HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

INTERIM CONDENSED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF MARCH 31, 2018

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 1-37, were approved by the Board of Directors on May 8, 2018 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

TABLE OF CONTENTS PAGE

INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2018 AND FOR THE THREE MONTH PERIOD THEN ENDED

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2018 AND FOR THE THREE MONTH PERIOD THEN ENDED

INTERIM STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	31/03/2018	31/12/2017*	31/03/2018	31/12/2017*
ASSETS					
Non-current assets					
Property, plant and equipment		2,721.5	2,740.9	1,248.4	1,239.2
Goodwill		447.1	447.1	-	-
Telecommunication licenses		513.8	523.6	4.2	4.4
Other intangible assets		474.3	504.2	253.0	255.5
Investments	5	0.1	0.1	3,426.7	3,426.7
Loans to pension funds		81.7	82.5	81.7	82.5
Deferred tax assets		299.2	313.5	106.0	117.0
Contract costs	4,12	42.2	-	4.3	-
Other non-current assets		112.7	112.1	75.2	73.0
Total non-current assets		**4,692.6**	**4,724.0**	**5,199.5**	**5,198.3**
Current assets					
Inventories		107.3	91.3	13.3	12.4
Trade receivables		711.7	719.7	344.9	357.1
Other financial assets		5.9	5.9	10.5	16.8
Contract assets	4,12	32.9	-	2.0	-
Other current assets		270.9	259.3	95.0	154.5
Restricted cash		4.6	4.3	-	-
Cash and cash equivalents		760.0	1,297.7	222.8	185.6
Total current assets		**1,893.3**	**2,378.2**	**688.5**	**726.4**
TOTAL ASSETS		**6,585.9**	**7,102.2**	**5,888.0**	**5,924.7**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	6	1,387.1	1,387.1	1,387.1	1,387.1
Share premium	6	496.5	496.4	496.5	496.4
Treasury shares		(14.5)	(14.5)	(14.5)	(14.5)
Statutory reserve		373.5	373.5	373.5	373.5
Foreign exchange and other reserves		(152.5)	(157.1)	(12.9)	(11.4)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings		3,656.8	3,573.1	785.9	727.1
Total equity attributable to owners of the Parent		**2,432.8**	**2,344.4**	**3,015.6**	**2,958.2**
Non-controlling interests	5	247.1	245.0	-	-
Total equity		**2,679.9**	**2,589.4**	**3,015.6**	**2,958.2**
Non-current liabilities					
Long-term borrowings	7	1,327.7	1,276.2	940.3	1,004.4
Provision for staff retirement indemnities	8	195.4	224.3	160.4	189.9
Provision for youth account		127.7	129.9	127.7	129.9
Contract liabilities	4,12	21.5	-	115.3	-
Deferred tax liabilities		29.7	30.6	-	-
Other non-current liabilities		95.0	130.8	77.3	207.1
Total non-current liabilities		**1,797.0**	**1,791.8**	**1,421.0**	**1,531.3**
Current liabilities					
Trade accounts payable		1,101.5	1,162.4	392.9	400.4
Short-term borrowings	7	-	-	380.0	163.0
Short-term portion of long-term borrowings	7	186.2	764.5	128.7	378.4
Income tax payable	9	71.9	41.6	37.1	12.7
Contract liabilities	4,12	128.3	-	77.8	-
Deferred revenue		-	128.3	-	73.3
Provision for voluntary leave schemes		139.3	139.3	139.3	139.3
Dividends payable		0.4	0.4	0.4	0.4
Other current liabilities		481.4	484.5	295.2	267.7
Total current liabilities		**2,109.0**	**2,721.0**	**1,451.4**	**1,435.2**
TOTAL EQUITY AND LIABILITIES		**6,585.9**	**7,102.2**	**5,888.0**	**5,924.7**

*The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4

The accompanying notes on pages 9-37 form an integral part of these financial statements.

