HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF SEPTEMBER 30, 2016

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 9, 2016 and are signed by:

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

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

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INTERIM STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	30/09/2016	31/12/2015	30/09/2016	31/12/2015
ASSETS					
Non-current assets					
Property, plant and equipment		2,854.6	2,950.6	1,195.3	1,216.7
Goodwill		507.5	506.4	-	-
Telecommunication licenses		507.6	543.0	3.8	4.1
Other intangible assets		500.3	533.4	188.5	214.6
Investments	4	0.1	0.1	3,539.6	3,539.5
Loans to pension funds		86.4	88.2	86.4	88.2
Deferred tax assets		337.6	339.8	153.0	149.0
Other non-current assets		97.5	88.4	74.2	65.9
Total non-current assets		**4,891.6**	**5,049.9**	**5,240.8**	**5,278.0**
Current assets					
Inventories		111.5	97.2	19.4	18.1
Trade receivables		771.0	728.6	363.2	354.4
Other financial assets		7.1	6.8	9.3	2.1
Other current assets		269.6	252.4	108.5	103.8
Restricted cash		3.8	2.8	-	-
Cash and cash equivalents		1,364.9	1,322.5	634.6	290.3
Total current assets		**2,527.9**	**2,410.3**	**1,135.0**	**768.7**
TOTAL ASSETS		**7,419.5**	**7,460.2**	**6,375.8**	**6,046.7**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	5	1,387.1	1,387.1	1,387.1	1,387.1
Share premium	5	496.3	496.3	496.3	496.3
Treasury shares		(14.7)	(14.7)	(14.7)	(14.7)
Statutory reserve		357.3	357.3	357.3	357.3
Foreign exchange and other reserves		(175.3)	(164.1)	(40.6)	(17.3)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings		3,583.7	3,509.2	594.7	545.8
Total equity attributable to owners of the Parent		**2,320.3**	**2,257.0**	**2,780.1**	**2,754.5**
Non-controlling interests	4	333.5	352.2	-	-
Total equity		**2,653.8**	**2,609.2**	**2,780.1**	**2,754.5**
Non-current liabilities					
Long-term borrowings	7	1,992.7	1,755.6	1,347.3	1,089.1
Provision for staff retirement indemnities		248.4	219.1	213.2	185.4
Provision for youth account		153.0	157.2	153.0	157.2
Deferred tax liabilities		52.4	55.3	-	-
Other non-current liabilities		134.6	174.9	151.8	164.3
Total non-current liabilities		**2,581.1**	**2,362.1**	**1,865.3**	**1,596.0**
Current liabilities					
Trade accounts payable		1,116.7	1,202.5	406.5	460.4
Short-term borrowings	7	-	-	621.9	492.0
Short-term portion of long-term borrowings	7	172.8	433.5	128.3	256.4
Income tax payable	8	71.1	30.4	50.4	-
Deferred revenue		145.2	150.9	87.2	84.6
Provision for voluntary leave scheme		150.0	140.7	150.0	140.7
Dividends payable	6	0.3	0.3	0.3	0.3
Other current liabilities		528.5	530.6	285.8	261.8
Total current liabilities		**2,184.6**	**2,488.9**	**1,730.4**	**1,696.2**
TOTAL EQUITY AND LIABILITIES		**7,419.5**	**7,460.2**	**6,375.8**	**6,046.7**

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 2016	3rd Quarter 2015	First nine months 2016	First nine months 2015
Revenue					
Fixed business:					
Retail services revenues		305.8	300.8	904.0	899.4
Wholesale services revenues		163.8	155.8	468.1	461.7
Other revenues		70.9	67.6	215.7	217.2
Total revenues from fixed business		**540.5**	**524.2**	**1,587.8**	**1,578.3**
Mobile business:					
Service revenues		352.5	354.0	992.1	1,004.2
Handset revenues		53.8	53.8	156.4	160.0
Other revenues		6.4	5.1	16.4	13.8
Total revenues from mobile business		**412.7**	**412.9**	**1,164.9**	**1,178.0**
Miscellaneous other revenues		**44.7**	**34.2**	**128.4**	**109.3**
Total revenues		**997.9**	**971.3**	**2,881.1**	**2,865.6**
Other operating income	10	**9.6**	**11.3**	**25.7**	**36.7**
Operating expenses					
Interconnection and roaming costs		(140.2)	(126.0)	(388.4)	(354.0)
Provision for doubtful accounts		(24.9)	(20.1)	(68.7)	(64.3)
Personnel costs		(154.7)	(166.7)	(484.3)	(514.0)
Costs related to early retirement programs	9	(35.8)	(13.8)	(43.5)	(99.5)
Commission costs		(32.5)	(37.0)	(100.0)	(109.8)
Merchandise costs		(64.3)	(61.1)	(191.4)	(200.1)
Maintenance and repairs		(25.4)	(26.8)	(78.3)	(76.5)
Marketing		(23.7)	(24.3)	(73.3)	(79.2)
Other operating expenses, out of which:		(185.7)	(171.5)	(548.1)	(514.4)
Rental, leasing and facility costs		*(53.3)*	*(51.2)*	*(155.5)*	*(149.0)*
Third party fees and services		*(42.9)*	*(37.4)*	*(132.4)*	*(110.1)*
Other taxes and regulatory charges		*(17.8)*	*(22.1)*	*(62.4)*	*(67.3)*
Construction cost network		*(16.0)*	*(5.3)*	*(34.4)*	*(25.8)*
Other sundry operating expenses		*(55.7)*	*(55.5)*	*(163.4)*	*(162.2)*
Total operating expenses before depreciation, amortization and impairment		**(687.2)**	**(647.3)**	**(1,976.0)**	**(2,011.8)**
Operating profit before financial activities and depreciation, amortization and impairment		**320.3**	**335.3**	**930.8**	**890.5**
Depreciation, amortization and impairment		(201.1)	(209.1)	(615.2)	(609.7)
Operating profit before financial activities		**119.2**	**126.2**	**315.6**	**280.8**
Income and expense from financial activities					
Interest and related expenses		(41.3)	(35.7)	(112.8)	(111.3)
Interest income		0.5	0.5	1.8	2.0
Foreign exchange differences, net		0.4	(2.7)	0.1	(1.5)
Gains from investments and other financial assets - Impairment	4	18.6	-	19.2	16.1
Total loss from financial activities		**(21.8)**	**(37.9)**	**(91.7)**	**(94.7)**
Profit before tax		**97.4**	**88.3**	**223.9**	**186.1**
Income tax	8	(46.9)	(20.7)	(124.7)	(87.5)
Profit for the period		**50.5**	**67.6**	**99.2**	**98.6**
Attributable to:					
Owners of the parent		55.9	78.3	123.4	115.1
Non-controlling interests		(5.4)	(10.7)	(24.2)	(16.5)
Profit for the period		**50.5**	**67.6**	**99.2**	**98.6**
Earnings per share attributable to owners of the parent					
Basic earnings per share	11	0.1144	0.1602	0.2525	0.2355
Diluted earnings per share	11	0.1143	0.1602	0.2524	0.2354

