HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE) AS OF SEPTEMBER 30, 2017

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 1-28 were approved by the Board of Directors on November 3, 2017 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	30/09/2017	31/12/2016	30/09/2017	31/12/2016
ASSETS					
Non-current assets					
Property, plant and equipment		2,791.6	2,852.5	1,237.5	1,225.0
Goodwill		506.5	507.0	-	-
Telecommunication licenses		453.9	491.3	3.9	3.7
Other intangible assets		431.0	490.4	173.9	197.1
Investments	4	0.1	0.1	3,486.6	3,486.5
Loans to pension funds		83.3	85.6	83.3	85.6
Deferred tax assets		321.2	316.5	129.9	133.3
Other non-current assets		109.0	99.4	76.4	76.2
Total non-current assets		**4,696.6**	**4,842.8**	**5,191.5**	**5,207.4**
Current assets					
Inventories		88.9	95.9	13.7	23.5
Trade receivables		754.3	730.5	350.6	348.7
Other financial assets		5.5	5.6	12.8	9.4
Other current assets		318.2	307.6	141.3	100.3
Restricted cash		3.7	3.6	-	-
Cash and cash equivalents		1,297.0	1,585.6	219.7	511.6
Total current assets		**2,467.6**	**2,728.8**	**738.1**	**993.5**
TOTAL ASSETS		**7,164.2**	**7,571.6**	**5,929.6**	**6,200.9**
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	496.2	496.3	496.2
Treasury shares		(14.5)	(14.3)	(14.5)	(14.3)
Statutory reserve		362.2	362.2	362.2	362.2
Foreign exchange and other reserves		(155.1)	(156.5)	(15.1)	(18.5)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings		3,631.7	3,595.4	674.0	590.0
Total equity attributable to owners of the Parent		**2,393.6**	**2,356.0**	**2,890.0**	**2,802.7**
Non-controlling interests	4	273.8	295.7	-	-
Total equity		**2,667.4**	**2,651.7**	**2,890.0**	**2,802.7**
Non-current liabilities					
Long-term borrowings	7	1,171.1	1,941.0	1,003.7	1,348.5
Provision for staff retirement indemnities		227.3	227.6	190.9	192.2
Provision for youth account		135.0	142.5	135.0	142.5
Deferred tax liabilities		45.8	50.3	-	-
Other non-current liabilities		76.2	118.3	144.2	155.2
Total non-current liabilities		**1,655.4**	**2,479.7**	**1,473.8**	**1,838.4**
Current liabilities					
Trade accounts payable		1,079.4	1,364.1	393.0	491.9
Short-term borrowings	7	-	-	163.0	350.0
Short-term portion of long-term borrowings	7	780.3	184.1	378.0	128.5
Income tax payable	8	93.8	79.2	59.3	63.6
Deferred revenue		141.3	152.1	87.0	91.1
Provision for voluntary leave schemes		161.5	141.9	161.5	141.9
Dividends payable	6	0.4	0.3	0.4	0.3
Other current liabilities		584.7	518.5	323.6	292.5
Total current liabilities		**2,841.4**	**2,440.2**	**1,565.8**	**1,559.8**
TOTAL EQUITY AND LIABILITIES		**7,164.2**	**7,571.6**	**5,929.6**	**6,200.9**

The accompanying notes on pages 10-28 form an integral part of these financial statements.

INTERIM INCOME STATEMENT (CONSOLIDATED)

(Amounts in millions of Euro except per share data)	Notes	3rd Quarter 2017	3rd Quarter 2016	First nine months 2017	First nine months 2016
Revenue					
Fixed business:					
Retail services revenues		298.3	305.8	893.6	904.0
Wholesale services revenues		177.2	163.8	508.3	468.1
Other revenues		69.6	70.9	212.7	215.7
Total revenues from fixed business		**545.1**	**540.5**	**1,614.6**	**1,587.8**
Mobile business:					
Service revenues		360.8	352.5	992.2	992.1
Handset revenues		55.5	53.8	153.2	156.4
Other revenues		3.5	6.4	11.9	16.4
Total revenues from mobile business		**419.8**	**412.7**	**1,157.3**	**1,164.9**
Miscellaneous other revenues		**26.3**	**44.7**	**87.1**	**128.4**
Total revenues		**991.2**	**997.9**	**2,859.0**	**2,881.1**
Other operating income	10	**13.8**	**9.6**	**35.0**	**25.7**
Operating expenses					
Interconnection and roaming costs		(161.3)	(140.2)	(442.0)	(388.4)
Provision for doubtful accounts		(26.9)	(24.9)	(73.7)	(68.7)
Personnel costs		(150.8)	(154.7)	(469.3)	(484.3)
Costs related to voluntary leave schemes	9	(27.1)	(35.8)	(37.8)	(43.5)
Commission costs		(31.1)	(32.5)	(100.0)	(100.0)
Merchandise costs		(70.5)	(64.3)	(201.8)	(191.4)
Maintenance and repairs		(25.6)	(25.4)	(78.4)	(78.3)
Marketing		(23.5)	(23.7)	(69.3)	(73.3)
Other operating expenses, out of which:		(170.8)	(185.7)	(497.0)	(548.1)
Rental, leasing and facility costs		*(55.3)*	*(53.3)*	*(157.7)*	*(155.5)*
Third party fees and services		*(42.6)*	*(42.9)*	*(126.9)*	*(132.4)*
Other taxes and regulatory charges		*(15.4)*	*(17.8)*	*(51.7)*	*(62.4)*
Construction cost network		*(0.6)*	*(16.0)*	*(6.1)*	*(34.4)*
Other sundry operating expenses		*(56.9)*	*(55.7)*	*(154.6)*	*(163.4)*
Total operating expenses before depreciation, amortization and impairment		**(687.6)**	**(687.2)**	**(1,969.3)**	**(1,976.0)**
Operating profit before financial and investing activities, depreciation, amortization and impairment		**317.4**	**320.3**	**924.7**	**930.8**
Depreciation, amortization and impairment		(196.8)	(201.1)	(589.3)	(615.2)
Operating profit before financial and investing activities		**120.6**	**119.2**	**335.4**	**315.6**
Income and expense from financial and investing activities					
Interest and related expenses		(34.9)	(41.3)	(105.3)	(112.8)
Interest income		0.3	0.5	1.1	1.8
Foreign exchange differences, net		3.4	0.4	(6.8)	0.1
Gains from investments and other financial assets - Impairment		-	18.6	-	19.2
Total loss from financial and investing activities		**(31.2)**	**(21.8)**	**(111.0)**	**(91.7)**
Profit before tax		**89.4**	**97.4**	**224.4**	**223.9**
Income tax	8	(42.3)	(46.9)	(125.0)	(124.7)
Profit for the period		**47.1**	**50.5**	**99.4**	**99.2**
Attributable to:					
Owners of the parent		52.4	55.9	119.9	123.4
Non-controlling interests		(5.3)	(5.4)	(20.5)	(24.2)
Profit for the period		**47.1**	**50.5**	**99.4**	**99.2**
Earnings per share attributable to owners of the parent					
Basic earnings per share	11	0.1072	0.1144	0.2453	0.2525
Diluted earnings per share	11	0.1072	0.1143	0.2453	0.2524

The accompanying notes on pages 10-28 form an integral part of these financial statements.