INTERIM INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP 01/01 - 31/03/2018	GROUP 01/01 - 31/03/2017*	COMPANY 01/01 - 31/03/2018	COMPANY 01/01 - 31/03/2017*
Revenue					
Fixed business:					
Retail services revenues		290.7	298.0	225.2	224.0
Wholesale services revenues		158.9	171.9	82.6	87.7
Other revenues		69.3	70.8	51.1	51.1
Total revenues from fixed business		**518.9**	**540.7**	**358.9**	**362.8**
Mobile business:					
Service revenues		308.5	304.8	-	-
Handset revenues		61.5	50.1	7.6	7.3
Other revenues		6.7	3.6	-	-
Total revenues from mobile business		**376.7**	**358.5**	**7.6**	**7.3**
Miscellaneous other revenues		**25.7**	**29.8**	**18.6**	**21.9**
Total revenues		**921.3**	**929.0**	**385.1**	**392.0**
Other operating income	10	**11.9**	**12.2**	**3.2**	**1.5**
Operating expenses					
Interconnection and roaming costs		(132.1)	(142.7)	(22.3)	(24.4)
Provision for doubtful accounts		(29.4)	(24.3)	(7.0)	(5.1)
Personnel costs	8	(127.5)	(157.5)	(50.1)	(77.6)
Costs related to voluntary leave schemes		(0.3)	(2.5)	-	(2.1)
Commission costs		(26.5)	(33.6)	(4.8)	(3.5)
Merchandise costs		(86.3)	(69.3)	(15.8)	(18.7)
Maintenance and repairs		(28.1)	(26.6)	(9.9)	(9.3)
Marketing		(21.6)	(21.9)	(6.3)	(6.5)
Other operating expenses, out of which:		(166.6)	(161.2)	(85.0)	(80.4)
Rental, leasing and facility costs		*(55.1)*	*(53.5)*	*(25.7)*	*(26.0)*
Third party fees and services		*(35.5)*	*(37.2)*	*(32.2)*	*(32.9)*
Other taxes and regulatory charges		*(17.4)*	*(17.5)*	*(5.3)*	*(5.1)*
Construction cost network		*(0.1)*	*(2.4)*	-	-
Other sundry operating expenses		*(58.5)*	*(50.6)*	*(21.8)*	*(16.4)*
Total operating expenses before depreciation, amortization and impairment		**(618.4)**	**(639.6)**	**(201.2)**	**(227.6)**
Operating profit before financial and investing activities, depreciation, amortization and impairment		**314.8**	**301.6**	**187.1**	**165.9**
Depreciation, amortization and impairment		(203.9)	(197.1)	(78.5)	(77.4)
Operating profit before financial and investing activities		**110.9**	**104.5**	**108.6**	**88.5**
Income and expense from financial and investing activities					
Interest and related expenses		(23.9)	(32.4)	(17.1)	(22.5)
Interest income		0.4	0.4	0.7	0.6
Foreign exchange differences, net		(7.2)	2.9	(0.7)	(0.1)
Gains / (losses) from investments and other financial assets - Impairment		(0.1)	-	(0.1)	-
Total loss from financial and investing activities		**(30.8)**	**(29.1)**	**(17.2)**	**(22.0)**
Profit before tax		**80.1**	**75.4**	**91.4**	**66.5**
Income tax	9	(45.8)	(42.9)	(33.8)	(23.4)
Profit for the period		**34.3**	**32.5**	**57.6**	**43.1**
Attributable to:					
Owners of the parent		39.0	36.4	57.6	43.1
Non-controlling interests		(4.7)	(3.9)	-	-
Profit for the period		**34.3**	**32.5**	**57.6**	**43.1**
Earnings per share attributable to owners of the parent					
Basic earnings per share	11	0.0798	0.0745		
Diluted earnings per share	11	0.0798	0.0745		

*The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4

The accompanying notes on pages 9-37 form an integral part of these financial statements.

INTERIM STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

	GROUP		COMPANY	
(Amounts in millions of Euro)	01/01-31/03/2018	01/01 - 31/03/2017*	01/01-31/03/2018	01/01 - 31/03/2017*
Profit for the period	**34.3**	**32.5**	**57.6**	**43.1**
Other comprehensive income: **Items that will not be reclassified subsequently to profit or loss**				
Actuarial gains / (losses)	(1.5)	1.7	(1.5)	1.7
Deferred taxes on actuarial gains / (losses)	0.4	(0.5)	0.4	(0.5)
Total items that will not be reclassified subsequently to profit or loss	**(1.1)**	**1.2**	**(1.1)**	**1.2**
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	6.2	(6.7)	-	-
Total items that may be reclassified subsequently to profit or loss	**6.2**	**(6.7)**	**-**	**-**
Other comprehensive income / (loss) for the period	**5.1**	**(5.5)**	**(1.1)**	**1.2**
Total comprehensive income for the period	**39.4**	**27.0**	**56.5**	**44.3**
Attributable to:				
Owners of the parent	44.8	31.7	56.5	44.3
Non-controlling interests	(5.4)	(4.7)	-	-
	39.4	**27.0**	**56.5**	**44.3**

*The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4

The accompanying notes on pages 9-37 form an integral part of these financial statements.

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, 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
Balance as at January 1, 2018	1,387.1	496.4	(14.5)	373.5	(157.1)	(3,314.1)	3,573.1	2,344.4	245.0	2,589.4
Impact of implementation of IFRS 15 and IFRS 9	-	-	-	-	(1.2)	-	44.7	43.5	7.5	51.0
Profit / (loss) for the period	-	-	-	-	-	-	39.0	39.0	(4.7)	34.3
Other comprehensive income / (loss)	-	-	-	-	5.8	-	-	5.8	(0.7)	5.1
Total comprehensive income / (loss)	-	-	-	-	5.8	-	39.0	44.8	(5.4)	39.4
Share option plans	-	0.1	-	-	-	-	-	0.1	-	0.1
Balance as at March 31, 2018	1,387.1	496.5	(14.5)	373.5	(152.5)	(3,314.1)	3,656.8	2,432.8	247.1	2,679.9

The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4

The accompanying notes on pages 9-37 form an integral part of these financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY (SEPARATE)

(Amounts in millions of Euro)	Share capital	Share premium	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total equity
Balance as at January 1, 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**
Balance as at January 1, 2018	**1,387.1**	**496.4**	**(14.5)**	**373.5**	**(11.4)**	**727.1**	**2,958.2**
Impact of implementation of IFRS 15 and IFRS 9	**-**	**-**	**-**	**-**	**(0.4)**	**1.2**	**0.8**
Profit for the period	-	-	-	-	-	57.6	**57.6**
Other comprehensive loss	-	-	-	-	(1.1)	-	**(1.1)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(1.1)**	**57.6**	**56.5**
Share option plans	-	0.1	-	-	-	-	**0.1**
Balance as at March 31, 2018	**1,387.1**	**496.5**	**(14.5)**	**373.5**	**(12.9)**	**785.9**	**3,015.6**

The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4

The accompanying notes on pages 9-37 form an integral part of these financial statements.