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		First nine months	
		2016	2015	2016	2015
Revenue					
Fixed business:					
Retail services revenues		228.2	219.0	672.1	648.7
Wholesale services revenues		88.5	85.7	257.0	248.7
Other revenues		51.5	49.8	158.0	155.1
Total revenues from fixed business		**368.2**	**354.5**	**1,087.1**	**1,052.5**
Mobile business:					
Handset revenues		6.7	5.1	16.9	17.0
Total revenues from mobile business		**6.7**	**5.1**	**16.9**	**17.0**
Miscellaneous other revenues		**22.8**	**17.7**	**62.1**	**54.4**
Total revenues		**397.7**	**377.3**	**1,166.1**	**1,123.9**
Other operating income	10	**1.6**	**4.0**	**4.4**	**10.3**
Operating expenses					
Interconnection and roaming costs		(32.5)	(33.8)	(86.2)	(82.4)
Provision for doubtful accounts		(5.2)	(4.9)	(15.1)	(15.1)
Personnel costs		(76.5)	(81.6)	(236.4)	(253.5)
Costs related to early retirement programs	9	(29.9)	(0.6)	(32.5)	(79.1)
Commission costs		(4.1)	(3.2)	(9.7)	(9.4)
Merchandise costs		(14.3)	(8.5)	(39.0)	(38.5)
Maintenance and repairs		(9.1)	(9.4)	(29.0)	(31.7)
Marketing		(6.1)	(6.5)	(18.8)	(19.6)
Other operating expenses, out of which:		(80.4)	(76.2)	(242.3)	(233.7)
Rental, leasing and facility costs		*(24.7)*	*(27.0)*	*(74.2)*	*(78.0)*
Third party fees and services		*(35.0)*	*(29.7)*	*(106.0)*	*(93.2)*
Other taxes and regulatory charges		*(5.2)*	*(4.8)*	*(15.6)*	*(15.1)*
Other sundry operating expenses		*(15.5)*	*(14.7)*	*(46.5)*	*(47.4)*
Total operating expenses before depreciation, amortization and impairment		**(258.1)**	**(224.7)**	**(709.0)**	**(763.0)**
Operating profit before financial activities and depreciation, amortization and impairment		**141.2**	**156.6**	**461.5**	**371.2**
Depreciation, amortization and impairment		(70.5)	(78.7)	(229.5)	(221.2)
Operating profit before financial activities		**70.7**	**77.9**	**232.0**	**150.0**
Income and expense from financial activities					
Interest and related expenses		(31.4)	(24.8)	(80.8)	(72.6)
Interest income		0.6	0.6	1.7	1.6
Foreign exchange differences, net		(0.1)	0.4	0.9	1.1
Dividend income	13	0.6	-	1.0	0.6
Losses from investments and other financial assets - Impairment		-	-	(0.2)	(17.0)
Total loss from financial activities		**(30.3)**	**(23.8)**	**(77.4)**	**(86.3)**
Profit before tax		**40.4**	**54.1**	**154.6**	**63.7**
Income tax	8	(14.8)	(1.6)	(56.8)	(13.8)
Profit for the period		**25.6**	**52.5**	**97.8**	**49.9**

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)	2016	2015	2016	2015
Profit for the period	50.5	67.6	99.2	98.6
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains / (losses)	(6.2)	(2.4)	(31.8)	7.1
Deferred taxes on actuarial gains / (losses)	1.8	0.5	9.3	(2.0)
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	(4.4)	(0.6)	(22.5)	6.4
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	17.1	20.2	16.8	23.1
Net movement in available for sale financial assets	-	0.1	-	2.0
Deferred taxes on net movement in available for sale financial assets	-	-	-	(0.6)
Total items that may be reclassified subsequently to profit or loss	17.1	20.3	16.8	24.5
Other comprehensive income / (loss) for the period	12.7	19.7	(5.7)	30.9
Total comprehensive income for the period	63.2	87.3	93.5	129.5
Attributable to:				
Owners of the parent	63.4	93.2	112.2	140.3
Non-controlling interests	(0.2)	(5.9)	(18.7)	(10.8)
	63.2	87.3	93.5	129.5

INTERIM STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

	3rd Quarter		First nine months	
(Amounts in millions of Euro)	2016	2015	2016	2015
Profit for the period	25.6	52.5	97.8	49.9
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains / (losses)	(6.1)	(2.4)	(32.6)	7.1
Deferred taxes on actuarial gains / (losses)	1.8	0.5	9.4	(2.0)
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	(4.3)	(0.6)	(23.2)	6.4
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	(4.3)	(0.6)	(23.3)	6.3
Total comprehensive income for the period	21.3	51.9	74.5	56.2