INTERIM INCOME STATEMENT (SEPARATE)

(Amounts in millions of Euro)	Notes	3rd Quarter		First nine months	
		2017	2016	2017	2016
Revenue					
Fixed business:					
Retail services revenues		227.3	228.2	676.1	672.1
Wholesale services revenues		84.5	88.5	257.4	257.0
Other revenues		50.6	51.5	153.4	158.0
Total revenues from fixed business		**362.4**	**368.2**	**1,086.9**	**1,087.1**
Mobile business:					
Handset revenues		9.0	6.7	24.2	16.9
Total revenues from mobile business		**9.0**	**6.7**	**24.2**	**16.9**
Miscellaneous other revenues		**20.1**	**22.8**	**63.2**	**62.1**
Total revenues		**391.5**	**397.7**	**1,174.3**	**1,166.1**
Other operating income	10	**1.5**	**1.6**	**4.3**	**4.4**
Operating expenses					
Interconnection and roaming costs		(32.0)	(32.5)	(82.6)	(86.2)
Provision for doubtful accounts		(5.1)	(5.2)	(15.3)	(15.1)
Personnel costs		(71.6)	(76.5)	(223.7)	(236.4)
Costs related to voluntary leave schemes	9	(18.3)	(29.9)	(20.4)	(32.5)
Commission costs		(4.7)	(4.1)	(13.5)	(9.7)
Merchandise costs		(15.2)	(14.3)	(49.4)	(39.0)
Maintenance and repairs		(8.0)	(9.1)	(27.4)	(29.0)
Marketing		(7.0)	(6.1)	(19.2)	(18.8)
Other operating expenses, out of which:		(87.6)	(80.4)	(254.6)	(242.3)
Rental, leasing and facility costs		*(27.4)*	*(24.7)*	*(77.8)*	*(74.2)*
Third party fees and services		*(33.7)*	*(35.0)*	*(105.6)*	*(106.0)*
Other taxes and regulatory charges		*(4.8)*	*(5.2)*	*(16.5)*	*(15.6)*
Other sundry operating expenses		*(21.7)*	*(15.5)*	*(54.7)*	*(46.5)*
Total operating expenses before depreciation, amortization and impairment		**(249.5)**	**(258.1)**	**(706.1)**	**(709.0)**
Operating profit before financial and investing activities, depreciation, amortization and impairment		**143.5**	**141.2**	**472.5**	**461.5**
Depreciation, amortization and impairment		(80.5)	(70.5)	(236.3)	(229.5)
Operating profit before financial and investing activities		**63.0**	**70.7**	**236.2**	**232.0**
Income and expense from financial and investing activities					
Interest and related expenses		(20.1)	(31.4)	(67.2)	(80.8)
Interest income		0.6	0.6	1.8	1.7
Foreign exchange differences, net		0.1	(0.1)	(1.1)	0.9
Dividend income	13	-	0.6	55.6	1.0
Losses from investments and other financial assets - Impairment		-	-	-	(0.2)
Total loss from financial and investing activities		**(19.4)**	**(30.3)**	**(10.9)**	**(77.4)**
Profit before tax		**43.6**	**40.4**	**225.3**	**154.6**
Income tax	8	(17.3)	(14.8)	(63.1)	(56.8)
Profit for the period		**26.3**	**25.6**	**162.2**	**97.8**

The accompanying notes on pages 10-28 form an integral part of these financial statements.

INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

	3rd Quarter		First nine months	
(Amounts in millions of Euro)	2017	2016	2017	2016
Profit for the period	**47.1**	**50.5**	**99.4**	**99.2**
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains / (losses)	(1.2)	(6.2)	4.6	(31.8)
Deferred taxes on actuarial gains / (losses)	0.3	1.8	(1.4)	9.3
Total items that will not be reclassified subsequently to profit or loss	**(0.9)**	**(4.4)**	**3.2**	**(22.5)**
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(15.2)	17.1	(8.8)	16.8
Net movement in available for sale financial assets	(0.1)	-	0.2	-
Total items that may be reclassified subsequently to profit or loss	**(15.3)**	**17.1**	**(8.6)**	**16.8**
Other comprehensive income / (loss) for the period	**(16.2)**	**12.7**	**(5.4)**	**(5.7)**
Total comprehensive income for the period	**30.9**	**63.2**	**94.0**	**93.5**
Attributable to:				
Owners of the parent	39.4	63.4	118.9	112.2
Non-controlling interests	(8.5)	(0.2)	(24.9)	(18.7)
	30.9	**63.2**	**94.0**	**93.5**

INTERIM STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

	3rd Quarter		First nine months	
(Amounts in millions of Euro)	2017	2016	2017	2016
Profit for the period	**26.3**	**25.6**	**162.2**	**97.8**
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains / (losses)	(1.2)	(6.1)	4.6	(32.6)
Deferred taxes on actuarial gains / (losses)	0.3	1.8	(1.4)	9.4
Total items that will not be reclassified subsequently to profit or loss	**(0.9)**	**(4.3)**	**3.2**	**(23.2)**
Items that may be reclassified subsequently to profit or loss				
Net movement in available for sale financial assets	(0.1)	-	0.2	(0.1)
Total items that may be reclassified subsequently to profit or loss	**(0.1)**	**-**	**0.2**	**(0.1)**
Other comprehensive income / (loss) for the period	**(1.0)**	**(4.3)**	**3.4**	**(23.3)**
Total comprehensive income for the period	**25.3**	**21.3**	**165.6**	**74.5**

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 of 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	-	-	-	-	-	-	(48.9)	**(48.9)**	-	**(48.9)**
Balance as of 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**
Balance as of January 1, 2017	**1,387.1**	**496.2**	**(14.3)**	**362.2**	**(156.5)**	**(3,314.1)**	**3,595.4**	**2,356.0**	**295.7**	**2,651.7**
Profit / (loss) for the period	-	-	-	-	-	-	119.9	**119.9**	(20.5)	**99.4**
Other comprehensive income / (loss)	-	-	-	-	(1.0)	-	-	**(1.0)**	(4.4)	**(5.4)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(1.0)**	**-**	**119.9**	**118.9**	**(24.9)**	**94.0**
Non-controlling interests / Transfer of shares (see Note 1)	-	-	-	-	2.4	-	(5.4)	**(3.0)**	3.0	**-**
Dividend distribution (see Note 6)	-	-	-	-	-	-	(78.2)	**(78.2)**	-	**(78.2)**
Share option plans	-	0.1	(0.2)	-	-	-	-	**(0.1)**	-	**(0.1)**
Balance as of September 30, 2017	**1,387.1**	**496.3**	**(14.5)**	**362.2**	**(155.1)**	**(3,314.1)**	**3,631.7**	**2,393.6**	**273.8**	**2,667.4**