INTERIM STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	01/01-31/03/2018	01/01 -31/03/2017*	01/01-31/03/2018	01/01 -31/03/2017*
Cash flows from operating activities					
Profit before tax		80.1	75.4	91.4	66.5
Adjustments for:					
Depreciation, amortization and impairment		203.9	197.1	78.5	77.4
Costs related to voluntary leave schemes		0.3	2.5	-	2.1
Provision for staff retirement indemnities		(31.1)	2.7	(31.5)	2.3
Provision for youth account		0.7	0.7	0.7	0.7
Provision for doubtful accounts		29.4	24.3	7.0	5.1
Foreign exchange differences, net		7.2	(2.9)	0.7	0.1
Interest income		(0.4)	(0.4)	(0.7)	(0.6)
(Gains) / losses from investments and other financial assets - Impairment		0.1	-	0.1	-
Interest and related expenses		23.9	32.4	17.1	22.5
Working capital adjustments:					
Decrease / (increase) in inventories		(15.9)	1.7	(0.9)	2.2
Decrease / (increase) in receivables		(55.5)	(12.2)	(19.3)	(5.5)
(Decrease) / increase in liabilities (except borrowings)		(19.9)	(103.6)	17.5	(5.6)
Plus /(Minus):					
Payment for voluntary leave schemes		(3.6)	(7.3)	(2.2)	(4.2)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(2.8)	(3.1)	(2.7)	(3.1)
Interest and related expenses paid		(32.1)	(33.6)	(19.0)	(21.6)
Income tax paid		(13.1)	(11.3)	(0.1)	(1.2)
Net cash flows from operating activities		**171.2**	**162.4**	**136.6**	**137.1**
Cash flows from investing activities					
Sale or maturity of financial assets		-	0.2	6.2	-
Repayment of loans receivable		1.8	1.0	1.8	1.0
Purchase of property, plant and equipment and intangible assets		(183.1)	(200.5)	(81.3)	(75.0)
Movement in restricted cash		(0.3)	(0.1)	-	-
Interest received		0.4	0.4	0.7	0.6
Dividends received		-	-	71.0	-
Net cash flows used in investing activities		**(181.2)**	**(199.0)**	**(1.6)**	**(73.4)**
Cash flows from financing activities					
Proceeds from loans granted and issued	7	150.0	-	380.0	163.0
Repayment of loans	7	(678.0)	(64.8)	(477.8)	(214.8)
Net cash flows used in financing activities		**(528.0)**	**(64.8)**	**(97.8)**	**(51.8)**
Net increase / (decrease) in cash and cash equivalents		**(538.0)**	**(101.4)**	**37.2**	**11.9**
Cash and cash equivalents, at the beginning of the period		**1,297.7**	**1,585.6**	**185.6**	**511.6**
Net foreign exchange differences		0.3	(0.4)	-	-
Cash and cash equivalents, at the end of the period		**760.0**	**1,483.8**	**222.8**	**523.5**

*The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4

The accompanying notes on pages 9-37 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 March 31, 2018 holds a 40.00% interest in OTE (see Note 6).

The OTE Group ("Group") includes other than the parent Company, all the entities which OTE controls directly or indirectly.

The Interim Condensed Consolidated and Separate Financial Statements ("interim financial statements") as of March 31, 2018 and for the three month period then ended, were approved for issuance by the Board of Directors on May 8, 2018.

The total numbers of Group and Company employees as of March 31, 2018 and 2017 and as of December 31, 2017, were as follows:

	GROUP	COMPANY
March 31, 2018	20,458	8,481
December 31, 2017	20,386	8,470
March 31, 2017	21,374	8,632

The total numbers of Group and Company employees has been revised as of March 31, 2017 and as of December 31, 2017, in order to include fixed-term employees.

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	
			31/03/2018	31/12/2017
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%
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	
			31/03/2018	31/12/2017
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%
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%
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%

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, 2017, 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, 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, 2017, except for those related to the adoption of the new IFRSs effective as of January 1, 2018 (see note 4).

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, 2017 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, 2018, 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, 2018.

Standards and Interpretations effective for the current financial year

- **IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 "Financial Instruments: Disclosures"**: 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 that was applied under IAS 39. IFRS 9 also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The effect from applying the standard to the Group is described in note 4.

- **IFRS 15 "Revenue from Contracts with Customers"**: 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 recognizes revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The effect from applying the standard to the Group is described in note 4.

- **IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"**: 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.

- **IAS 40 (Amendments) "Transfers of Investment Property"**: 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.

- **IFRIC 22 "Foreign currency transactions and advance consideration"**: 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.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle)

The amendment set out below describe the key changes to a certain IAS.

- **IAS 28 "Investments in associates and Joint ventures"**: The amendments clarified that when venture capital organizations, 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.

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 (Amendments) "Prepayment Features with Negative Compensation"** (effective for annual periods beginning on or after January 1, 2019): These amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

- **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 the 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 recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group will use the following practical expedients on transition:

- The Group will apply the new standard, using the cumulative catch-up method, under which prior-year comparatives will not be restated; instead, OTE Group 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 16 for the first time.
- The Group will use the practical expedient not to separate non-lease component from the lease components, and instead will account for each lease component and any associated non-lease items as a single component.

The practical expedients for the "short term" lease as well as for the "low value" will not be applied by the Group. As a result, the Group expects to capitalize both all short term (expect very short leases for 30 days or less) and the low value leases.

The most significant impact identified is that the Group will recognise new assets and liabilities for all operating leases. In addition, the nature of expenses related to those leases will also change because IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

- 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. The amendments have not yet been endorsed by the EU.

- IFRIC 23 "Uncertainty over income tax treatments" (effective for annual periods beginning on or after January 1, 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.

- IAS 19 (Amendments) "Plan amendment, curtailment or settlement" (effective for annual periods beginning on or after January 1, 2019): These amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs 2015 (2015 – 2017 Cycle) (effective for annual periods beginning on or after January 1, 2019)

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

- IFRS 3 "Business combinations": The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

- IFRS 11 "Joint arrangements": The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 "Income taxes": The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

- IAS 23 "Borrowing costs": The amendments clarify a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

4. CHANGES IN ACCOUNTING POLICIES

The Group applies, for the first time, IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments". The Group adopted these new standards using the cumulative effect method (i.e. modified retrospective approach), with the effect of initially applying these standards to be recognized at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11, IAS 39 and related interpretations.