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, 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	-	-	-	-	-	-	(39.1)	**(39.1)**	-	**(39.1)**
Acquisition of treasury shares for purposes of share option plan	-	-	(0.4)	-	-	-	-	**(0.4)**	-	**(0.4)**
Transfer of treasury shares upon exercise of share option plan	-	-	0.5	-	-	-	-	**0.5**	-	**0.5**
Exercise of share options under the share option plan	-	(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**
Balance as at January 1, 2016	**1,387.1**	**496.3**	**(14.7)**	**357.3**	**(164.1)**	**(3,314.1)**	**3,509.2**	**2,257.0**	**352.2**	**2,609.2**
Profit / (loss) for the period	-	-	-	-	-	-	123.4	**123.4**	(24.2)	**99.2**
Other comprehensive income / (loss)	-	-	-	-	(11.2)	-	-	**(11.2)**	5.5	**(5.7)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(11.2)**	**-**	**123.4**	**112.2**	**(18.7)**	**93.5**
Dividend distribution (see Note 6)	-	-	-	-	-	-	(48.9)	**(48.9)**	-	**(48.9)**
Balance as at September 30, 2016	**1,387.1**	**496.3**	**(14.7)**	**357.3**	**(175.3)**	**(3,314.1)**	**3,583.7**	**2,320.3**	**333.5**	**2,653.8**

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, 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	-	-	-	-	-	(39.1)	**(39.1)**
Acquisition of treasury shares for purposes of share option plan	-	-	(0.4)	-	-	-	**(0.4)**
Transfer of treasury shares upon exercise of share option plan	-	-	0.5	-	-	-	**0.5**
Exercise of share options under the share option plan	-	(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
Balance as at January 1, 2016	1,387.1	496.3	(14.7)	357.3	(17.3)	545.8	2,754.5
Profit for the period	-	-	-	-	-	97.8	**97.8**
Other comprehensive loss	-	-	-	-	(23.3)	-	**(23.3)**
Total comprehensive income / (loss)	-	-	-	-	(23.3)	97.8	74.5
Dividend distribution (see Note 6)	-	-	-	-	-	(48.9)	**(48.9)**
Balance as at September 30, 2016	1,387.1	496.3	(14.7)	357.3	(40.6)	594.7	2,780.1

INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP 01/01-30/09/2016	GROUP 01/01-30/09/2015	COMPANY 01/01-30/09/2016	COMPANY 01/01-30/09/2015
Cash flows from operating activities					
Profit before tax		223.9	186.1	154.6	63.7
Adjustments for:					
Depreciation, amortization and impairment		615.2	609.7	229.5	221.2
Costs related to early retirement programs		43.5	99.5	32.5	79.1
Provision for staff retirement indemnities		8.7	8.7	6.9	6.7
Provision for youth account		2.3	2.5	2.3	2.5
Provision for write down of inventories		4.1	4.9	-	1.5
Provision for doubtful accounts		68.7	64.3	15.1	15.1
Foreign exchange differences, net		(0.1)	1.5	(0.9)	(1.1)
Interest income		(1.8)	(2.0)	(1.7)	(1.6)
Dividend income		-	-	(1.0)	(0.6)
(Gains) / losses from investments and financial assets - Impairments		(19.2)	(16.1)	0.2	17.0
Interest and related expenses		112.8	111.3	80.8	72.6
Working capital adjustments:					
Decrease / (increase) in inventories		(17.5)	(16.4)	(1.3)	(4.1)
Decrease / (increase) in receivables		(151.4)	(244.8)	(36.0)	(86.1)
(Decrease) / increase in liabilities (except borrowings)		(33.2)	108.5	30.0	57.9
Plus / (Minus):					
Payment for early retirement programs and voluntary leave scheme	9	(43.9)	(93.2)	(31.8)	(79.8)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(11.1)	(21.4)	(11.1)	(21.2)
Interest and related expenses paid		(113.6)	(150.0)	(80.3)	(103.9)
Income taxes paid		(75.7)	(84.0)	(0.6)	(8.8)
Net cash flows from operating activities		**611.7**	**569.1**	**387.2**	**230.1**
Cash flows from investing activities					
Loans granted		-	-	(14.7)	(12.3)
Sale or maturity of financial assets		0.5	-	-	-
Repayment of loans receivable		5.1	7.3	5.1	7.3
Purchase of property, plant and equipment and intangible assets		(500.0)	(509.4)	(248.8)	(185.6)
Movement in restricted cash		(1.0)	2.0	-	-
Payments related to disposal of subsidiaries / investments		(4.9)	-	-	-
Interest received		1.8	2.1	1.7	1.7
Dividends received		-	-	-	1.5
Net cash flows used in investing activities		**(498.5)**	**(498.0)**	**(256.7)**	**(187.4)**
Cash flows from financing activities					
Share option plans		(0.2)	(0.4)	(0.2)	17.8
Proceeds from loans granted and issued	7	389.0	-	739.0	261.0
Repayment of loans	7	(411.9)	(493.3)	(476.1)	(791.9)
Dividends paid to Company's owners		(48.9)	(39.4)	(48.9)	(39.4)
Net cash flows from / (used in) financing activities		**(72.0)**	**(533.1)**	**213.8**	**(552.5)**
Net increase / (decrease) in cash and cash equivalents		**41.2**	**(462.0)**	**344.3**	**(509.8)**
Cash and cash equivalents, at the beginning of the period		**1,322.5**	**1,509.9**	**290.3**	**613.1**
Net foreign exchange differences		1.2	4.4	-	-
Cash and cash equivalents, at the end of the period		**1,364.9**	**1,052.3**	**634.6**	**103.3**

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, 2016 holds a 40.00% interest in OTE (see Note 5).

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, 2016 and for the nine month period then ended, were approved for issuance by the Board of Directors on November 9, 2016.