The accompanying notes on pages 10-28 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 of 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	-	-	-	-	-	(48.9)	(48.9)
Balance as of September 30, 2016	1,387.1	496.3	(14.7)	357.3	(40.6)	594.7	2,780.1
Balance as of January 1, 2017	1,387.1	496.2	(14.3)	362.2	(18.5)	590.0	2,802.7
Profit for the period	-	-	-	-	-	162.2	162.2
Other comprehensive income	-	-	-	-	3.4	-	3.4
Total comprehensive income	-	-	-	-	3.4	162.2	165.6
Dividend distribution (see Note 6)	-	-	-	-	-	(78.2)	(78.2)
Share option plans	-	0.1	(0.2)	-	-	-	(0.1)
Balance as of September 30, 2017	1,387.1	496.3	(14.5)	362.2	(15.1)	674.0	2,890.0

INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	01/01-30/09/2017	01/01-30/09/2016	01/01-30/09/2017	01/01-30/09/2016
Cash flows from operating activities					
Profit before tax		224.4	223.9	225.3	154.6
Adjustments for:					
Depreciation, amortization and impairment		589.3	615.2	236.3	229.5
Costs related to voluntary leave schemes		37.8	43.5	20.4	32.5
Provision for staff retirement indemnities		8.2	8.7	6.9	6.9
Provision for youth account		2.1	2.3	2.1	2.3
Provision for doubtful accounts		73.7	68.7	15.3	15.1
Foreign exchange differences, net		6.8	(0.1)	1.1	(0.9)
Interest income		(1.1)	(1.8)	(1.8)	(1.7)
Dividend income		-	-	(55.6)	(1.0)
(Gains) / losses from investments and other financial assets - Impairment		-	(19.2)	-	0.2
Interest and related expenses		105.3	112.8	67.2	80.8
Working capital adjustments:					
Decrease / (increase) in inventories		6.3	(13.4)	9.8	(1.3)
Decrease / (increase) in receivables		(123.8)	(151.4)	(6.9)	(36.0)
(Decrease) / increase in liabilities (except borrowings)		(115.5)	(33.2)	(13.5)	30.0
Plus / (Minus):					
Payment for voluntary leave schemes	9	(23.2)	(43.9)	(8.6)	(31.8)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(9.0)	(11.1)	(9.0)	(11.1)
Interest and related expenses paid		(96.2)	(113.6)	(70.5)	(80.3)
Income tax paid		(118.4)	(75.7)	(65.4)	(0.6)
Net cash flows from operating activities		**566.7**	**611.7**	**353.1**	**387.2**
Cash flows from investing activities					
Sale or maturity of financial assets		0.2	0.5	-	-
Loans granted		-	-	-	(14.7)
Repayment of loans receivable		4.5	5.1	5.6	5.1
Purchase of property, plant and equipment and intangible assets		(599.7)	(500.0)	(288.5)	(248.8)
Movement in restricted cash		(0.1)	(1.0)	-	-
Payments related to disposal of subsidiaries / investments		-	(4.9)	-	-
Interest received		1.2	1.8	1.8	1.7
Dividends received		-	-	0.6	-
Net cash flows used in investing activities		**(593.9)**	**(498.5)**	**(280.5)**	**(256.7)**
Cash flows from financing activities					
Share option plans		(0.3)	(0.2)	(0.3)	(0.2)
Proceeds from loans granted and issued	7	-	389.0	193.6	739.0
Repayment of loans	7	(180.2)	(411.9)	(479.7)	(476.1)
Dividends paid to Company's owners		(78.1)	(48.9)	(78.1)	(48.9)
Net cash flows used in financing activities		**(258.6)**	**(72.0)**	**(364.5)**	**213.8**
Net increase / (decrease) in cash and cash equivalents		**(285.8)**	**41.2**	**(291.9)**	**344.3**
Cash and cash equivalents, at the beginning of the period		**1,585.6**	**1,322.5**	**511.6**	**290.3**
Net foreign exchange differences		(2.8)	1.2	-	-
Cash and cash equivalents, at the end of the period		**1,297.0**	**1,364.9**	**219.7**	**634.6**

The accompanying notes on pages 10-28 form an integral part of these financial statements.

1. CORPORATE INFORMATION

Hellenic Telecommunications Organization S.A. ("Company", "OTE" or "parent"), was incorporated as a société anonyme in Athens, Greece in 1949, and is listed in the Greek General Commercial Registry (Γ.Ε.ΜΗ.) with the unique number 1037501000. The registered office is located at 99 Kifissias Avenue – 151 24 Maroussi Athens, Greece, and the website is www.cosmote.gr. The Company is listed on the Athens Exchange. Until September 19, 2010, OTE ADRs (American Depositary Receipts) were also listed on the New York Stock Exchange. Following OTE's delisting from NYSE, OTE ADRs now trade in the US OTC (Over the Counter) market. OTE GDRs (Global Depositary Receipts) are also listed on the London Stock Exchange.

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

Effective from February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and as of September 30, 2017 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, 2017 and for the nine month period then ended, were approved for issuance by the Board of Directors on November 3, 2017.

The total numbers of Group and Company employees as of September 30, 2017 and 2016 and as of December 31, 2016 were as follows:

	GROUP	COMPANY
September 30, 2017	20,627	8,550
December 31, 2016	21,086	8,405
September 30, 2016	21,064	8,420

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

ENTITY NAME	LINE OF BUSINESS	COUNTRY	GROUP's OWNERSHIP INTEREST	
			30/09/2017	31/12/2016
COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE")	Mobile telecommunications services	Greece	100.00%	100.00%
OTE INTERNATIONAL INVESTMENTS LTD	Investment holding entity	Cyprus	100.00%	100.00%
COSMO-ONE HELLAS MARKET SITE S.A. ("COSMO-ONE")	E-commerce services	Greece	61.74%	61.74%
OTE PLC	Financing services	U.K.	100.00%	100.00%
OTESAT-MARITEL S.A. ("OTESAT-MARITEL")	Satellite telecommunications services	Greece	94.08%	94.08%
OTE PLUS TECHNICAL AND BUSINESS SOLUTIONS S.A.– SECURITY SERVICES ("OTE PLUS")	Consulting and security services	Greece	100.00%	100.00%
OTE ESTATE S.A. ("OTE ESTATE")	Real estate	Greece	100.00%	100.00%
OTE INTERNATIONAL SOLUTIONS S.A. ("OTE GLOBE")	Wholesale telephony services	Greece	100.00%	100.00%
HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD ("HATWAVE")	Investment holding entity	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%