As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

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. It also contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services, determining the timing of the transfer of control – at a point in time or over time.

The Group applies the standard for the year 2018 and in respect of prior periods, has recognized 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 modified retrospective approach). Contracts completed before the date of initial application (i.e. January 1, 2018) have not been revised.

The Group is in the business of providing telecommunication services. The services and the telecommunication equipment are sold both together as a bundled package of goods and services or on their own in separately identified contracts with customers.

The Group uses the portfolio approach to combine contracts for the purposes of revenue recognition, rather than to account for each contract separately.

Revenues from telecommunication services primarily consist of network services fees, connection fees, usage charges and sales of handsets and accessories. Revenues are recognized as follows:

Fixed-network services

Fixed-network services provide access to the fixed network as well as to the Internet. Revenue from the fixed-network business also includes connection fees. Prior to the adoption of IFRS 15, revenue generated from these types of access for the use of voice and data communications as well as television services via Internet and satellite were recognized upon rendering of the service. The services rendered relate to use by customers (e.g., call minutes), availability over time (e.g. flat service charges), or other agreed rate plans.

Mobile-network services

Revenue generated by the mobile communications business includes revenues from the provision of mobile services, and sales of mobile handsets and accessories. Mobile revenue includes service charges, charges for special features, call charges and roaming charges billed to Group's customers as well as to other mobile operators. Prior to the adoption of IFRS 15, mobile service revenue were recognized based upon minutes of use or other agreed rate plans (e.g., flat rates) less credits and adjustments for discounts. Revenues related to the network service fees were recognized in the period that the telecommunication service is provided.

Under IFRS 15, the Group concluded that revenue from Fixed-network and Mobile-network services will continue to be recognized over time, using similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

Telecommunication equipment

Under IFRS 15, revenues from the sale of telecommunication equipment (e.g. handsets and accessories) are recognized at the time when customer obtains control. As a result, revenue from the telecommunication equipment will continue to be recognized at a point in time, upon delivery of the equipment as they generally consist separate performance obligations. Therefore, the adoption of IFRS 15 did not have an impact on the timing of recognition for this type of revenue. However, in the cases where the equipment is sold together (as a bundle package) with telecommunication services, the amount of revenue to be recognized is affected, as noted below.

Multiple-element arrangements

The Mobile and Fixed-network services may be bundled together with the sale of equipment to a customer.

In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, prior to the adoption of IFRS 15, the Group recognized revenue for handsets and other devices when these handsets and other devices were 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 selling price within the contract, which results in higher revenue from the sale of handsets and in lower revenue from the provision of services. It also impacts the timing of revenue's recognition, resulting in earlier recognition of revenue. The difference between the revenue and the customer charge is recognized as a contract asset, a receivable arising from customers secured cash flows in the statement of financial position.

Contract assets

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer.

Contract assets will be typically recovered between 12 to 24-month service contracts period which defines the normal operating cycle and is also frequently used at the Group. As a result, any contract asset recognized under a multiple element arrangement will also be recovered in the entity's normal operating cycle and is presented as current in the statement of financial position.

Contract assets' development for the Group is essentially the result of:

- the earlier recognition of revenues in the case of multiple-element arrangements with subsidized products delivered in advance, based on these components' relative stand-alone selling price within the contract,
- subsidized installation fees which are treated as separate performance obligation and therefore, the Group allocated the total consideration to each performance obligation of the contract (in proportion to its stand-alone selling price),
- in the case of sales through dealers, of contracts with subsidized products (or services) that are delivered in advance (e.g. mobile telephony contract plus handset), the subsidy cost to dealers is recognized against service revenue during the relative contract period. Prior to the adoption of IFRS 15 this cost was recognized as commission cost or against handset revenues when these devices were transferred to the customer and
- material rights which result from vouchers awarded by the Group to the customers and provide them with the option for discounted future purchases. The Group concluded that this material right gives rise to a separate performance obligation and allocated a portion of the total consideration to these vouchers based on the relative stand-alone selling price.

Contract liabilities

If customer pays consideration, or the entity has a right to an amount of consideration that is unconditional, before the entity transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).
For the Group, contract liabilities are primarily the result of:

- access fees charged to the customer in advance
- unused airtime
- contract liabilities from Indefeasible Rights of Use (IRUs) and
- contract liabilities' balances for connection fees. Connection fees generally do not meet the criteria to be recognized as a separate performance obligation. Before the adoption of IFRS 15, these fees were recognized over the expected customer lifetime. Under IFRS 15, these fees are recognized over the contract period. Upon adoption of IFRS 15, the corresponding adjustment has been recognized in retained earnings and the remaining balance from the deferred revenue was reclassified to contract liabilities.

The above categories (except for the connection fees) were accounted in the same way under the prior accounting treatment and they were all included in the statement of financial position under lines "other non-current liabilities" and "deferred revenues".

Some of the Group's contract liabilities will be settled within a "regular" 12 to 24-month service contract and are also tied to a defined operating cycle. However, other might be settled over a period exceeding the "regular" 12 to 24-month service contract term. Therefore, the Group has concluded that the more prudent approach is to present:

- the amount of Contract liabilities expected to be settled within 12 months as current and
- the amount of Contract liabilities expected to be settled after more than 12 months as non-current.

Contract costs

Prior to the adoption of IFRS 15, sales commissions and other customer acquisition costs resulting directly from obtaining contracts with customers were expensed as incurred. IFRS 15 requires these incremental costs of acquiring contracts to be recognized as an asset when incurred and expensed over the period in which the corresponding benefit is received.

