cash is invested in highly rated counterparties and with a very short term tenor.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities and loans to Auxiliary Pension Fund/TAYTEKO mainly due to the Voluntary Leave Scheme. The latter loans (Auxiliary Pension Fund/TAYTEKO) are exposed to credit risk related to the debt servicing capacity of the 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 current financial assets as at September 30, 2015 amount to Euro 1,059.0 and Euro 105.4 respectively and their debt amounts to Euro 2,149.5 and Euro 1,755.0, 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. The Group manages interest rate risk through a combination of fixed and floating rate 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 a Group level. Net debt includes interest bearing loans and notes, less cash and cash equivalents and other current financial assets.

The table below shows a decrease in the gearing ratio in 2015 compared to 2014, coming from a decrease in net debt (due to a decrease in borrowings) and an increase in equity (through the profit of the period):

| GROUP | 30/09/2015 | 31/12/2014 |
|---|---|---|
| Borrowings | 2,149.5 | 2,638.5 |
| Cash and cash equivalents | (1,052.3) | (1,509.9) |
| Other current financial assets | (6.7) | (3.7) |
| **Net debt** | **1,090.5** | **1,124.9** |
| Equity | 2,588.4 | 2,498.4 |
| **Gearing ratio** | **0.42x** | **0.45x** |

## 17. RECLASSIFICATIONS

For reconciliation purposes of the income statement between the first half 2015 and the first nine months 2015, an amount of Euro 4.6 has been reclassified from “Other sundry operating expenses” to “Construction cost network” in the consolidated income statement of the first half of 2015.

## 18. EVENTS AFTER THE FINANCIAL POSITION DATE

There were no significant events after September 30, 2015 that should be disclosed in these financial statements.