ENTITY NAME	LINE OF BUSINESS	COUNTRY	GROUP's OWNERSHIP INTEREST	
			30/09/2017	31/12/2016
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A. ("TELEKOM ROMANIA MOBILE")	Mobile telecommunications services	Romania	86.20%	86.20%
TELEKOM ALBANIA	Mobile telecommunications services	Albania	99.76%	99.76%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	100.00%
COSMOTE E-VALUE	Marketing services	Greece	100.00%	100.00%
GERMANOS TELECOM ROMANIA S.A.	Retail services	Romania	86.20%	100.00%
SUNLIGHT ROMANIA S.R.L. FILIALA	Retail services	Romania	86.20%	100.00%
MOBILBEEEP LTD	Retail services	Greece	100.00%	100.00%
COSMOTE TV PRODUCTIONS	TV Productions and services	Greece	100.00%	100.00%
COSMOHOLDING ROMANIA LTD	Investment holding entity	Cyprus	100.00%	100.00%
TELEMOBIL S.A. ("ZAPP")	Mobile telecommunications services	Romania	86.20%	100.00%
E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD")	Overdue accounts management	Greece	100.00%	100.00%
COSMOHOLDING INTERNATIONAL B.V.	Investment holding entity	Netherlands	100.00%	100.00%
E-VALUE INTERNATIONAL S.A.	Marketing services	Romania	100.00%	100.00%
OTE RURAL NORTH SPECIAL PURPOSE DEVELOPMENT AND MANAGEMENT OF BROADBAND INFRASTRUCTURE S.A. ("OTE RURAL NORTH")	Wholesale broadband and infrastructure services	Greece	100.00%	100.00%
OTE RURAL SOUTH SPECIAL PURPOSE DEVELOPMENT AND MANAGEMENT OF BROADBAND INFRASTRUCTURE S.A. ("OTE RURAL SOUTH ")	Wholesale broadband and infrastructure services	Greece	100.00%	100.00%

INTRA-GROUP TRANSFERS OF SHARES

On May 10, 2017, GERMANOS transferred its shares in GERMANOS TELECOM ROMANIA S.A. to TELEKOM ROMANIA MOBILE.

On June 7, 2017, COSMOHOLDING ROMANIA LTD transferred its shares in ZAPP to TELEKOM ROMANIA MOBILE.

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, 2016, which are available on the Company's website https://www.cosmote.gr/fixed/corporate/ir/financial-results/financial-statements-of-ote-group-and-ote-sa.

The interim financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, 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, 2016.

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, 2016 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, 2017, noted below:

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after January 1, 2017.

Standards and Interpretations effective for the current financial year

There are no new standards, amendments to standards and interpretations that are mandatory for periods beginning on January 1, 2017.

Standards and Interpretations effective for subsequent periods

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

- **IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 "Financial Instruments: Disclosures"** (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 new more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

The majority of the financial assets held by the Group include debt instruments. Based on the provision of the new standard, debt instruments are classified and measured on the basis of the business model within which they are held and their contractual cash flow characteristics.

The business model and cash flow characteristics test introduced by IFRS 9 will not affect the classification and measurement of the majority of financial assets, which will continue to be measured at amortized cost.

With respect to impairment, the new provisions on accounting for impairment losses will possibly lead to expected losses having to be expensed earlier in certain cases.

The Group is currently assessing the impact of IFRS 9. As the analysis of the implementation progresses and more accurate data becomes available, the impact of IFRS 9, if any, will be disclosed in the annual financial statements.

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after January 1, 2018): IFRS 15 has been issued in May 2014. The objective of the Standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity 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.

IFRS 15 sets out the requirements for recognizing revenue and costs from contracts with customers and includes extensive disclosure requirements. It provides a single, principles-based five-step model for the determination and recognition of revenue to be applied to all contracts with customers. It requires entities to allocate revenue earned from contracts to individual promises, i.e. performance obligations, on a relative stand-alone selling price basis, based on the five-step model.

The new standard will be applied by the Group from January 1, 2018. When applying IFRS 15 for the first time, the Group shall apply the standard in full for the year 2018 and in respect of prior periods, will recognize the cumulative effect of applying IFRS 15 to all contracts that had not yet been completed at January 1, 2018, as an adjustment to the opening balance of equity on January 1, 2018 (the cumulative catch-up transition method). The Group will use the following practical expedients on transition: Contracts completed before the date of initial application (i.e. January 1, 2018) will not be revised. The Group will apply the new Standard to a portfolio of contracts with similar characteristics, as it expects that the effects on the financial statements would not differ materially from applying this Standard to the individual contracts.

Prior-year comparatives will not be restated; instead, OTE will provide an explanation of the reasons for the changes in the statement of financial position and the income statement, as a result of applying IFRS 15 for the first time.

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

Sales commissions and other customer acquisition costs resulting directly from securing contracts with customers are currently expensed as incurred. IFRS 15 will require these incremental costs of acquiring contracts to be recognized as an asset when incurred and expensed over the related contract duration.

Based on the above, the Group has performed a preliminary analysis of the IFRS 15 potential impact as of January 1, 2018 as well as the estimated impact on the 2018 income statement. The data presented below, represent management's best estimates based on current knowledge and assumptions. As the analysis progresses and more accurate data become available, it is possible that significant updates and changes on the estimated amounts will occur.

Based on management's current assessment, OTE Group anticipates a cumulative increase in retained earnings amounting to approximately 2.0 to 5.5 percentage points of total equity, before deferred taxes. The effect is essentially the result of the recognition of:

- contract assets which, pursuant to IFRS 15, resulting from the earlier recognition of handset revenues; and
- deferred customer acquisition costs, resulting from the subsequent recognition of commission costs under IFRS 15.

Regarding the future effects on the consolidated income statement in the financial year 2018, the Group expects a decline in the share of revenues from the provision of services and an increase in the share of revenues from sales of handsets amounting to approximately 0.5 to 1.5 percentage points of total revenues.

The impact on the income statement in the financial year 2018, assuming a consistent business cycle, in a mass market with a large number of customer contracts which are completed at different times, will result:

- in the case of contracts which are still active on January 1, 2018, in lower service revenues and higher commission costs resulting from the amortization of capitalized contract assets and deferred customer acquisition costs,
- higher handset revenues and lower commission costs resulting from the capitalization of contract assets and deferred customer acquisition costs, when new contracts are concluded.

Since these effects from the new accounting treatment result in timing differences as regards the realization of revenues and expenses, the impact to equity over time is neutral.

Significant profit and loss effects compared to current accounting treatment can therefore only be attributed to changed business developments, changes in business models and products offered.

The Group is continuously updating its estimation on the impact of IFRS 15 and the impact will be disclosed in the annual financial statements 2017.

- 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. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard has not yet been endorsed by the EU.

- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealized Losses" (effective for annual periods beginning on or after January 1, 2017): These amendments clarify the accounting for deferred tax assets for unrealized 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 Shared-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. It also introduces an exception to the principles of IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. These amendments have not yet been endorsed by the EU.

- **IAS 40 (Amendments) "Transfers of Investment Property"** (effective for annual periods beginning on or after January 1, 2018): These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. These amendments have not yet been endorsed by the EU.