Capitalized contract costs (costs of obtaining a contract or costs to fulfil a contract) share characteristics of an intangible asset as they mainly represent acquisition costs of customer relationships. Therefore, the Group concluded to present, in accordance with the treatment of other fixed assets, all capitalized contract costs as non-current in the statement of financial position.

In general, incremental costs of obtaining a contract at Group level refer to:

- sales commissions to third-party dealers (indirect distribution channel) and
- sales commissions to employees (direct distribution channel).

Amortizations of contract costs are respectively presented as operating expenses in the income statement, i.e. either as "commission costs" or "personnel costs".

Other presentation and disclosure requirements

The Group's income statement structure in presented in a way that disaggregates revenue recognized from contracts with customers into categories that depict their nature and amount.

Furthermore, based on the prior accounting treatment, the subsidized part of the merchandise costs related to customers' acquisition and retention was recognized in the line "commission costs". On the basis of IFRS 15 adoption, these expenses are recognized in the line "merchandise costs".

The Company's contracts as well as the majority of Group's arrangements do not include a significant financing component.

In addition to the adjustments described in the above sections, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes and retained earnings, were adjusted as necessary.

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 prior accounting treatment can therefore only be attributed to changed business developments, changes in business models and products offered.

IFRS 9 "Financial Instruments"

IFRS 9 replaces the guidance of 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. IFRS 9 also establishes a new more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the model in IAS 39.

The new provisions on the accounting of impairment losses lead to expected losses having to be expensed earlier in some cases.

a) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the requirements of IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available-for-sale.

The adoption of IFRS 9 has no effect on the Group's accounting policies related to financial liabilities.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Except for the trade receivables that are initially measured at the transaction price, the Group primarily measures a financial asset at fair value plus transaction costs except for financial assets at fair value through profit or loss.

Under IFRS 9, financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria:

- the business model within which the financial asset is held, i.e. whether the objective is to hold it in order to collect contractual cash flows or to collect contractual cash flows as well as sell financial assets and
- whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's financial assets are, as follows:

- Financial assets at amortized cost. The category includes financial assets that are held within the business model with the objective to hold financial assets and collect contractual cash flows that meet the SPPI criterion. This category includes all financial assets of the Group, except for the investments in mutual funds which are measured at fair value through profit or loss (FVPL).
- Financial assets at fair value through profit or loss (FVPL). The category includes investments in mutual funds. Investments in mutual funds do not meet the IFRS 9 criteria for classification at amortized cost, because their cash flows do not represent solely payments of principal and interest. Under IAS 39, the Group's investments in mutual funds were classified as available-for-sale (AFS) financial assets. Upon transition to IFRS 9, the Group's investments to mutual funds have been reclassified from AFS to fair value through profit or loss (FVPL) and the accumulated amount which had been previously recognized under other comprehensive income was reclassified to retained earnings.

The following table summarizes the impact of the above reclassification at January 1, 2018.

	GROUP		COMPANY	
	Effect on foreign exchange and other reserves	Effect on retained earnings	Effect on foreign exchange and other reserves	Effect on retained earnings
Closing balance 31/12/2017 - IAS 39	**(157.1)**	**3,573.1**	**(11.4)**	**727.1**
Reserve for available for sale financial assets	(1.6)	1.6	(0.5)	0.5
Deferred taxes on available for sale financial assets	0.4	(0.4)	0.1	(0.1)
Opening balance 01/01/2018 - IFRS 9	**(158.3)**	**3,574.3**	**(11.8)**	**727.5**

b) Impairment

The group has three types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables,
- contract assets and
- other financial assets at amortized cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was not significant.

IFRS 9 requires the Group to adopt the expected credit losses (ECL) model for each of these classes of assets.

ECL model is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Contract assets and trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit loss in relation to trade receivables, the Group has established a provision matrix relying on aging analysis, which is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The expected credit loss in relation to contract assets, is measured based on the expected early contract termination rate, the penalty for early termination and its collectability rate.

The loss allowances for the Group and the Company increased for trade receivables by a further amount of Euro 19.9 and Euro 12.0 respectively. Furthermore, due to the implementation of IFRS 15 a loss allowance of an amount of Euro 6.2 and Euro 0.5 for the Group and the Company was established in relation to contract assets, as of January 1, 2018. The increase in allowance resulted in respective adjustment to retained earnings.

Other financial assets at amortized cost

For all other Group's financial assets at amortized cost, the general approach is applied. These assets are considered to have low credit risk and any loss allowance is therefore limited to 12 months' expected losses.

The following tables summarize the impact of adopting IFRS 15 and IFRS 9 on the Group's and Company's statements of financial position as at January 1, 2018 and March 31, 2018 and their income statements for the three-month period then ended, for each of the line items affected.

