

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.



GROUP OF COMPANIES

INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF MARCH 31, 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 1-24, were approved by the Board of Directors on May 10, 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

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INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2017 AND FOR THE THREE MONTH PERIOD THEN ENDED

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INTERIM STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		31/03/2017	31/12/2016	31/03/2017	31/12/2016
ASSETS					
Non-current assets					
Property, plant and equipment		2,828.8	2,852.5	1,236.3	1,225.0
Goodwill		506.4	507.0	-	-
Telecommunication licenses		479.1	491.3	3.6	3.7
Other intangible assets		457.9	490.4	175.8	197.1
Investments	4	0.1	0.1	3,486.5	3,486.5
Loans to pension funds		84.8	85.6	84.8	85.6
Deferred tax assets		316.2	316.5	131.5	133.3
Other non-current assets		103.3	99.4	77.6	76.2
Total non-current assets		4,776.6	4,842.8	5,196.1	5,207.4
Current assets					
Inventories		94.0	95.9	21.2	23.5
Trade receivables		708.5	730.5	355.3	348.7
Other financial assets		5.5	5.6	9.4	9.4
Other current assets		309.6	307.6	93.4	100.3
Restricted cash		3.7	3.6	-	-
Cash and cash equivalents		1,483.8	1,585.6	523.5	511.6
Total current assets		2,605.1	2,728.8	1,002.8	993.5
TOTAL ASSETS		7,381.7	7,571.6	6,198.9	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		(14.3)	(14.3)	(14.3)	(14.3)
Statutory reserve		362.2	362.2	362.2	362.2
Foreign exchange and other reserves		(161.2)	(156.5)	(17.3)	(18.5)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings		3,631.8	3,595.4	633.1	590.0
Total equity attributable to owners of the Parent		2,387.8	2,356.0	2,847.1	2,802.7
Non-controlling interests	4	291.0	295.7	-	-
Total equity		2,678.8	2,651.7	2,847.1	2,802.7
Non-current liabilities					
Long-term borrowings	6	1,249.9	1,941.0	1,035.7	1,348.5
Provision for staff retirement indemnities		229.5	227.6	193.4	192.2
Provision for youth account		140.0	142.5	140.0	142.5
Deferred tax liabilities		48.9	50.3	-	-
Other non-current liabilities		98.7	118.3	155.4	155.2
Total non-current liabilities		1,767.0	2,479.7	1,524.5	1,838.4
Current liabilities					
Trade accounts payable		1,202.3	1,364.1	458.7	491.9
Short-term borrowings	6	-	-	363.0	350.0
Short-term portion of long-term borrowings	6	812.2	184.1	377.7	128.5
Income tax payable	7	108.3	79.2	84.5	63.6
Deferred revenue		144.1	152.1	86.9	91.1
Provision for voluntary leave schemes		139.0	141.9	139.0	141.9
Dividends payable		0.3	0.3	0.3	0.3
Other current liabilities		529.7	518.5	317.2	292.5
Total current liabilities		2,935.9	2,440.2	1,827.3	1,559.8
TOTAL EQUITY AND LIABILITIES		7,381.7	7,571.6	6,198.9	6,200.9