The total numbers of Group and Company employees as of September 30, 2016 and 2015 and as of December 31, 2015 were as follows:

	GROUP	COMPANY
September 30, 2016	21,064	8,420
December 31, 2015	21,573	8,496
September 30, 2015	21,609	8,458

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	30/09/2016 GROUP’s OWNERSHIP INTEREST	31/12/2015 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%
OTESAT-MARITEL S.A. (“OTESAT-MARITEL”)	Satellite telecommunications services	Greece	94.08%	94.08%
OTE PLUS TECHNICAL AND BUSINESS SOLUTIONS S.A.– SECURITY SERVICES (“OTE PLUS”)	Consulting and security services	Greece	100.00%	100.00%
OTE ESTATE S.A. (“OTE ESTATE”)	Real estate	Greece	100.00%	100.00%
OTE INTERNATIONAL SOLUTIONS S.A. (“OTE-GLOBE”)	Wholesale telephony services	Greece	100.00%	100.00%
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%

COMPANY NAME	LINE OF BUSINESS	COUNTRY	30/09/2016 GROUP's OWNERSHIP INTEREST	31/12/2015 GROUP's OWNERSHIP INTEREST
TELEKOM ALBANIA	Mobile telecommunications services	Albania	99.76%	99.76%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	100.00%
COSMOTE 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 management 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%

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, 2015, which are available on the Company's website https://www.cosmote.gr/fixed/corporate/ir/financial-results/financial-statements-of-ote-group-and-ote-sa.

The interim financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, available-for-sale financial assets and derivative financial instruments which have been measured at fair values in accordance with IFRS.

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same as those applied to the annual audited financial statements as of December 31, 2015.

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, 2015 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, 2016, 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 19 (Amendment) “Employee Benefits”: 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”: 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”.

- IAS 16 and IAS 38 (Amendments) “Clarification of Acceptable Methods of Depreciation and Amortization”: 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.

- IAS 27 (Amendment) “Separate Financial Statements”: 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.

- IAS 1 (Amendments) “Disclosure initiative”: 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.

- IFRS 10, IFRS 12 and IAS 28 (Amendments) “Investment entities: Applying the consolidation exception”: These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Annual Improvements to IFRSs 2012:

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.

- 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:

The amendments set out below describe the key changes to four IFRSs.

- 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".

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, 2016, 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 European Union ("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 Group is currently analyzing its products in order to decide which approach available by the standard will be adopted. The standard has not yet been endorsed by the EU.

- IFRS 16 "Leases" (effective for annual periods beginning on or after January 1, 2019): IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard has not yet been endorsed by the EU.

- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after January 1, 2017): These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

- IAS 7 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after January 1, 2017): These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

- IFRS 2 (Amendments) "Classification and measurement of Share-based Payment transactions" (effective for annual periods beginning on or after January 1, 2018): These amendments clarify the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

4. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
(a) Investments in subsidiaries	-	-	3,539.5	3,539.4
(b) Other investments	0.1	0.1	0.1	0.1
TOTAL	**0.1**	**0.1**	**3,539.6**	**3,539.5**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	30/09/2016	31/12/2015
COSMOTE	100.00%	Greece	2,763.0	2,762.9
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	401.9	401.9
COSMO-ONE	30.87%	Greece	0.5	0.5
OTESAT - MARITEL	94.08%	Greece	4.6	4.6
OTE PLC	100.00%	U.K.	0.1	0.1
OTE PLUS	100.00%	Greece	8.2	8.2
OTE ESTATE	100.00%	Greece	193.2	193.2
OTE-GLOBE	100.00%	Greece	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			**3,539.5**	**3,539.4**

NON-CONTROLLING INTERESTS

The Group's non-controlling interests amounted to Euro 333.5 as of September 30, 2016 (December 31, 2015: Euro 352.2), out of which an amount of Euro 330.4 relates to TELEKOM ROMANIA (December 31, 2015: Euro 349.2), 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 ("TELENOR"), the Norwegian telecom operator. Included in the consolidated income statement of the first nine months of 2016 is a gain of Euro 18.4, reflecting the reversal of a provision related to that sale.

5. SHARE CAPITAL – SHARE PREMIUM

OTE's share capital as of September 30, 2016 and December 31, 2015, 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, 2016 and December 31, 2015, amounted to Euro 496.3.

The following is an analysis of the ownership of OTE's shares as of September 30, 2016:

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	209,628,162	42.77%
Private investors	34,085,769	6.95%
Treasury shares	1,361,260	0.28%
TOTAL	**490,150,389**	**100.00%**

6. DIVIDENDS

On June 23, 2016, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 48.9 or Euro 0.10 (in absolute amount) per share. The amount of dividends payable as of September 30, 2016, was Euro 0.3 (December 31, 2015: Euro 0.3).

7. LONG-TERM AND SHORT-TERM BORROWINGS

LONG – TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	30/09/2016	31/12/2015
(a) Bank loans	479.5	116.4
(b) Global Medium-Term Note Programme	1,686.0	2,072.7
Total long-term debt	**2,165.5**	**2,189.1**
Short-term portion	(172.8)	(433.5)
Long-term portion	**1,992.7**	**1,755.6**

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

Description	Coupon	Maturity	31/12/2015		30/09/2016				
			Outstanding nominal value	Book value	New Loans	Repayments/ Prepayments	Amortisation of expenses	Outstanding nominal value	Book value
	a) Bank loans								
EBRD loan	Euribor +5.25%	25/04/2018	118.1	116.4	-	(22.5)	0.7	95.6	94.6
EBRD loan	Euribor +3.50%	16/09/2019	-	-	339.0	-	(3.8)	339.0	335.2
BSTDB loan	Euribor +3.50%	16/09/2019	-	-	50.0	-	(0.3)	50.0	49.7
	b) Global Medium-Term Note Programme								
Euro 700.0	3.500%	09/07/2020	700.0	693.0	-	-	1.1	700.0	694.1
Euro 350.0	4.375%	02/12/2019	350.0	344.8	-	-	-	350.0	344.8
Euro 700.0	7.875%	07/02/2018	650.0	645.7	-	-	1.4	650.0	647.1
Euro 900.0	4.625%	20/05/2016	389.4	389.2	-	(389.4)	0.2	-	-
			2,207.5	**2,189.1**	**389.0**	**(411.9)**	**(0.7)**	**2,184.6**	**2,165.5**

COMPANY	30/09/2016	31/12/2015
(a) Bank loans	384.9	-
(b) Intercompany loans from OTE PLC	1,090.7	1,345.5
Total long-term debt	**1,475.6**	**1,345.5**
Short-term portion	(128.3)	(256.4)
Long-term portion	**1,347.3**	**1,089.1**