STATEMENT OF FINANCIAL POSITION	GROUP				
	Balances IAS 18/ IAS 11/ IAS 39	IFRS 15 Adjustments	IFRS 15 Reclassifications	IFRS 9 Adjustments	Balances IFRS 15/ IFRS 9
	31/12/2017				01/01/2018
ASSETS					
Non-current assets					
Property, plant and equipment	2,740.9	-	-	-	2,740.9
Goodwill	447.1	-	-	-	447.1
Telecommunication licenses	523.6	-	-	-	523.6
Other intangible assets	504.2	-	-	-	504.2
Investments	0.1	-	-	-	0.1
Loans to pension funds	82.5	-	-	-	82.5
Deferred tax assets	313.5	(10.9)	-	-	302.6
Contract costs	-	40.9	-	-	40.9
Other non-current assets	112.1	-	-	-	112.1
Total non-current assets	**4,724.0**	**30.0**	**-**	**-**	**4,754.0**
Current assets					
Inventories	91.3	-	-	-	91.3
Trade receivables	719.7	-	-	(19.9)	699.8
Other financial assets	5.9	-	-	-	5.9
Contract assets	-	39.2	-	(6.2)	33.0
Other current assets	259.3	-	-	-	259.3
Restricted cash	4.3	-	-	-	4.3
Cash and cash equivalents	1,297.7	-	-	-	1,297.7
Total current assets	**2,378.2**	**39.2**	**-**	**(26.1)**	**2,391.3**
TOTAL ASSETS	**7,102.2**	**69.2**	**-**	**(26.1)**	**7,145.3**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	1,387.1	-	-	-	1,387.1
Share premium	496.4	-	-	-	496.4
Treasury shares	(14.5)	-	-	-	(14.5)
Statutory reserve	373.5	-	-	-	373.5
Foreign exchange and other reserves	(157.1)	-	-	(1.2)	(158.3)
Changes in non-controlling interests	(3,314.1)	-	-	-	(3,314.1)
Retained earnings	3,573.1	67.9	-	(23.2)	3,617.8
Total equity attributable to owners of the Parent	**2,344.4**	**67.9**	**-**	**(24.4)**	**2,387.9**
Non-controlling interests	245.0	9.2	-	(1.7)	252.5
Total equity	**2,589.4**	**77.1**	**-**	**(26.1)**	**2,640.4**
Non-current liabilities					
Long-term borrowings	1,276.2	-	-	-	1,276.2
Provision for staff retirement indemnities	224.3	-	-	-	224.3
Provision for youth account	129.9	-	-	-	129.9
Contract liabilities	-	(9.7)	32.0	-	22.3
Deferred tax liabilities	30.6	-	-	-	30.6
Other non-current liabilities	130.8	-	(32.0)	-	98.8
Total non-current liabilities	**1,791.8**	**(9.7)**	**-**	**-**	**1,782.1**
Current liabilities					
Trade accounts payable	1,162.4	-	-	-	1,162.4
Short-term portion of long-term borrowings	764.5	-	-	-	764.5
Income tax payable	41.6	-	-	-	41.6
Contract liabilities	-	1.8	128.3	-	130.1
Deferred revenue	128.3	-	(128.3)	-	-
Provision for voluntary leave schemes	139.3	-	-	-	139.3
Dividends payable	0.4	-	-	-	0.4
Other current liabilities	484.5	-	-	-	484.5
Total current liabilities	**2,721.0**	**1.8**	**-**	**-**	**2,722.8**
TOTAL EQUITY AND LIABILITIES	**7,102.2**	**69.2**	**-**	**(26.1)**	**7,145.3**

STATEMENT OF FINANCIAL POSITION	COMPANY				
	Balances IAS 18/ IAS 11/ IAS 39	IFRS 15 Adjustments	IFRS 15 Reclassifications	IFRS 9 Adjustments	Balances IFRS 15/ IFRS 9
	31/12/2017				01/01/2018
ASSETS					
Non-current assets					
Property, plant and equipment	1,239.2	-	-	-	1,239.2
Telecommunication licenses	4.4	-	-	-	4.4
Other intangible assets	255.5	-	-	-	255.5
Investments	3,426.7	-	-	-	3,426.7
Loans to pension funds	82.5	-	-	-	82.5
Deferred tax assets	117.0	(1.9)	-	-	115.1
Contract costs	-	4.4	-	-	4.4
Other non-current assets	73.0	-	-	-	73.0
Total non-current assets	**5,198.3**	**2.5**	**-**	**-**	**5,200.8**
Current assets					
Inventories	12.4	-	-	-	12.4
Trade receivables	357.1	-	-	(12.0)	345.1
Other financial assets	16.8	-	-	-	16.8
Contract assets	-	2.9	-	(0.5)	2.4
Other current assets	154.5	-	-	-	154.5
Cash and cash equivalents	185.6	-	-	-	185.6
Total current assets	**726.4**	**2.9**	**-**	**(12.5)**	**716.8**
TOTAL ASSETS	**5,924.7**	**5.4**	**-**	**(12.5)**	**5,917.6**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	1,387.1	-	-	-	1,387.1
Share premium	496.4	-	-	-	496.4
Treasury shares	(14.5)	-	-	-	(14.5)
Statutory reserve	373.5	-	-	-	373.5
Foreign exchange and other reserves	(11.4)	-	-	(0.4)	(11.8)
Retained earnings	727.1	13.3	-	(12.1)	728.3
Total equity attributable to owners of the Parent	**2,958.2**	**13.3**	**-**	**(12.5)**	**2,959.0**
Total equity	**2,958.2**	**13.3**	**-**	**(12.5)**	**2,959.0**
Non-current liabilities					
Long-term borrowings	1,004.4	-	-	-	1,004.4
Provision for staff retirement indemnities	189.9	-	-	-	189.9
Provision for youth account	129.9	-	-	-	129.9
Contract liabilities	-	(9.7)	126.2	-	116.5
Other non-current liabilities	207.1	-	(126.2)	-	80.9
Total non-current liabilities	**1,531.3**	**(9.7)**	**-**	**-**	**1,521.6**
Current liabilities					
Trade accounts payable	400.4	-	-	-	400.4
Short-term borrowings	163.0	-	-	-	163.0
Short-term portion of long-term borrowings	378.4	-	-	-	378.4
Income tax payable	12.7	-	-	-	12.7
Contract liabilities	-	1.8	73.3	-	75.1
Deferred revenue	73.3	-	(73.3)	-	-
Provision for voluntary leave schemes	139.3	-	-	-	139.3
Dividends payable	0.4	-	-	-	0.4
Other current liabilities	267.7	-	-	-	267.7
Total current liabilities	**1,435.2**	**1.8**	**-**	**-**	**1,437.0**
TOTAL EQUITY AND LIABILITIES	**5,924.7**	**5.4**	**-**	**(12.5)**	**5,917.6**