INTERIM INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP		COMPANY	
		01/01 - 31/03/2017	01/01 - 31/03/2016	01/01 - 31/03/2017	01/01 - 31/03/2016
Revenue					
Fixed business:					
Retail services revenues		298.0	299.0	224.0	220.6
Wholesale services revenues		171.9	149.2	87.7	81.4
Other revenues		70.8	75.0	51.1	54.5
Total revenues from fixed business		540.7	523.2	362.8	356.5
Mobile business:					
Service revenues		304.8	313.4	-	-
Handset revenues		50.1	51.1	7.3	4.8
Other revenues		3.6	4.5	-	-
Total revenues from mobile business		358.5	369.0	7.3	4.8
Miscellaneous other revenues		29.8	36.3	21.9	17.6
Total revenues		929.0	928.5	392.0	378.9
Other operating income	8	12.2	8.7	1.5	2.3
Operating expenses					
Interconnection and roaming costs		(142.7)	(120.9)	(24.4)	(25.0)
Provision for doubtful accounts		(24.3)	(21.3)	(5.1)	(4.9)
Personnel costs		(157.5)	(161.8)	(77.6)	(80.3)
Costs related to voluntary leave schemes		(2.5)	(2.9)	(2.1)	(2.6)
Commission costs		(33.6)	(35.5)	(3.5)	(3.7)
Merchandise costs		(69.3)	(61.6)	(18.7)	(10.4)
Maintenance and repairs		(26.6)	(26.7)	(9.3)	(9.8)
Marketing		(21.9)	(22.2)	(6.5)	(6.6)
Other operating expenses, out of which:		(161.2)	(178.9)	(80.4)	(79.4)
<i>Rental, leasing and facility costs</i>		(53.5)	(53.3)	(26.0)	(25.3)
<i>Third party fees and services</i>		(42.2)	(46.8)	(32.9)	(35.7)
<i>Other taxes and regulatory charges</i>		(17.5)	(20.8)	(5.1)	(4.1)
<i>Construction cost network</i>		(2.4)	(6.3)	-	-
<i>Other sundry operating expenses</i>		(45.6)	(51.7)	(16.4)	(14.3)
Total operating expenses before depreciation, amortization and impairment		(639.6)	(631.8)	(227.6)	(222.7)
Operating profit before financial and investing activities, depreciation, amortization and impairment		301.6	305.4	165.9	158.5
Depreciation, amortization and impairment		(197.1)	(208.2)	(77.4)	(82.5)
Operating profit before financial and investing activities		104.5	97.2	88.5	76.0
Income and expense from financial and investing activities					
Interest and related expenses		(32.4)	(36.1)	(22.5)	(25.1)
Interest income		0.4	0.6	0.6	0.5
Foreign exchange differences, net		2.9	1.5	(0.1)	(0.2)
Gains / (losses) from investments and other financial assets - Impairment		-	0.3	-	(0.1)
Total loss from financial and investing activities		(29.1)	(33.7)	(22.0)	(24.9)
Profit before tax		75.4	63.5	66.5	51.1
Income tax	7	(42.9)	(37.4)	(23.4)	(18.4)
Profit for the period		32.5	26.1	43.1	32.7
Attributable to:					
Owners of the parent		36.4	33.9	43.1	32.7
Non-controlling interests		(3.9)	(7.8)	-	-
Profit for the period		32.5	26.1	43.1	32.7
Earnings per share attributable to owners of the parent					
Basic earnings per share	9	0.0745	0.0694		
Diluted earnings per share	9	0.0745	0.0693		

INTERIM STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	GROUP		COMPANY	
	01/01- 31/03/2017	01/01- 31/03/2016	01/01- 31/03/2017	01/01- 31/03/2016
Profit for the period	32.5	26.1	43.1	32.7
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains / (losses)	1.7	(13.6)	1.7	(14.5)
Deferred taxes on actuarial gains / (losses)	(0.5)	4.0	(0.5)	4.2
Total items that will not be reclassified subsequently to profit or loss	1.2	(9.6)	1.2	(10.3)
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(6.7)	7.3	-	-
Net movement in available for sale financial assets	-	(0.2)	-	(0.1)
Total items that may be reclassified subsequently to profit or loss	(6.7)	7.1	-	(0.1)
Other comprehensive income / (loss) for the period	(5.5)	(2.5)	1.2	(10.4)
Total comprehensive income for the period	27.0	23.6	44.3	22.3
Attributable to:				
Owners of the parent	31.7	27.1	44.3	22.3
Non-controlling interests	(4.7)	(3.5)	-	-
	27.0	23.6	44.3	22.3

INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(Amounts in millions of Euro)	Attributed to equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total		
Balance as at January 1, 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	-	-	-	-	-	-	33.9	33.9	(7.8)	26.1
Other comprehensive income / (loss)	-	-	-	-	(6.8)	-	-	(6.8)	4.3	(2.5)
Total comprehensive income / (loss)	-	-	-	-	(6.8)	-	33.9	27.1	(3.5)	23.6
Share option plans	-	0.1	-	-	-	-	-	0.1	-	0.1
Balance as at March 31, 2016	1,387.1	496.4	(14.7)	357.3	(170.9)	(3,314.1)	3,543.1	2,284.2	348.7	2,632.9
Balance as at January 1, 2017	1,387.1	496.2	(14.3)	362.2	(156.5)	(3,314.1)	3,595.4	2,356.0	295.7	2,651.7
Profit / (loss) for the period	-	-	-	-	-	-	36.4	36.4	(3.9)	32.5
Other comprehensive loss	-	-	-	-	(4.7)	-	-	(4.7)	(0.8)	(5.5)
Total comprehensive income / (loss)	-	-	-	-	(4.7)	-	36.4	31.7	(4.7)	27.0
Share option plans	-	0.1	-	-	-	-	-	0.1	-	0.1
Balance as at March 31, 2017	1,387.1	496.3	(14.3)	362.2	(161.2)	(3,314.1)	3,631.8	2,387.8	291.0	2,678.8

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, 2016	1,387.1	496.3	(14.7)	357.3	(17.3)	545.8	2,754.5
Profit for the period	-	-	-	-	-	32.7	32.7
Other comprehensive loss	-	-	-	-	(10.4)	-	(10.4)
Total comprehensive income / (loss)	-	-	-	-	(10.4)	32.7	22.3
Share option plans	-	0.1	-	-	-	-	0.1
Balance as at March 31, 2016	1,387.1	496.4	(14.7)	357.3	(27.7)	578.5	2,776.9
Balance as at January 1, 2017	1,387.1	496.2	(14.3)	362.2	(18.5)	590.0	2,802.7
Profit for the period	-	-	-	-	-	43.1	43.1
Other comprehensive income	-	-	-	-	1.2	-	1.2
Total comprehensive income	-	-	-	-	1.2	43.1	44.3
Share option plans	-	0.1	-	-	-	-	0.1
Balance as at March 31, 2017	1,387.1	496.3	(14.3)	362.2	(17.3)	633.1	2,847.1

INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		01/01-31/03/2017	01/01-31/03/2016	01/01-31/03/2017	01/01-31/03/2016
Cash flows from operating activities					
Profit before tax		75.4	63.5	66.5	51.1
Adjustments for:					
Depreciation, amortization and impairment		197.1	208.2	77.4	82.5
Costs related to voluntary leave schemes		2.5	2.9	2.1	2.6
Provision for staff retirement indemnities		2.7	3.1	2.3	2.3
Provision for youth account		0.7	0.8	0.7	0.8
Provision for doubtful accounts		24.3	21.3	5.1	4.9
Foreign exchange differences, net		(2.9)	(1.5)	0.1	0.2
Interest income		(0.4)	(0.6)	(0.6)	(0.5)
(Gains) / losses from investments and other financial assets - Impairment		-	(0.3)	-	0.1
Interest and related expenses		32.4	36.1	22.5	25.1
Working capital adjustments:					
Decrease / (increase) in inventories		1.7	(7.4)	2.2	(0.6)
Decrease / (increase) in receivables		(12.2)	(40.3)	(5.5)	8.7
(Decrease) / increase in liabilities (except borrowings)		(103.6)	(42.0)	(5.6)	(12.9)
Plus / (Minus):					
Payment for voluntary leave schemes		(7.3)	(3.4)	(4.2)	(1.9)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(3.1)	(3.9)	(3.1)	(3.8)
Interest and related expenses paid		(33.6)	(30.3)	(21.6)	(19.2)
Income tax paid		(11.3)	(21.2)	(1.2)	(0.2)
Net cash flows from operating activities		162.4	185.0	137.1	139.2
Cash flows from investing activities					
Sale or maturity of financial assets		0.2	-	-	-
Repayment of loans receivable		1.0	1.7	1.0	1.7
Purchase of property, plant and equipment and intangible assets		(200.5)	(178.2)	(75.0)	(87.3)
Movement in restricted cash		(0.1)	(0.5)	-	-
Interest received		0.4	0.6	0.6	0.5
Net cash flows used in investing activities		(199.0)	(176.4)	(73.4)	(85.1)
Cash flows from financing activities					
Proceeds from loans granted and issued	6	-	-	163.0	-
Repayment of loans	6	(64.8)	-	(214.8)	(160.0)
Net cash flows used in financing activities		(64.8)	-	(51.8)	(160.0)
Net increase / (decrease) in cash and cash equivalents		(101.4)	8.6	11.9	(105.9)
Cash and cash equivalents, at the beginning of the period		1,585.6	1,322.5	511.6	290.3
Net foreign exchange differences		(0.4)	(1.4)	-	-
Cash and cash equivalents, at the end of the period		1,483.8	1,329.7	523.5	184.4