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

Description	Maturity	31/12/2015		30/09/2016				
		Outstanding nominal value	Book value	New loans	Repayments/ Prepayments	Amortisation of expenses	Outstanding nominal value	Book value
	a) Bank loans							
EBRD loan	16/09/2019	-	-	339.0	-	(3.8)	339.0	335.2
BSTDB loan	16/09/2019	-	-	50.0	-	(0.3)	50.0	49.7
	b) Intercompany loans from OTE PLC							
Euro 700.0 loan	09/07/2020	700.0	693.0	-	-	1.1	700.0	694.1
Euro 150.0 loan	02/12/2019	150.0	147.8	-	-	-	150.0	147.8
Euro 250.0 loan	07/02/2018	250.0	248.3	-	-	0.5	250.0	248.8
Euro 575.0 loan	19/05/2016	237.1	236.6	-	(237.1)	0.5	-	-
Euro 20.0 loan	19/05/2016	20.0	19.8	-	(20.0)	0.2	-	-
		1,357.1	**1,345.5**	**389.0**	**(257.1)**	**(1.8)**	**1,489.0**	**1,475.6**

Euro 339.0 Syndicated Loan arranged by the European Bank for Reconstruction and Development ("EBRD") and Euro 50.0 parallel Loan by the Black Sea Trade and Development Bank ("BSTDB")

On September 12, 2016, OTE signed a Euro 339.0 Syndicated Loan arranged by the EBRD and a Euro 50.0 parallel bilateral loan with the BSTDB, in order to provide additional liquidity for OTE Group's strategic investments in Greece and enhance the development of New Generation Networks. Both loan facilities include same terms and conditions and specifically have a three-year tenor and will be repaid in equal semi-annual installments.

Both the EBRD loan and the BSTDB loan include a change of control clause applicable to OTE 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 credit rating equivalent or better than the credit rating of DEUTSCHE TELEKOM AG), gains the power to direct the management and policies of OTE, whether through the ownership of voting capital, by contract or otherwise.

In the event that the clause is triggered, the banks may at their option, by notice to OTE, require the prepayment of the whole or any portion of the loans.

Both loans also include two financial covenants tested on a semi-annual basis, namely:

(a) The ratio of consolidated operating profit before financial activities, depreciation, amortization, impairment, costs related to voluntary retirement programs and restructuring plans ("pro-forma EBITDA") to consolidated net interest expense should exceed 4.5:1 at all times, and
(b) The ratio of consolidated net debt to consolidated pro-forma EBITDA should not exceed 2.5:1 at all times.

SHORT –TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of September 30, 2016 for the Company amounted to Euro 621.9 (December 31, 2015: Euro 492.0), out of which Euro 512.9 have been granted by OTE PLC and Euro 109.0 have been granted by TELEKOM ALBANIA.

The analysis of short-term loans is as follows:

Description	Maturity	31/12/2015	30/09/2016			
		Book value	New loans	Repayments/ Prepayments	Amortisation of expenses	Book value
Euro 50.0 loan	10/05/2017	-	50.0	-	-	50.0
Euro 50.0 loan	04/05/2017	-	50.0	-	-	50.0
Euro 50.0 loan	27/04/2017	-	50.0	-	-	50.0
Euro 50.0 loan	04/04/2017	-	50.0	-	-	50.0
Euro 50.0 loan	28/03/2017	-	50.0	-	-	50.0
Euro 50.0 loan	21/03/2017	-	50.0	-	-	50.0
Euro 50.0 loan	14/03/2017	-	50.0	-	-	50.0
Euro 48.5 loan	08/12/2016	47.3	-	-	1.0	48.3
Euro 51.4 loan	15/11/2016	50.2	-	-	1.0	51.2
Euro 51.3 loan	08/11/2016	50.1	-	-	1.1	51.2
Euro 25.0 loan	25/10/2016	25.0	-	-	-	25.0
Euro 70.3 loan	19/10/2016	68.4	-	-	1.8	70.2
Euro 26.0 loan	12/10/2016	26.0	-	-	-	26.0
Euro 30.0 loan	19/05/2016	29.9	-	(30.0)	0.1	-
Euro 30.3 loan	06/04/2016	29.9	-	(29.0)	(0.9)	-
Euro 41.8 loan	28/03/2016	41.2	-	(40.0)	(1.2)	-
Euro 62.8 loan	16/03/2016	62.0	-	(60.0)	(2.0)	-
Euro 62.7 loan	08/03/2016	62.0	-	(60.0)	(2.0)	-
		492.0	**350.0**	**(219.0)**	**(1.1)**	**621.9**

8. INCOME TAXES

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

Unaudited tax years

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

COMPANY	Open Tax Years
OTE	None
COSMOTE	2010
OTE INTERNATIONAL INVESTMENTS LTD	2010 - 2015
COSMO-ONE	2010
OTE PLC	2012 - 2015
OTESAT-MARITEL	None
OTE PLUS	2010
OTE ESTATE	None
OTE-GLOBE	2010
OTE INSURANCE	2010
OTE ACADEMY	2010
HATWAVE	1996 - 2015
OTE INVESTMENTS SERVICES S.A.	2010
TELEKOM ROMANIA	2007 - 2015
NEXTGEN	2008 - 2015
TELEKOM ALBANIA	2013 - 2015
TELEKOM ROMANIA MOBILE	2013 - 2015
GERMANOS	2010
COSMOTE E-VALUE S.A	2010
GERMANOS TELECOM ROMANIA S.A.	2009 - 2015
SUNLIGHT ROMANIA S.R.L. - FILIALA	2009 - 2015
MOBILBEEEP LTD	2010 - 2015
COSMOHOLDING ROMANIA LTD	2009 - 2015
ZAPP	2009 - 2015
E-VALUE LTD	2010
COSMOHOLDING INTERNATIONAL B.V.	2014 - 2015

COMPANY	Open Tax Years
E-VALUE INTERNATIONAL S.A.	2014 - 2015
OTE RURAL NORTH	2014 - 2015
OTE RURAL SOUTH	2014 - 2015

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

For the Greek companies of the Group that are subject to the Tax Certificate process, the tax audit for the financial year 2015 has been completed by PricewaterhouseCoopers S.A. and the "Tax Compliance Reports" were issued in the third quarter of 2016.