STATEMENT OF FINANCIAL POSITION	GROUP		
	Balances IFRS 15/ IFRS 9	Adjustments / Reclassifications	Balances IAS 18/ IAS 11/ IAS 39
	31/03/2018		31/03/2018
ASSETS			
Non-current assets			
Property, plant and equipment	2,721.5	-	2,721.5
Goodwill	447.1	-	447.1
Telecommunication licenses	513.8	-	513.8
Other intangible assets	474.3	-	474.3
Investments	0.1	-	0.1
Loans to pension funds	81.7	-	81.7
Deferred tax assets	299.2	10.7	309.9
Contract costs	42.2	(42.2)	-
Other non-current assets	112.7	-	112.7
Total non-current assets	**4,692.6**	**(31.5)**	**4,661.1**
Current assets			-
Inventories	107.3	-	107.3
Trade receivables	711.7	19.9	731.6
Other financial assets	5.9	-	5.9
Contract assets	32.9	(32.9)	-
Other current assets	270.9	-	270.9
Restricted cash	4.6	-	4.6
Cash and cash equivalents	760.0	-	760.0
Total current assets	**1,893.3**	**(13.0)**	**1,880.3**
TOTAL ASSETS	**6,585.9**	**(44.5)**	**6,541.4**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	1,387.1	-	1,387.1
Share premium	496.5	-	496.5
Treasury shares	(14.5)	-	(14.5)
Statutory reserve	373.5	-	373.5
Foreign exchange and other reserves	(152.5)	1.2	(151.3)
Changes in non-controlling interests	(3,314.1)	-	(3,314.1)
Retained earnings	3,656.8	(45.4)	3,611.4
Total equity attributable to owners of the Parent	**2,432.8**	**(44.2)**	**2,388.6**
Non-controlling interests	247.1	(8.5)	238.6
Total equity	**2,679.9**	**(52.7)**	**2,627.2**
Non-current liabilities			
Long-term borrowings	1,327.7	-	1,327.7
Provision for staff retirement indemnities	195.4	-	195.4
Provision for youth account	127.7	-	127.7
Contract liabilities	21.5	(21.5)	-
Deferred tax liabilities	29.7	-	29.7
Other non-current liabilities	95.0	30.4	125.4
Total non-current liabilities	**1,797.0**	**8.9**	**1,805.9**
Current liabilities			
Trade accounts payable	1,101.5	-	1,101.5
Short-term portion of long-term borrowings	186.2	-	186.2
Income tax payable	71.9	-	71.9
Contract liabilities	128.3	(128.3)	-
Deferred revenue	-	127.6	127.6
Provision for voluntary leave schemes	139.3	-	139.3
Dividends payable	0.4	-	0.4
Other current liabilities	481.4	-	481.4
Total current liabilities	**2,109.0**	**(0.7)**	**2,108.3**
TOTAL EQUITY AND LIABILITIES	**6,585.9**	**(44.5)**	**6,541.4**

STATEMENT OF FINANCIAL POSITION	COMPANY		
	Balances IFRS 15/ IFRS 9	Adjustments / Reclassifications	Balances IAS 18/ IAS 11/ IAS 39
	31/03/2018		31/03/2018
ASSETS			
Non-current assets			
Property, plant and equipment	1,248.4	-	1,248.4
Telecommunication licenses	4.2	-	4.2
Other intangible assets	253.0	-	253.0
Investments	3,426.7	-	3,426.7
Loans to pension funds	81.7	-	81.7
Deferred tax assets	106.0	1.8	107.8
Contract costs	4.3	(4.3)	-
Other non-current assets	75.2	-	75.2
Total non-current assets	**5,199.5**	**(2.5)**	**5,197.0**
Current assets			
Inventories	13.3	-	13.3
Trade receivables	344.9	12.0	356.9
Other financial assets	10.5	-	10.5
Contract assets	2.0	(2.0)	-
Other current assets	95.0	-	95.0
Cash and cash equivalents	222.8	-	222.8
Total current assets	**688.5**	**10.0**	**698.5**
TOTAL ASSETS	**5,888.0**	**7.5**	**5,895.5**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	1,387.1	-	1,387.1
Share premium	496.5	-	496.5
Treasury shares	(14.5)	-	(14.5)
Statutory reserve	373.5	-	373.5
Foreign exchange and other reserves	(12.9)	0.4	(12.5)
Retained earnings	785.9	(1.0)	784.9
Total equity attributable to owners of the Parent	**3,015.6**	**(0.6)**	**3,015.0**
Total equity	**3,015.6**	**(0.6)**	**3,015.0**
Non-current liabilities			
Long-term borrowings	940.3	-	940.3
Provision for staff retirement indemnities	160.4	-	160.4
Provision for youth account	127.7	-	127.7
Contract liabilities	115.3	(115.3)	-
Other non-current liabilities	77.3	124.2	201.5
Total non-current liabilities	**1,421.0**	**8.9**	**1,429.9**
Current liabilities			
Trade accounts payable	392.9	-	392.9
Short-term borrowings	380.0	-	380.0
Short-term portion of long-term borrowings	128.7	-	128.7
Income tax payable	37.1	-	37.1
Contract liabilities	77.8	(77.8)	-
Deferred revenue	-	77.0	77.0
Provision for voluntary leave schemes	139.3	-	139.3
Dividends payable	0.4	-	0.4
Other current liabilities	295.2	-	295.2
Total current liabilities	**1,451.4**	**(0.8)**	**1,450.6**
TOTAL EQUITY AND LIABILITIES	**5,888.0**	**7.5**	**5,895.5**