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 March 31, 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 March 31, 2017 and for the three month period then ended, were approved for issuance by the Board of Directors on May 10, 2017.

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

	GROUP	COMPANY
March 31, 2017	21,257	8,515
December 31, 2016	21,086	8,405
March 31, 2016	21,563	8,609

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	
			31/03/2017	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%
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%

ENTITY NAME	LINE OF BUSINESS	COUNTRY	GROUP'S OWNERSHIP INTEREST	
			31/03/2017	31/12/2016
COSMOTE E-VALUE	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%
COSMOTE TV PRODUCTIONS	TV Productions and TV 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	100.00%	100.00%
E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD")	Overdue accounts management	Greece	100.00%	100.00%
COSMOHOLDING INTERNATIONAL B.V.	Investment holding entity	Netherlan	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, 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** (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.
- **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 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 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 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. 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.
- **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.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle) (effective for annual periods beginning on or after January 1, 2017)

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”**: 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”:** 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	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
(a) Investments in subsidiaries	-	-	3,486.4	3,486.4
(b) Other investments	0.1	0.1	0.1	0.1
TOTAL	0.1	0.1	3,486.5	3,486.5

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	31/03/2017	31/12/2016
COSMOTE	100.00%	Greece	2,763.1	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			3,486.4	3,486.4

NON-CONTROLLING INTERESTS

The Group's non-controlling interests amount to Euro 291.0 as of March 31, 2017 (December 31, 2016: Euro 295.7), out of which Euro 288.0 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 March 31, 2017 amounted to Euro 1,387.1 (December 31, 2016: 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 March 31, 2017 amounted to Euro 496.3 (December 31, 2016: 496.2).

The following is an analysis of the ownership of OTE's shares as of March 31, 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	211,714,221	43.19%
Private investors	32,040,860	6.54%
Treasury shares	1,320,110	0.27%
TOTAL	490,150,389	100.00%

6. LONG-TERM AND SHORT-TERM BORROWINGS

LONG -TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	31/03/2017	31/12/2016
(a) Bank loans	393.6	457.7
(b) Global Medium-Term Note Programme of OTE PLC	1,668.5	1,667.4
Total long-term debt	2,062.1	2,125.1
Short-term portion of long-term debt	(812.2)	(184.1)
Long-term borrowings	1,249.9	1,941.0

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

Description	Coupon	Maturity	31/12/2016				31/03/2017	
			Outstanding nominal value	Book value	Repayments/ Prepayments	Amortisation 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	-	0.2	73.0	72.4
EBRD loan								
Euro 339.0	Euribor+3.50%	16/09/2019	339.0	335.8	(56.5)	0.5	282.5	279.8
BSTDB loan								
Euro 50.0	Euribor+3.50%	16/09/2019	50.0	49.7	(8.3)	-	41.7	41.4
b) Global Medium-Term Note Programme of OTE PLC								
Euro 700.0 notes	7.875%	07/02/2018	630.0	627.7	-	0.4	630.0	628.1
Euro 350.0 notes	4.375%	02/12/2019	350.0	345.2	-	0.4	350.0	345.6
Euro 700.0 notes	3.500%	09/07/2020	700.0	694.5	-	0.3	700.0	694.8
			2,142.0	2,125.1	(64.8)	1.8	2,077.2	2,062.1