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

- **IFRIC 22 "Foreign currency transactions and advance consideration"** (effective for annual periods beginning on or after January 1, 2018): The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

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

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle)

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

- **IFRS 12 "Disclosures of Interests in Other Entities"** (effective for annual periods beginning on or after January 1, 2017): The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

- **IAS 28 "Investments in associates and Joint ventures"** (effective for annual periods beginning on or after January 1, 2018): The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

4. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
(a) Investments in subsidiaries	-	-	3,486.5	3,486.4
(b) Other investments	0.1	0.1	0.1	0.1
TOTAL	**0.1**	**0.1**	**3,486.6**	**3,486.5**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	30/09/2017	31/12/2016
COSMOTE	100.00%	Greece	2,763.2	2,763.1
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	344.9	344.9
COSMOTE TV PRODUCTIONS	100.00%	Greece	3.8	3.8
COSMO-ONE	30.87%	Greece	0.5	0.5
OTESAT-MARITEL	94.08%	Greece	4.6	4.6
OTE PLC	100.00%	U.K.	0.1	0.1
OTE PLUS	100.00%	Greece	8.2	8.2
OTE ESTATE	100.00%	Greece	193.2	193.2
OTE GLOBE	100.00%	Greece	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			**3,486.5**	**3,486.4**

NON-CONTROLLING INTERESTS

The Group's non-controlling interests amount to Euro 273.8 as of September 30, 2017 (December 31, 2016: Euro 295.7), out of which Euro 276.2 relate to TELEKOM ROMANIA (December 31, 2016: Euro 292.6), representing the 45.99% on TELEKOM ROMANIA's equity, which is owned by the Romanian State.

5. SHARE CAPITAL – SHARE PREMIUM

OTE's share capital as of September 30, 2017 amounted to Euro 1,387.1 (December 31, 2016: 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, 2017 amounted to Euro 496.3 (December 31, 2016: Euro 496.2).

The following is an analysis of the ownership of OTE's shares as of September 30, 2017:

Shareholder	Number of shares	Percentage %
DEUTSCHE TELEKOM AG	196,060,156	40.00%
Hellenic State	4,901,507	1.00%
IKA–ETAM (refers only to the transfer of 4% from the Hellenic State)	19,606,015	4.00%
Hellenic Republic Asset Development Fund (HRADF)	24,507,520	5.00%
Institutional investors	212,775,638	43.41%
Private investors	30,956,443	6.32%
Treasury shares	1,343,110	0.27%
TOTAL	**490,150,389**	**100.00%**

6. DIVIDENDS

On June 20, 2017, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 78.2 or Euro 0.16 (in absolute amount) per share. The amount of dividends payable as of September 30, 2017 was Euro 0.4 (December 31, 2016: Euro 0.3).

7. LONG-TERM AND SHORT-TERM BORROWINGS

LONG – TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	30/09/2017	31/12/2016
(a) Bank loans	307.8	457.7
(b) Global Medium-Term Note Programme of OTE PLC	1,643.6	1,667.4
Total long-term debt	**1,951.4**	**2,125.1**
Short-term portion of long-term debt	(780.3)	(184.1)
Long-term borrowings	**1,171.1**	**1,941.0**

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

Description	Coupon	Maturity	31/12/2016				30/09/2017	
			Outstanding nominal value	Book value	Repayments/ Prepayments	Amortization of expenses	Outstanding nominal value	Book value
a) Bank loans								
EBRD loan Euro 225.0	Euribor+5.25%	25/04/2018	73.0	72.2	(22.6)	0.8	50.4	50.4
EBRD loan Euro 339.0	Euribor+3.50%	16/09/2019	339.0	335.8	(113.0)	1.4	226.0	224.2
BSTDB loan Euro 50.0	Euribor+3.50%	16/09/2019	50.0	49.7	(16.7)	0.2	33.3	33.2
(b) Global Medium-Term Note Programme of OTE PLC								
Euro 700.0 notes	7.875%	07/02/2018	630.0	627.7	(27.9)	1.8	602.1	601.6
Euro 350.0 notes	4.375%	02/12/2019	350.0	345.2	-	1.2	350.0	346.4
Euro 700.0 notes	3.500%	09/07/2020	700.0	694.5	-	1.1	700.0	695.6
			2,142.0	**2,125.1**	**(180.2)**	**6.5**	**1,961.8**	**1,951.4**

COMPANY	30/09/2017	31/12/2016
(a) Bank loans	257.4	385.5
(b) Intercompany loans	1,124.3	1,091.5
Total long-term debt	**1,381.7**	**1,477.0**
Short-term portion of long-term debt	(378.0)	(128.5)
Long-term borrowings	**1,003.7**	**1,348.5**

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

Description	Maturity	31/12/2016					30/09/2017	
		Outstanding nominal value	Book value	New Loans	Repayments/ Prepayments	Amortization of expenses	Outstanding nominal value	Book value
a) Bank loans								
EBRD loan Euro 339.0	16/09/2019	339.0	335.8	-	(113.0)	1.4	226.0	224.2
BSTDB loan Euro 50.0	16/09/2019	50.0	49.7	-	(16.7)	0.2	33.3	33.2
b) Intercompany loans								
Euro 250.0 loan	07/02/2018	250.0	249.0	-	-	0.7	250.0	249.7
Euro 150.0 loan	02/12/2019	150.0	148.0		-	0.4	150.0	148.4
Euro 30.6 loan	23/06/2020	-	-	30.6	-	-	30.6	30.6
Euro 700.0 loan	09/07/2020	700.0	694.5	-	-	1.1	700.0	695.6
		1,489.0	**1,477.0**	**30.6**	**(129.7)**	**3.8**	**1,389.9**	**1,381.7**

SHORT –TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of September 30, 2017 for the Company amounted to Euro 163.0 (December 31, 2016: Euro 350.0), out of which Euro 102.0 have been granted by OTE PLC and Euro 61.0 have been granted by TELEKOM ALBANIA.

The analysis of short-term loans is as follows:

Description	Maturity date	31/12/2016				30/09/2017
		Book value	New loans	Repayments/ Prepayments	Amortization of expenses	Book value
Euro 50.0 loan	14/03/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	21/03/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	28/03/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	04/04/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	27/04/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	04/05/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	10/05/2017	50.0	-	(50.0)	-	-
Euro 163.0 loan	17/01/2018	-	163.0	-	-	163.0
		350.0	**163.0**	**(350.0)**	**-**	**163.0**

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:

ENTITY	Open Tax Years
OTE	None
COSMOTE	2010
OTE INTERNATIONAL INVESTMENTS LTD	2010 - 2016
COSMO-ONE	2010
OTE PLC	2013 - 2016
OTESAT-MARITEL	None
OTE PLUS	2010
OTE ESTATE	None
OTE GLOBE	2010
OTE INSURANCE	2010
OTE ACADEMY	2010
HATWAVE	1996 - 2016
COSMOTE TV PRODUCTIONS	2010
TELEKOM ROMANIA	2007 - 2016
NEXTGEN	2008 - 2016
TELEKOM ALBANIA	2013 - 2016
TELEKOM ROMANIA MOBILE	2013 - 2016
GERMANOS	None
COSMOTE E-VALUE	2010
GERMANOS TELECOM ROMANIA S.A.	2011 - 2016
SUNLIGHT ROMANIA S.R.L. FILIALA	2011 - 2016
MOBILBEEEP LTD	2010 - 2016
COSMOHOLDING ROMANIA LTD	2009 - 2016
ZAPP	2016
E-VALUE LTD	2010
COSMOHOLDING INTERNATIONAL B.V.	2014 - 2016
E-VALUE INTERNATIONAL S.A.	2014 - 2016

ENTITY	Open Tax Years
OTE RURAL NORTH	2014 - 2016
OTE RURAL SOUTH	2014 - 2016

- OTE, COSMOTE, GERMANOS and OTESAT-MARITEL have received from the tax authorities, audit notifications for year 2012. It is noted that for the said year, the companies have been audited within the framework of the Annual Tax Certificate process as provided by paragraph 5 of article 82 of L.2238/1994 and the relevant Tax Compliance Reports have been issued without reservations by PricewaterhouseCoopers S.A. The tax audit for COSMOTE and GERMANOS for year 2012 is in progress.
- COSMOTE E-VALUE and OTE PLUS have received tax audit notifications for year 2010. The relevant audits have not started yet.
- The tax audits for COSMOTE and OTE GLOBE for the fiscal year 2010 are in progress.
- The tax audit for GERMANOS for year 2010 was completed without any impact for the Group.
- The tax audit for TELEKOM ALBANIA for the years 2013 - 2016 is in progress.
- The tax audit for TELEKOM ROMANIA for the years 2011 - 2016 is in progress.
- The tax audit for TELEKOM ROMANIA MOBILE for the years 2013 - 2016 is in progress.
- The tax audit for ZAPP for the years 2010 – 2015 was completed without any impact for the Group.

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 2016 has been completed by PricewaterhouseCoopers S.A. and the "Tax Compliance Reports" have been issued.

The major components of income tax expense are as follows:

	3rd Quarter		First nine months	
GROUP	2017	2016	2017	2016
Current income tax	45.8	38.5	135.5	116.1
Deferred income tax	(3.5)	8.4	(10.5)	8.6
Total income tax	**42.3**	**46.9**	**125.0**	**124.7**

	3rd Quarter		First nine months	
COMPANY	2017	2016	2017	2016
Current income tax	15.9	13.5	61.1	51.4
Deferred income tax	1.4	1.3	2.0	5.4
Total income tax	**17.3**	**14.8**	**63.1**	**56.8**

Income tax payable for the Group and the Company as of September 30, 2017 amounted to Euro 93.8 and Euro 59.3, respectively (December 31, 2016: Euro 79.2 and 63.6, respectively).

Income tax receivable for the Group and the Company as of September 30, 2017 amounted to Euro 17.6 and Euro 7.7, respectively (December 31, 2016: Euro 19.9 and Euro 7.7 respectively) and is recorded under "Other current assets".

9. PROVISION FOR VOLUNTARY LEAVE SCHEME

OTE Voluntary Leave Scheme

In the first nine months of 2017, OTE completed the implementation of voluntary leave schemes, the respective cost of which amounted to Euro 18.3. Furthermore, OTE's cost related to prior voluntary leave schemes amounted to Euro 2.1.

Other voluntary leave schemes

In the first nine months of 2017, COSMOTE Group – Greece, TELEKOM ROMANIA, and COSMOTE Group – Romania completed voluntary leave schemes, the total cost of which was Euro 3.4, Euro 12.7 and Euro 1.4, respectively.

The total cost of the above mentioned programs for the first nine months of 2017, amounted to Euro 37.8 and Euro 20.4 for the Group and the Company, respectively. Amounts paid during the first nine months of 2017, in relation to voluntary leave schemes were Euro 23.2 for the Group and Euro 8.6 for the Company.

10. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

	3rd Quarter		First nine months	
GROUP	2017	2016	2017	2016
Gain from disposal of property, plant and equipment	6.0	3.1	11.6	6.2
Income from contract penalties	3.0	2.8	7.2	7.9
Income from investment property	1.9	1.9	5.9	5.6
Other	2.9	1.8	10.3	6.0
TOTAL	13.8	9.6	35.0	25.7

	3rd Quarter		First nine months	
COMPANY	2017	2016	2017	2016
Gain from disposal of property, plant and equipment	0.1	1.3	0.9	3.5
Income from contract penalties	-	0.1	0.3	0.1
Other	1.4	0.2	3.1	0.8
TOTAL	1.5	1.6	4.3	4.4

11. EARNINGS PER SHARE

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

Earnings per share are analyzed as follows:

	3rd Quarter		First nine months	
GROUP	2017	2016	2017	2016
Profit attributable to owners of the parent	**52.4**	**55.9**	**119.9**	**123.4**
Weighted average number of shares for basic earnings per share	488,806,801	488,789,129	488,818,631	488,789,129
Share options	-	347,380	-	347,380
Weighted average number of shares adjusted for the effect of dilutions	488,806,801	488,938,490	488,818,631	488,934,042
Basic earnings per share	0.1072	0.1144	0.2453	0.2525
Diluted earnings per share	0.1072	0.1143	0.2453	0.2524

(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 and business activities.

Using quantitative and qualitative thresholds OTE, COSMOTE Group – Greece, COSMOTE Group – Romania, COSMOTE Group – Albania (or TELEKOM ALBANIA) and TELEKOM ROMANIA have been determined to be reportable segments. Information about operating segments that do not constitute reportable segments has been combined and disclosed in an "Other" category. This category comprises all the other operations of the Group, the most material of which relate to the Group's real estate subsidiary, OTE ESTATE, the Group's international carrier, OTE GLOBE and the Group's financing subsidiary, OTE PLC. The types of services provided by the reportable segments are as follows:

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

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

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

Nine month period ended September 30, 2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Revenue from external customers	1,076.3	787.8	279.1	45.6	425.4	244.8	2,859.0	-	2,859.0
Intersegment revenue	98.0	101.2	46.3	5.3	22.0	106.9	379.7	(379.7)	-
Operating profit before financial and investing activities, depreciation, amortization and impairment	472.5	306.2	42.1	5.4	63.1	37.2	926.5	(1.8)	924.7
Costs related to voluntary leave schemes	(20.4)	(3.4)	(1.4)	-	(12.7)	0.1	(37.8)	-	(37.8)
Other restructuring costs and non-recurring litigations	(4.2)	-	-	-	-	-	(4.2)	-	(4.2)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	497.1	309.6	43.5	5.4	75.8	37.1	968.5	(1.8)	966.7
Depreciation, amortization and impairment	(236.3)	(167.2)	(67.8)	(14.1)	(85.5)	(18.4)	(589.3)	-	(589.3)
Operating profit / (loss) before financial and investing activities	236.2	139.0	(25.7)	(8.7)	(22.4)	18.8	337.2	(1.8)	335.4
Interest income	1.8	34.0	0.1	3.9	0.1	77.4	117.3	(116.2)	1.1
Interest and related expenses	(67.2)	(37.8)	(35.6)	(0.2)	(4.5)	(76.2)	(221.5)	116.2	(105.3)
Income tax	(63.1)	(47.5)	(4.5)	1.0	-	(10.9)	(125.0)	-	(125.0)
Profit / (loss) for the period	162.2	87.4	(66.1)	(7.2)	(27.7)	7.7	156.3	(56.9)	99.4
Purchase of property plant and equipment and intangible assets	288.5	138.1	47.4	11.6	102.2	11.9	599.7	-	599.7