- The tax audit for OTESAT-MARITEL for the years 2009 and 2010 was completed without any impact for the Group.
- The tax audit for OTE ESTATE for the years 2008 - 2010 was completed without any impact for the Group.

The major components of income tax expense are as follows:

	3rd Quarter		First nine months	
GROUP	2016	2015	2016	2015
Current income tax	38.5	36.1	116.1	88.4
Deferred income tax - Effect due to change in the income tax rate	-	(29.4)	-	(29.4)
Deferred income tax	8.4	14.0	8.6	28.5
Total income tax	**46.9**	**20.7**	**124.7**	**87.5**

	3rd Quarter		First nine months	
COMPANY	2016	2015	2016	2015
Current income tax	13.5	-	51.4	-
Deferred income tax - Effect due to change in the income tax rate	-	(19.3)	-	(19.3)
Deferred income tax	1.3	20.9	5.4	33.1
Total income tax	**14.8**	**1.6**	**56.8**	**13.8**

Income tax payable for the Group and the Company as of September 30, 2016 amounted to Euro 71.1 and Euro 50.4, respectively (December 31, 2015: Euro 30.4 and nil, respectively).

Income tax receivable for the Group and the Company as of September 30, 2016 amounted to Euro 16.9 and Euro 7.7, respectively (December 31, 2015: Euro 29.7 and Euro 10.7 respectively) and is recorded under “Other current assets”.

9. PROVISION FOR VOLUNTARY LEAVE SCHEME

OTE Voluntary Leave Scheme

On June 22, 2016, 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 July 2016, when the participated employees left the Company. The respective cost amounted to Euro 29.9. Furthermore, OTE’s cost related to prior retirement programs amounted to Euro 2.6.

Other early retirement programs

In the first nine months of 2016, COSMOTE group, TELEKOM ROMANIA and other Group companies applied early retirement programs, the total cost of which was Euro 5.0, Euro 5.5 and Euro 0.5, respectively.

The total cost of the above mentioned programs for the first nine months of 2016, amounted to Euro 43.5 and Euro 32.5 for the Group and the Company, respectively. Amounts paid during the first nine months of 2016, in relation to early retirement programs were Euro 43.9 for the Group and Euro 31.8 for the Company.

10. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

GROUP	3rd Quarter		First nine months	
	2016	2015	2016	2015
Income from disposal of property, plant and equipment	3.1	6.2	6.2	14.7
Income from contract penalties	2.8	2.2	7.9	12.0
Income from investment property	1.9	1.8	5.6	5.5
Other	1.8	1.1	6.0	4.5
TOTAL	9.6	11.3	25.7	36.7

COMPANY	3rd Quarter		First nine months	
	2016	2015	2016	2015
Income from disposal of property, plant and equipment	1.3	3.5	3.5	4.5
Income from contract penalties	0.1	-	0.1	4.4
Other	0.2	0.5	0.8	1.4
TOTAL	1.6	4.0	4.4	10.3

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	
	2016	2015	2016	2015
Profit attributable to owners of the parent	55.9	78.3	123.4	115.1
Weighted average number of shares for basic earnings per share	488,789,129	488,774,437	488,789,129	488,779,840
Share options	347,380	4,040,815	347,380	4,040,815
Weighted average number of shares adjusted for the effect of dilutions	488,938,490	488,911,451	488,934,042	488,923,669
Basic earnings per share	0.1144	0.1602	0.2525	0.2355
Diluted earnings per share	0.1143	0.1602	0.2524	0.2354

(Earnings per share are in absolute amounts)

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. This category comprises all the other operations of the Group, the most material of which relate to the Group's real estate subsidiary, OTE Estate, the Group's international carrier, OTE-GLOBE and the Group's financing subsidiary, OTE PLC. The types of services provided by the reportable segments are as follows:

- OTE is a provider of fixed-line services, internet access services, ICT services and TV services in Greece.
- COSMOTE group is a provider of mobile telecommunications services in Greece, Albania and Romania.
- TELEKOM ROMANIA is a provider of fixed-line services, internet access services, ICT services and TV services in Romania.

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements. Intersegment revenues are generally reported at values that approximate third-party selling prices. Management evaluates segment performance based on operating profit before 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, 2016	OTE	COSMOTE GROUP	TELEKOM ROMANIA	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	1,076.8	1,146.1	415.8	242.4	2,881.1	-	2,881.1
Intersegment revenue	89.3	123.0	19.9	100.8	333.0	(333.0)	-
Total revenue	1,166.1	1,269.1	435.7	343.2	3,214.1	(333.0)	2,881.1
Operating expenses	(938.5)	(1,161.6)	(499.2)	(323.9)	(2,923.2)	332.0	(2,591.2)
Operating profit / (loss)	232.0	111.6	(46.6)	21.6	318.6	(3.0)	315.6
Operating profit / (loss) before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs	494.0	380.0	65.2	41.1	980.3	(3.1)	977.2
Profit / (loss) for the period	97.8	42.6	(52.8)	15.5	103.1	(3.9)	99.2

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 revenue	1,123.9	1,273.6	442.7	340.4	3,180.6	(315.0)	2,865.6
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 / (loss) 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

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 its related parties are analyzed as follows:

	First nine months 2016		First nine months 2015	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE group of companies	67.1	79.7	55.6	78.3
OTE INTERNATIONAL INVESTMENTS LTD	0.4	0.8	0.4	2.5
COSMO-ONE	-	0.4	-	0.4
OTESAT-MARITEL	0.1	0.2	0.6	0.2
OTE PLUS	-	3.0	0.3	20.1
OTE ESTATE	-	31.4	0.2	31.9
OTE-GLOBE	11.4	45.9	10.5	43.0
OTE ACADEMY	0.2	4.3	0.2	4.5
OTE RURAL NORTH	5.7	-	2.3	-
OTE RURAL SOUTH	4.4	-	2.4	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	4.8	4.9	1.5	1.5
TOTAL	**94.1**	**170.6**	**74.0**	**182.4**