COMPANY	31/03/2017	31/12/2016
(a) Bank loans	321.2	385.5
(b) Intercompany loans from OTE PLC	1,092.2	1,091.5
Total long-term debt	1,413.4	1,477.0
Short-term portion of long-term debt	(377.7)	(128.5)
Long-term borrowings	1,035.7	1,348.5

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

Description	Maturity	31/12/2016				31/03/2017	
		Outstanding nominal value	Book value	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	(56.5)	0.5	282.5	279.8
BSTDB loan Euro 50.0	16/09/2019	50.0	49.7	(8.3)	-	41.7	41.4
b) Intercompany loans from OTE PLC							
Euro 250.0 loan	07/02/2018	250.0	249.0	-	0.3	250.0	249.3
Euro 150.0 loan	02/12/2019	150.0	148.0	-	0.1	150.0	148.1
Euro 700.0 loan	09/07/2020	700.0	694.5	-	0.3	700.0	694.8
		1,489.0	1,477.0	(64.8)	1.2	1,424.2	1,413.4

SHORT - TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of March 31, 2017 for the Company amounted to Euro 363.0 (December 31, 2016: Euro 350.0), out of which Euro 199.5 have been granted by OTE PLC and Euro 163.5 have been granted by TELEKOM ALBANIA.

The analysis of short-term loans is as follows:

Description	Maturity date	31/12/2016				31/03/2017
		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	(150.0)	-	363.0

7. 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	2016
COSMOTE	2010, 2016
OTE INTERNATIONAL INVESTMENTS LTD	2010 - 2016
COSMO-ONE	2010, 2016
OTE PLC	2013 - 2016
OTESAT-MARITEL	2016
OTE PLUS	2010, 2016
OTE ESTATE	2016

ENTITY	Open Tax Years
OTE GLOBE	2010, 2016
OTE INSURANCE	2010, 2016
OTE ACADEMY	2010, 2016
HATWAVE	1996 - 2016
COSMOTE TV PRODUCTIONS	2010, 2016
TELEKOM ROMANIA	2007 - 2016
NEXTGEN	2008 - 2016
TELEKOM ALBANIA	2013 - 2016
TELEKOM ROMANIA MOBILE	2013 - 2016
GERMANOS	2010, 2016
COSMOTE E-VALUE	2010, 2016
GERMANOS TELECOM ROMANIA S.A.	2009 - 2016
SUNLIGHT ROMANIA S.R.L. - FILIALA	2009 - 2016
MOBILBEEEP LTD	2010 - 2016
COSMOHOLDING ROMANIA LTD	2009 - 2016
ZAPP	2010 - 2016
E-VALUE LTD	2010, 2016
COSMOHOLDING INTERNATIONAL B.V.	2014 - 2016
E-VALUE INTERNATIONAL S.A.	2014 - 2016
OTE RURAL NORTH	2014 - 2016
OTE RURAL SOUTH	2014 - 2016

- GERMANOS, COSMOTE E-VALUE, OTE PLUS and OTE GLOBE have received tax audit notifications for year 2010. The relative audits have not started yet.
- The tax audit for COSMOTE for the fiscal year 2010 is in progress.
- The tax audit for ZAPP for the years 2010 – 2015 is in progress.
- The tax audit for TELEKOM ALBANIA for the years 2013 - 2015 is in progress.

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 is being performed by PricewaterhouseCoopers S.A. and the "Tax Compliance Report" will be issued in the third quarter of 2017. Upon completion of the tax audit, management does not expect that significant additional tax liabilities will arise, in excess of those provided for and disclosed in the financial statements.

The major components of income tax expense are as follows:

	GROUP		COMPANY	
	01/01-31/03/2017	01/01-31/03/2016	01/01-31/03/2017	01/01-31/03/2016
Current income tax	44.4	39.8	22.1	19.9
Deferred income tax	(1.5)	(2.4)	1.3	(1.5)
Total income tax	42.9	37.4	23.4	18.4

Income tax payable for the Group and the Company as of March 31, 2017 amounted to Euro 108.3 and 84.5, respectively (December 31, 2016: Euro 79.2 and 63.6, respectively).