Nine month period ended September 30, 2016	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Revenue from external customers	1,079.3	794.3	301.0	48.3	415.8	242.4	2,881.1	-	2,881.1
Intersegment revenue	86.8	93.1	34.2	11.7	19.9	100.8	346.5	(346.5)	-
Operating profit before financial and investing activities, depreciation, amortization and impairment	461.5	295.8	63.3	13.1	59.7	40.6	934.0	(3.2)	930.8
Costs related to voluntary leave schemes	(32.5)	(4.3)	(0.7)	-	(5.5)	(0.5)	(43.5)	-	(43.5)
Other restructuring costs and non-recurring litigations	-	(2.9)	-	-	-	-	(2.9)	-	(2.9)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	494.0	303.0	64.0	13.1	65.2	41.1	980.4	(3.2)	977.2
Depreciation, amortization and impairment	(229.5)	(169.3)	(76.4)	(14.7)	(106.3)	(19.0)	(615.2)	-	(615.2)
Operating profit / (loss) before financial and investing activities	232.0	126.5	(13.1)	(1.6)	(46.6)	21.6	318.8	(3.2)	315.6
Interest income	1.7	39.0	0.1	10.1	0.1	95.7	146.7	(144.9)	1.8
Interest and related expenses	(80.8)	(39.6)	(41.5)	(0.2)	(2.7)	(92.9)	(257.7)	144.9	(112.8)
Income tax	(56.8)	(54.2)	(3.4)	(1.7)	0.1	(8.7)	(124.7)	-	(124.7)
Profit / (loss) for the period	97.8	90.9	(54.8)	6.6	(52.8)	15.5	103.2	(4.0)	99.2
Purchase of property plant and equipment and intangible assets	248.8	118.9	29.0	13.1	76.6	13.6	500.0	-	500.0

30/09/2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets	2,443.0	2,392.6	802.2	607.7	885.8	2,713.8	9,845.1	(2,680.9)	7,164.2
Segment liabilities	3,039.6	1,320.4	500.7	61.3	285.2	2,012.7	7,219.9	(2,723.1)	4,496.8

31/12/2016	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets	2,714.4	2,408.5	842.6	640.8	1,002.4	2,889.8	10,498.5	(2,926.9)	7,571.6
Segment liabilities	3,398.2	1,422.7	469.5	91.5	366.2	2,140.8	7,888.9	(2,969.0)	4,919.9

13. RELATED PARTY DISCLOSURES

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

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

DEUTSCHE TELEKOM AG is a 40.00% 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 sales and purchases with its related parties are analyzed as follows:

	First nine months 2017		First nine months 2016	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	75.6	93.1	64.6	79.7
COSMOTE TV PRODUCTIONS	0.2	0.3	0.4	0.8
COSMO-ONE	-	0.4	-	0.4
OTESAT-MARITEL	0.1	0.1	0.1	0.2
OTE PLUS	-	1.2	-	3.0
OTE ESTATE	0.3	34.2	-	31.4
OTE GLOBE	10.5	43.7	11.4	45.9
OTE ACADEMY	0.2	1.9	0.2	4.3
TELEKOM ROMANIA	0.1	-	-	-
OTE RURAL NORTH	3.2	0.6	5.7	-
OTE RURAL SOUTH	7.8	0.5	4.4	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	7.3	3.9	4.8	4.9
TOTAL	**105.3**	**179.9**	**91.6**	**170.6**

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

	First nine months 2017		First nine months 2016	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	33.8	29.5	27.0	27.0
TOTAL	**33.8**	**29.5**	**27.0**	**27.0**

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

	OTE's other operating income	
	First nine months 2017	First nine months 2016
COSMOTE Group - Greece	1.1	-
TOTAL	**1.1**	**-**

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 2017	First nine months 2016
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.2	0.1
TOTAL	**0.2**	**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 2017		First nine months 2016	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	44.0	-	58.7
COSMOTE Group - Albania	-	2.3	-	1.8
OTE RURAL NORTH	0.3	-	0.2	-
OTE RURAL SOUTH	0.5	-	0.3	-
TOTAL	**0.8**	**46.3**	**0.5**	**60.5**

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

	Dividend income OTE	
	First nine months 2017	First nine months 2016
OTESAT-MARITEL	0.6	0.6
OTE INSURANCE	-	0.3
OTE ESTATE	55.0	0.1
TOTAL	**55.6**	**1.0**

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

	30/09/2017		31/12/2016	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	56.7	162.1	69.9	161.2
COSMOTE Group - Romania	0.1	-	0.3	-
COSMOTE Group - Albania	-	-	0.2	-
COSMOTE TV PRODUCTIONS	0.4	0.2	0.2	0.3
COSMO-ONE	-	0.2	-	0.2
OTESAT-MARITEL	4.0	-	3.8	0.2
OTE PLUS	-	1.3	-	2.1
OTE ESTATE	56.7	6.6	1.8	5.5
OTE GLOBE	3.9	12.7	3.9	23.1
OTE ACADEMY	0.6	0.5	0.6	2.0
TELEKOM ROMANIA	0.6	0.1	0.8	0.2
OTE RURAL NORTH	13.0	0.7	15.6	0.3
OTE RURAL SOUTH	17.7	0.4	14.4	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	5.6	5.6	5.4	4.9
TOTAL	**159.3**	**190.4**	**116.9**	**200.0**

Amounts owed to OTE by OTE ESTATE include dividend receivable amounting to Euro 55.0 as of September 30, 2017 (December 31, 2016: nil).

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

	30/09/2017		31/12/2016	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM group of companies (except for OTE Group)	26.5	100.2	65.8	122.0
TOTAL	**26.5**	**100.2**	**65.8**	**122.0**

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

	30/09/2017		31/12/2016	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,231.8	-	1,357.9
COSMOTE Group - Albania	-	71.8	-	111.4
OTE RURAL NORTH	10.5	-	11.7	-
OTE RURAL SOUTH	18.5	-	18.5	-
TOTAL	**29.0**	**1,303.6**	**30.2**	**1,469.3**

Amounts owed by OTE to OTE PLC and COSMOTE Group – Albania (TELEKOM ABANIA) relating to loans include interest payable amounting to Euro 15.5 and Euro 0.8 respectively as of September 30, 2017 (December 31, 2016: OTE PLC Euro 25.4 and TELEKOM ALBANIA Euro 2.4).