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

	First nine months 2016		First nine months 2015	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	27.0	27.0	21.1	23.4
TOTAL	**27.0**	**27.0**	**21.1**	**23.4**

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

	OTE's other operating income	
	First nine months 2016	First nine months 2015
COSMOTE group of companies	-	0.2
TOTAL	**-**	**0.2**

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

	Group's other operating income	
	First nine months 2016	First nine months 2015
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.1	0.1
TOTAL	**0.1**	**0.1**

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

	First nine months 2016		First nine months 2015	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	58.7	-	63.3
TELEKOM ALBANIA	-	1.8	-	-
OTE RURAL NORTH	0.2	-	0.1	-
OTE RURAL SOUTH	0.3	-	0.1	-
TOTAL	**0.5**	**60.5**	**0.2**	**63.3**

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

	Dividend income OTE	
	First nine months 2016	First nine months 2015
OTESAT-MARITEL	0.6	0.6
OTE INSURANCE	0.3	-
OTE ESTATE	0.1	-
TOTAL	**1.0**	**0.6**

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

	30/09/2016		31/12/2015	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE group of companies	52.7	155.9	64.2	130.8
OTE INTERNATIONAL INVESTMENTS LTD	0.6	0.4	0.1	1.1
COSMO-ONE	-	0.2	-	0.2
OTESAT-MARITEL	3.7	0.1	3.0	0.2
OTE PLUS	-	3.3	0.4	13.2
OTE ESTATE	1.5	5.9	1.6	4.5
OTE-GLOBE	27.9	27.7	4.9	20.7
OTE ACADEMY	0.5	1.3	0.7	1.0
TELEKOM ROMANIA	0.8	-	0.8	0.2
OTE INSURANCE	0.3	-	-	-
OTE RURAL NORTH	10.8	0.3	7.3	-
OTE RURAL SOUTH	10.4	-	8.6	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	5.4	4.8	5.5	3.0
TOTAL	**114.6**	**199.9**	**97.1**	**174.9**

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:

	30/09/2016		31/12/2015	
	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)	67.0	116.3	63.0	105.4
TOTAL	**67.0**	**116.3**	**63.0**	**105.4**

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

	30/09/2016		31/12/2015	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,620.8	-	1,866.3
TELEKOM ALBANIA	-	110.2	-	-
OTE RURAL NORTH	11.6	-	5.4	-
OTE RURAL SOUTH	18.6	-	10.1	-
TOTAL	**30.2**	**1,731.0**	**15.5**	**1,866.3**

Amounts owed by OTE to OTE PLC and TELEKOM ALBANIA relating to loans include interest payable amounting to Euro 17.2 and Euro 1.2 respectively as of September 30, 2016 (December 31, 2015: OTE PLC Euro 28.8 and TELEKOM ALBANIA Euro nil).

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

Fees to the members of the Board of Directors and OTE's key management personnel (including the employer's contributions to pension funds where applicable) amounted to Euro 6.2 for the first nine months of 2016 (first nine months of 2015: Euro 5.4).

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, 2015, except for the following:

OTE

LAN-NET S.A.: LAN-NET S.A. through a lawsuit against OTE before the Athens Multimember Court of First Instance, claimed an amount of Euro 175.7, but following the hearing, said Court decided that LAN-NET S.A. was obliged to deposit a guarantee in favor of OTE which LAN-NET S.A did not pay. As a result, OTE requested the withdrawal of LAN-NET S.A's lawsuit before the Athens Multimember Court of First Instance. In April 2016 the Court, accepted OTE's request.

NOKIA Siemens Networks S.A. and Siemens S.A. Electrotechnical Projects and Products: On December 13, 2012 OTE was notified about NOKIA Siemens Networks S.A. filing a lawsuit against OTE before the Athens Multimember Court of First Instance claiming the payment of an aggregate amount of Euro 22.2 plus interest, related to outstanding invoices from 2007 until 2010 (the invoices were not paid due to OTE's denial to recognise the transfer to NOKIA Siemens Networks S.A. of the contracts between OTE and SIEMENS S.A. and Siemens S.A. Electrotechnical Projects and Products). The hearing of this case, together with an Intervention by Siemens S.A. Electrotechnical Projects and Products to the abovementioned lawsuit requesting the payment of said amount to Siemens S.A. Electrotechnical Projects and Products, was held on October 7, 2015 and in May 2016 the Athens Multimember Court of First Instance decided that OTE was liable to pay to NOKIA Solutions and Networks Hellas S.A. (former NOKIA Siemens Networks S.A.) an amount of Euro 22.1 plus interest from the date that each invoice became outstanding and due. The decision has been declared provisionally enforceable for an amount of Euro 4.4, which has been paid by OTE on June 30, 2016. OTE appealed against the Court of First Instance's decision and the setting of the hearing is pending.

TELEDOME S.A.: TELEDOME S.A. claimed an amount of Euro 3.6 for alleged damages incurred by it as a result of OTE's delay in delivering to it leased lines. The hearing took place on February 28, 2007 and the Court ordered factual investigation and reduced the claim to Euro 1.4. The investigator has completed the factual investigation resulting to an amount of Euro 0.9. The case was heard before the Athens Multimember Court of First Instance on February 25, 2015. The Court decided to accept the said claim and awarded to TELEDOME S.A. the respective amount in accordance with the factual investigation. OTE will appeal against this decision.

COSMOTE

HTPC: On July 20 2016, HTPC notified COSMOTE about a complaint filed by the electronic communications operator, WIND Hellas, against COSMOTE and VODAFONE, for alleged violation of Competition Law, relating to retail prices for calls terminating to their subsidiaries in Albania, for the period from February 2012 and up to this day and alleged violation of article 26, of law 3728/2008 regarding intragroup transactions. COSMOTE is asked by HTPC to submit requested data and its views on the complaint.