Income tax receivable for the Group and the Company as of March 31, 2017 amounted to Euro 15.9 and Euro 7.7, respectively (December 31, 2016: Euro 19.9 and Euro 7.7 respectively) and is recorded under "Other current assets".

8. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

	GROUP		COMPANY	
	01/01-31/03/2017	01/01-31/03/2016	01/01-31/03/2017	01/01-31/03/2016
Gain from disposal of property, plant and equipment	3.8	2.1	0.8	1.8
Income from contract penalties	2.3	2.5	-	-
Income from investment property	2.0	1.8	-	-
Other	4.1	2.3	0.7	0.5
TOTAL	12.2	8.7	1.5	2.3

9. 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	01/01-31/03/2017	01/01-31/03/2016
Profit attributable to owners of the parent	36.4	33.9
Weighted average number of shares for basic earnings per share	488,830,279	488,789,129
Share options	-	347,380
Weighted average number of shares adjusted for the effect of dilutions	488,830,279	488,921,725
Basic earnings per share	0.0745	0.0694
Diluted earnings per share	0.0745	0.0693

(Earnings per share are in absolute amounts)

10. 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. This presentation basis is consistent with the prior year with the exception that COSMOTE Group has been further analysed on a geographic basis, namely Greece, Romania and Albania, so as to provide additional enhanced disclosures to the users of the financial statements. 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:

Three month period ended March 31, 2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Revenue from external customers	359.6	238.8	92.8	13.8	137.0	87.0	929.0	-	929.0
Intersegment revenue	32.4	34.7	15.0	1.9	6.4	34.2	124.6	(124.6)	-
Operating profit before financial and investing activities, depreciation, amortization and impairment	165.9	86.9	15.6	0.8	21.0	11.8	302.0	(0.4)	301.6
Costs related to voluntary leave schemes	(2.1)	-	(0.1)	-	(0.4)	0.1	(2.5)	-	(2.5)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	168.0	86.9	15.7	0.8	21.4	11.7	304.5	(0.4)	304.1
Depreciation, amortization and impairment	(77.4)	(56.0)	(25.0)	(4.7)	(28.0)	(6.1)	(197.2)	0.1	(197.1)
Operating profit / (loss) before financial and investing activities	88.5	30.9	(9.4)	(3.9)	(7.0)	5.7	104.8	(0.3)	104.5
Interest income	0.6	13.1	-	2.0	-	27.1	42.8	(42.4)	0.4
Interest and related expenses	(22.5)	(12.1)	(13.3)	(0.1)	(1.2)	(25.6)	(74.8)	42.4	(32.4)
Income tax	(23.4)	(13.2)	(3.0)	(0.2)	-	(3.1)	(42.9)	-	(42.9)
Profit / (loss) for the period	43.1	18.8	(25.5)	0.9	(8.4)	3.9	32.8	(0.3)	32.5
Purchase of property plant and equipment and intangible assets	75.0	51.7	18.1	6.7	43.3	5.7	200.5	-	200.5

Three month period ended March 31, 2016	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Revenue from external customers	357.2	245.8	102.6	15.9	130.8	76.2	928.5	-	928.5
Intersegment revenue	21.7	31.1	10.4	4.6	6.3	29.5	103.6	(103.6)	-
Operating profit before financial and investing activities, depreciation, amortization and impairment	158.5	90.9	18.3	4.2	20.2	13.3	305.4	-	305.4
Costs related to voluntary leave schemes	(2.6)	-	-	-	(0.3)	-	(2.9)	-	(2.9)
Other restructuring costs and non-recurring litigations	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	161.1	91.9	18.3	4.2	20.5	13.3	309.3	-	309.3
Depreciation, amortization and impairment	(82.5)	(56.3)	(25.3)	(5.1)	(32.6)	(6.4)	(208.2)	-	(208.2)
Operating profit / (loss) before financial and investing activities	76.0	34.6	(7.0)	(0.9)	(12.4)	6.9	97.2	-	97.2
Interest income	0.5	12.3	-	4.7	0.1	34.7	52.3	(51.7)	0.6
Interest and related expenses	(25.1)	(13.6)	(14.1)	(0.1)	(1.3)	(33.6)	(87.8)	51.7	(36.1)
Income tax	(18.4)	(13.9)	0.1	(1.4)	0.1	(3.9)	(37.4)	-	(37.4)
Profit / (loss) for the period	32.7	19.8	(19.2)	6.7	(17.1)	3.2	26.1	-	26.1
Purchase of property plant and equipment and intangible assets	87.3	44.1	9.9	7.3	26.0	3.6	178.2	-	178.2