Amounts owed by OTE RURAL NORTH and OTE RURAL SOUTH to OTE relating to loans include interest receivable amounting to Euro 0.1 as of September 30, 2017 (December 31, 2016: Euro 0.1).

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

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 5.8 for the first nine months of 2017 (first nine months of 2016: Euro 6.2).

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, 2016, except for the following:

OTE

Teledome S.A. filed a lawsuit against OTE before the Athens Multimember Court of First Instance claiming an amount of Euro 1.6 for alleged damages incurred by it as a result of the application of non-cost oriented interconnection charges by OTE. The case was heard on September 28, 2016 and the Court awarded to Teledome S.A. an amount of Euro 1.1. OTE will appeal against this decision.

On September 25, 2017, HTPC imposed a fine amounting to Euro 6.3 to OTE for alleged violation of the regulatory legislation regarding the provision of unbundled access to the LLU, as well as for claimed violation of the Greek competition law through alleged discriminatory policy in favor of its retail services and against wholesale services related to the activation of the local loops of OTE competitors. OTE will appeal against this decision.

Forthnet S.A.: In 2002, Forthnet S.A. filed a lawsuit before the Multimember Court of First Instance, claiming an amount of Euro 26.7 plus interest for damages incurred due to loss of customers as a result of OTE's allegedly discriminatory treatment in favor of OTENET. Forthnet S.A. resigned the said lawsuit on December 23, 2016 and refiled a new lawsuit within 2017 against OTE, on the same legal grounds, from which Forthnet S.A. finally resigned on November 01, 2017.

COSMOTE

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 Athens Court of Appeals' decision was issued, which accepted COSMOTE's appeal and rejected Babis Vovos International Construction S.A.'s lawsuit.

GERMANOS

GERMANOS is a party, among others, to certain lawsuits regarding franchise agreements filed by former franchisees of the chain GERMANOS stores. In 2017 a former franchisee of the chain GERMANOS stores and a close related to him person, filed lawsuits against GERMANOS and COSMOTE of a total amount of Euro 32.5, out of which an amount of Euro 5.0 relates to material and consequential damage for alleged breach of competition law, unconventional behavior under the commercial cooperation and tort and an amount of Euro 27.5 relates to non-material damage.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair value and fair value hierarchy

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

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

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

	Carrying Amount		Fair value	
GROUP	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Financial Assets				
Trade receivables	754.3	730.5	754.3	730.5
Loans to pension funds	90.3	91.7	122.2	129.0
Loans and advances to employees	54.3	54.7	54.3	54.7
Guarantees	6.2	6.0	6.2	6.0
Guaranteed receipt from Grantor (Financial asset model)	82.1	73.6	82.1	73.6
Restricted cash	3.7	3.6	3.7	3.6
Cash and cash equivalents	1,297.0	1,585.6	1,297.0	1,585.6
Financial Liabilities				
Long-term borrowings	1,171.1	1,941.0	1,241.6	2,029.2
Short-term borrowings and short-term portion of long-term borrowings	780.3	184.1	798.5	186.9
Trade accounts payable	1,079.4	1,364.1	1,079.4	1,364.1
Interest payable	42.8	48.4	42.8	48.4
Unpaid portion for spectrum licenses	25.4	38.9	25.4	38.9
Liability for TV broadcasting rights (long-term)	30.1	58.8	30.1	58.8

	Carrying Amount		Fair value	
COMPANY	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Financial Assets				
Trade receivables	350.6	348.7	350.6	348.7
Loans to pension funds	90.3	91.7	122.2	129.0
Loans and advances to employees	54.0	54.5	54.0	54.5
Guarantees	0.5	0.4	0.5	0.4
Other receivables from related parties	6.5	4.7	6.5	4.7
Loans to group companies	29.0	30.1	29.7	31.7
Cash and cash equivalents	219.7	511.6	219.7	511.6
Financial Liabilities				
Long-term borrowings	1,003.7	1,348.5	1,059.9	1,400.1
Short-term borrowings and short-term portion of long-term borrowings	541.0	478.5	550.1	481.9
Trade accounts payable	393.0	491.9	393.0	491.9
Interest payable	28.7	39.5	28.7	39.5
Liability for TV broadcasting rights (long-term)	24.9	38.8	24.9	38.8

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

As of September 30, 2017, the Group and the Company held the following financial instruments measured at fair value:

	Fair value		
GROUP	30/09/2017	31/12/2016	Fair value hierarchy
Financial Assets			
Available-for-sale mutual funds	3.7	3.5	Level 1
Available-for-sale mutual funds	1.8	2.1	Level 3

	Fair value		
COMPANY	30/09/2017	31/12/2016	Fair value hierarchy
Financial Assets			
Available-for-sale mutual funds	2.3	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. To the extent that the agreed terms and conditions of the third bailout program are implemented and assuming that the capital controls will be further eased or eliminated in the short to medium term, no material negative impact on the Group's Greek operations is anticipated.

Management continually assesses the possible impact of any changes in the macroeconomic and financial environment in Greece so as to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations. Management is not able to accurately predict the likely developments in the Greek economy, however based on its assessment, it has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of September 30, 2017.

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 include mutual funds and other securities. These financial assets are not considered to expose the Group and the Company to a significant credit risk.

Defaulted payments of trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and the diversification of the Group customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is however considered to exist for amounts receivable from other telecommunication service providers, due to their relatively small number and the high volume of transactions they have with the Group and the Company. For this category the Group and the Company assess the credit risk following the established policies and procedures and 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.

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

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

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 of September 30, 2017 amount to Euro 1,302.5 and Euro 232.5 respectively and their debt maturing in the next 12 months, amounts to Euro 780.3 and Euro 541.0 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.

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 in exchange rates 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 and Company level. Net debt includes interest bearing loans and notes, less cash and cash equivalents.

GROUP	September 30, 2017	December 31, 2016
Long-term borrowings	1,171.1	1,941.0
Short-term portion of long-term borrowings	780.3	184.1
Cash and cash equivalents	(1,297.0)	(1,585.6)
Net debt	**654.4**	**539.5**
Total equity	2,667.4	2,651.7
Gearing ratio	**0.25x**	**0.20x**

COMPANY	September 30, 2017	December 31, 2016
Long-term borrowings	1,003.7	1,348.5
Short-term borrowings	163.0	350.0
Short-term portion of long-term borrowings	378.0	128.5
Cash and cash equivalents	(219.7)	(511.6)
Net debt	**1,325.0**	**1,315.4**
Total equity	2,890.0	2,802.7
Gearing ratio	**0.46x**	**0.47x**

16. EVENTS AFTER THE FINANCIAL POSITION DATE

Euro 150.0 syndicated facility arranged by the European Bank for Reconstruction and Development (EBRD)

On October 3, 2017, COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 syndicated facility arranged by EBRD, with the guarantee of OTE, which was signed on July 10, 2017.