Babis Vovos International Construction S.A.: Babis Vovos International Construction S.A. filed a lawsuit against COSMOTE before the Court of First Instance, claiming the invalidity of COSMOTE's termination on May 31, 2012, of their lease contract. After the hearing of the case, the Court accepted Babis Vovos International Construction S.A.'s claim and recognized the invalidity of the termination by COSMOTE of the said lease contract. COSMOTE appealed against this decision and the hearing has been scheduled for March 21, 2017. Furthermore, on September 20, 2016 Babis Vovos International Construction S.A. requested the payment of outstanding rents of a total amount of Euro 9.1. On October 24, 2016 an order of payment issued by the First Instance Court of Athens was served to COSMOTE, at the request of Babis Vovos International Construction S.A., obliging COSMOTE to pay a total amount of Euro 4.1. COSMOTE appealed against the said order of payment, requesting in addition, a suspension of the payment order's enforcement. The Court issued a temporary order, which suspends temporarily the order of payment until the hearing of the appeal, which has been scheduled for January 25, 2017.

TELENOR: In April 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 in so far. In the first half of 2015, TELENOR reduced the amount to Euro 9.6. On August 30, 2016, a settlement agreement was signed, according to which COSMOTE paid to TELENOR an amount of Euro 4.8. TELENOR, reserves the right to raise further claims depending on the outcome of pending legal and tax cases.

15. 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	**30/09/2016**	**31/12/2015**	**30/09/2016**	**31/12/2015**
Financial Assets				
Trade receivables	771.0	728.6	771.0	728.6
Loans to pension funds	92.8	94.7	136.6	129.6
Loans and advances to employees	53.2	55.7	53.2	55.7
Guarantees	6.5	6.0	6.5	6.0
Guaranteed receipt from Grantor (Financial assets model)	54.6	25.6	54.6	25.6
Other prepayments	101.8	100.7	101.8	100.7
Restricted cash	3.8	2.8	3.8	2.8
Cash and cash equivalents	1,364.9	1,322.5	1,364.9	1,322.5
Financial Liabilities				
Long-term borrowings	1,992.7	1,755.6	2,082.1	1,779.7
Short-term borrowings and short-term portion of long-term borrowings	172.8	433.5	175.4	438.8
Trade accounts payable	1,116.7	1,202.5	1,116.7	1,202.5

	Carrying amount		Fair value	
COMPANY	**30/09/2016**	**31/12/2015**	**30/09/2016**	**31/12/2015**
Financial Assets				
Trade receivables	363.2	354.4	363.2	354.4
Loans to pension funds	92.8	94.7	136.6	129.6
Loans and advances to employees	52.9	55.1	52.9	55.1
Guarantees	0.3	0.2	0.3	0.2
Loans to group companies	30.2	15.5	31.3	14.9
Other prepayments	21.7	28.4	21.7	28.4
Cash and cash equivalents	634.6	290.3	634.6	290.3
Financial Liabilities				
Long-term borrowings	1,347.3	1,089.1	1,394.5	1,077.1
Short-term borrowings and short-term portion of long-term borrowings	750.2	748.4	755.5	752.0
Trade accounts payable	406.5	460.4	406.5	460.4

The fair value of cash and cash equivalents, restricted cash, trade receivables, loans and advances to employees (short-term portion), trade accounts payable, guarantees, guaranteed receipt from Grantor and other prepayments approximate their carrying amounts. The fair values of the remaining financial assets and financial liabilities are based on either quoted (unadjusted) prices or on cash flows discounted using either direct or indirect observable inputs.

As at September 30, 2016, the Group and the Company held the following financial instruments measured at fair value:

	Fair value		
GROUP	**30/09/2016**	**31/12/2015**	**Fair value hierarchy**
Financial Instruments			
Available-for-sale mutual funds	3.3	3.6	Level 1
Available-for-sale mutual funds	3.8	3.2	Level 3

	Fair value		
COMPANY	**30/09/2016**	**31/12/2015**	**Fair value hierarchy**
Financial Instruments			
Available-for-sale mutual funds	2.0	2.1	Level 1

FINANCIAL RISK MANAGEMENT

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing signs of stability, however uncertainties continue to exist. The capital controls initially imposed on June 28, 2015 continue to be in place but have been eased over time. The capital controls had a short term impact on the Group's Greek operations, however this has normalised. Assuming that the capital controls will be in place only for the short term and to the extent that the agreed terms and conditions of the third bailout program are implemented, no material negative impact on the Group's Greek operations is anticipated.

Management continually assesses the possible impact of any changes in the macroeconomic and financial environment in Greece so as to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations. Management is not able to accurately predict the likely developments in the Greek economy, however based on its assessment, Management has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of September 30, 2016.

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 assets are not considered to expose the Group and the Company to a significant credit risk.

Defaulted payments of trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and 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.

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 prior years' Voluntary Leave Schemes. 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 other financial assets as at September 30, 2016 amount to Euro 1,372.0 and Euro 643.9 respectively and their debt amounts to Euro 2,165.5 and Euro 2,097.5, respectively.

For the monitoring of the liquidity risk, the Group prepares cash flows forecasts on a frequent basis.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will result in fluctuations of the value of the Group's and the Company's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk and the Group's and the Company's policies for managing them are described below:

i. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the Group's long-term borrowings.

ii. Foreign currency risk

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes. The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies and to the risk of payments of suppliers in foreign 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 financial assets.

The table below shows a decrease in the gearing ratio in 2016 compared to 2015 coming from a decrease in net debt and an increase in equity.

GROUP	September 30, 2016	December 31, 2015
Borrowings	2,165.5	2,189.1
Cash and cash equivalents	(1,364.9)	(1,322.5)
Other financial assets	(7.1)	(6.8)
Net debt	**793.5**	**859.8**
Equity	2,653.8	2,609.2
Gearing ratio	**0.30X**	**0.33x**

16. EVENTS AFTER THE FINANCIAL POSITION DATE

There were no significant events after September 30, 2016 that should be disclosed in these financial statements.