31/03/2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets	2,712.4	2,412.2	815.5	617.5	939.4	2,866.5	10,363.5	(2,981.8)	7,381.7
Segment liabilities	3,351.8	1,407.6	468.5	71.3	313.2	2,113.6	7,726.0	(3,023.1)	4,702.9

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

11. RELATED PARTY DISCLOSURES

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

The Group includes all entities which OTE controls, either directly or indirectly (see Note 1). Transactions and balances between companies in the 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 related parties are analyzed as follows:

	01/01 - 31/03/2017		01/01 - 31/03/2016	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	24.3	32.3	16.0	26.1
COSMOTE TV PRODUCTIONS	0.1	0.1	0.1	0.2
COSMO-ONE	-	0.1	-	0.1
OTE SAT-MARITEL	0.1	-	-	-
OTE PLUS	-	0.5	-	1.1
OTE ESTATE	0.1	11.5	-	10.1
OTE GLOBE	2.8	12.6	3.2	13.2
OTE ACADEMY	0.1	0.6	0.1	1.4
OTE RURAL NORTH	1.5	0.1	1.7	-
OTE RURAL SOUTH	3.4	0.1	0.6	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	2.2	1.7	2.4	2.6
TOTAL	34.6	59.6	24.1	54.8

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

	01/01 - 31/03/2017		01/01 - 31/03/2016	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	9.5	8.4	8.2	10.4
TOTAL	9.5	8.4	8.2	10.4

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

	Other operating income OTE	
	01/01 - 31/03/2017	01/01 - 31/03/2016
COSMOTE Group - Greece	0.3	-
TOTAL	0.3	-

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	
	01/01 - 31/03/2017	01/01 - 31/03/2016
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.1	-
TOTAL	0.1	-

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

	01/01 - 31/03/2017		01/01 - 31/03/2016	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	15.6	-	21.8
COSMOTE Group - Albania	-	1.2	-	-
OTE RURAL NORTH	0.1	-	-	-
OTE RURAL SOUTH	0.2	-	0.1	-
TOTAL	0.3	16.8	0.1	21.8

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

	31/03/2017		31/12/2016	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	65.5	151.9	69.9	161.2
COSMOTE Group - Romania	0.3	-	0.3	-
COSMOTE Group - Albania	-	-	0.2	-
COSMOTE TV PRODUCTIONS	0.1	0.5	0.2	0.3
COSMO-ONE	-	0.2	-	0.2
OTESAT-MARITEL	3.9	-	3.8	0.2
OTE PLUS	-	1.4	-	2.1
OTE ESTATE	1.1	6.2	1.8	5.5
OTE GLOBE	5.2	11.1	3.9	23.1
OTE ACADEMY	0.4	0.3	0.6	2.0
TELEKOM ROMANIA	0.6	0.1	0.8	0.2
OTE RURAL NORTH	14.4	0.6	15.6	0.3
OTE RURAL SOUTH	16.2	0.6	14.4	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	3.8	6.2	5.4	4.9
TOTAL	111.5	179.1	116.9	200.0

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:

	31/03/2017		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)	56.1	106.1	65.8	122.0
TOTAL	56.1	106.1	65.8	122.0

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

	31/03/2017		31/12/2016	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,317.5	-	1,357.9
COSMOTE Group - Albania	-	166.9	-	111.4
OTE RURAL NORTH	11.7	-	11.7	-
OTE RURAL SOUTH	18.5	-	18.5	-
TOTAL	30.2	1,484.4	30.2	1,469.3

Amounts owed by OTE to OTE PLC and COSMOTE Group - Albania (TELEKOM ALBANIA) relating to loans include interest payable amounting to Euro 25.8 and Euro 3.4 respectively as of March 31, 2017 (December 31, 2016: OTE PLC Euro 25.4 and TELEKOM ALBANIA Euro 2.4).

Amounts owed by RURAL NORTH and RURAL SOUTH to OTE relating to loans include interest receivable amounting to Euro 0.1 as of March 31, 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 1.0 for the first three months of 2017 (first three months of 2016: Euro 1.1).

12. 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:

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.

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.

13. 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:

GROUP	Carrying Amount		Fair value	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Financial Assets				
Trade receivables	708.5	730.5	708.5	730.5
Loans to pension funds	91.6	91.7	126.9	129.0
Loans and advances to employees	54.9	54.7	54.9	54.7
Guarantees	6.0	6.0	6.0	6.0
Guaranteed receipt from Grantor (Financial asset model)	76.0	73.6	76.0	73.6
Restricted cash	3.7	3.6	3.7	3.6
Cash and cash equivalents	1,483.8	1,585.6	1,483.8	1,585.6
Financial Liabilities				
Long-term borrowings	1,249.9	1,941.0	1,278.9	2,029.2
Short-term borrowings and short-term portion of long-term borrowings	812.2	184.1	849.9	186.9
Trade accounts payable	1,202.3	1,364.1	1,202.3	1,364.1
Interest payable	42.7	48.4	42.7	48.4
Unpaid portion for spectrum licenses	25.4	38.9	25.4	38.9
Liability for TV broadcasting rights	50.6	58.8	50.6	58.8

COMPANY	Carrying Amount		Fair value	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Financial Assets				
Trade receivables	355.3	348.7	355.3	348.7
Loans to pension funds	91.6	91.7	126.9	129.0
Loans and advances to employees	54.5	54.5	54.5	54.5
Guarantees	0.4	0.4	0.4	0.4
Other receivables from related parties	4.9	4.7	4.9	4.7
Loans to group companies	30.1	30.1	31.5	31.7
Cash and cash equivalents	523.5	511.6	523.5	511.6
Financial Liabilities				
Long-term borrowings	1,035.7	1,348.5	1,056.2	1,400.1
Short-term borrowings and short-term portion of long-term borrowings	740.7	478.5	757.2	481.9
Trade accounts payable	458.7	491.9	458.7	491.9
Interest payable	37.8	39.5	37.8	39.5
Liability for TV broadcasting rights	40.5	38.8	40.5	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 at March 31, 2017, the Group and the Company held the following financial instruments measured at fair value:

GROUP	Fair value		Fair value hierarchy
	31/03/2017	31/12/2016	
Financial Assets			
Available-for-sale mutual funds	3.7	3.5	Level 1
Available-for-sale mutual funds	1.8	2.1	Level 3

COMPANY	Fair value		Fair value hierarchy
	31/03/2017	31/12/2016	
Financial Assets			
Available-for-sale mutual funds	2.1	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, it has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of March 31, 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 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.

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 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 at March 31, 2017 amount to Euro 1,489.3 and Euro 532.9 respectively and their short-term debt amounts to Euro 812.2 and Euro 740.7, 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 and Company level. Net debt includes interest bearing loans and notes, less cash and cash equivalents.

GROUP	March 31, 2017	December 31, 2016
Long-term borrowings	1,249.9	1,941.0
Short-term portion of long-term borrowings	812.2	184.1
Cash and cash equivalents	(1,483.8)	(1,585.6)
Net debt	578.3	539.5
Total equity	2,678.8	2,651.7
Gearing ratio	0.22X	0.20x

COMPANY	March 31, 2017	December 31, 2016
Long-term borrowings	1,035.7	1,348.5
Short-term borrowings	363.0	350.0
Short-term portion of long-term borrowings	377.7	128.5
Cash and cash equivalents	(523.5)	(511.6)
Net debt	1,252.9	1,315.4
Total equity	2,847.1	2,802.7
Gearing ratio	0.44X	0.47x

14. EVENTS AFTER THE FINANCIAL POSITION DATE

There were no significant events after March 31, 2017 that should be disclosed in these financial statements.