INCOME STATEMENT	GROUP			
	IFRS 15/ IFRS 9	Adjustments	Reclassifications	IAS 18/ IAS 11/ IAS39
	01/01-31/03/2018			01/01-31/03/2018
Revenue				
Fixed business:				
Retail services revenues	290.7	2.8	-	293.5
Wholesale services revenues	158.9	-	-	158.9
Other revenues	69.3	(1.8)	-	67.5
Total revenues from fixed business	**518.9**	**1.0**	**-**	**519.9**
Mobile business:				
Service revenues	308.5	8.8	-	317.3
Handset revenues	61.5	(9.6)	-	51.9
Other revenues	6.7	-	-	6.7
Total revenues from mobile business	**376.7**	**(0.8)**	**-**	**375.9**
Miscellaneous other revenues	**25.7**	**(0.4)**	**-**	**25.3**
Total revenues	**921.3**	**(0.2)**	**-**	**921.1**
Other operating income	**11.9**	**-**	**-**	**11.9**
Operating expenses				
Interconnection and roaming costs	(132.1)	-	-	(132.1)
Provision for doubtful accounts	(29.4)	0.2	-	(29.2)
Personnel costs	(127.5)	(0.5)	-	(128.0)
Costs related to voluntary leave schemes	(0.3)	-	-	(0.3)
Commission costs	(26.5)	(1.0)	(7.2)	(34.7)
Merchandise costs	(86.3)	-	7.2	(79.1)
Maintenance and repairs	(28.1)	-	-	(28.1)
Marketing	(21.6)	-	-	(21.6)
Other operating expenses, out of which:	(166.6)	-	-	(166.6)
Rental, leasing and facility costs	*(55.1)*	-	-	*(55.1)*
Third party fees and services	*(35.5)*	-	-	*(35.5)*
Other taxes and regulatory charges	*(17.4)*	-	-	*(17.4)*
Construction cost network	*(0.1)*	-	-	*(0.1)*
Other sundry operating expenses	*(58.5)*	-	-	*(58.5)*
Total operating expenses before depreciation, amortization and impairment	**(618.4)**	**(1.3)**	**-**	**(619.7)**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**314.8**	**(1.5)**	**-**	**313.3**
Depreciation, amortization and impairment	(203.9)	-	-	(203.9)
Operating profit before financial and investing activities	**110.9**	**(1.5)**	**-**	**109.4**
Income and expense from financial and investing activities				
Interest and related expenses	(23.9)	-	-	(23.9)
Interest income	0.4	-	-	0.4
Foreign exchange differences, net	(7.2)	-	-	(7.2)
Gains / (losses) from investments and other financial assets - Impairment	(0.1)	-	-	(0.1)
Total loss from financial and investing activities	**(30.8)**	**-**	**-**	**(30.8)**
Profit before tax	**80.1**	**(1.5)**	**-**	**78.6**
Income tax	(45.8)	(0.2)	-	(46.0)
Profit for the period	**34.3**	**(1.7)**	**-**	**32.6**
Attributable to:				
Owners of the parent	39.0	(0.7)	-	38.3
Non-controlling interests	(4.7)	(1.0)	-	(5.7)
Profit for the period	**34.3**	**(1.7)**	**-**	**32.6**

Adjustments also include the impact of IFRS 9 related to the impairment of the contract asset.

INCOME STATEMENT	COMPANY		
	IFRS 15/ IFRS 9	Adjustments	IAS 18/ IAS 11/ IAS 39
	01/01-31/03/2018		01/01-31/03/2018
Revenue			
Fixed business:			
Retail services revenues	225.2	1.1	226.3
Wholesale services revenues	82.6	-	82.6
Other revenues	51.1	(0.3)	50.8
Total revenues from fixed business	**358.9**	**0.8**	**359.7**
Mobile business:			
Handset revenues	7.6	-	7.6
Total revenues from mobile business	**7.6**	**-**	**7.6**
Miscellaneous other revenues	**18.6**	**(0.5)**	**18.1**
Total revenues	**385.1**	**0.3**	**385.4**
Other operating income	**3.2**	**-**	**3.2**
Operating expenses			
Interconnection and roaming costs	(22.3)	-	(22.3)
Provision for doubtful accounts	(7.0)	(0.1)	(7.1)
Personnel costs	(50.1)	-	(50.1)
Commission costs	(4.8)	0.1	(4.7)
Merchandise costs	(15.8)	-	(15.8)
Maintenance and repairs	(9.9)	-	(9.9)
Marketing	(6.3)	-	(6.3)
Other operating expenses, out of which:	(85.0)	-	(85.0)
Rental, leasing and facility costs	*(25.7)*	-	*(25.7)*
Third party fees and services	*(32.2)*	-	*(32.2)*
Other taxes and regulatory charges	*(5.3)*	-	*(5.3)*
Other sundry operating expenses	*(21.8)*	-	*(21.8)*
Total operating expenses before depreciation, amortization and impairment	**(201.2)**	**-**	**(201.2)**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**187.1**	**0.3**	**187.4**
Depreciation, amortization and impairment	(78.5)	-	(78.5)
Operating profit before financial and investing activities	**108.6**	**0.3**	**108.9**
Income and expense from financial and investing activities			
Interest and related expenses	(17.1)	-	(17.1)
Interest income	0.7	-	0.7
Foreign exchange differences, net	(0.7)	-	(0.7)
Gains / (losses) from investments and other financial assets - Impairment	(0.1)	-	(0.1)
Total loss from financial and investing activities	**(17.2)**	**-**	**(17.2)**
Profit before tax	**91.4**	**0.3**	**91.7**
Income tax	(33.8)	(0.1)	(33.9)
Profit for the period	**57.6**	**0.2**	**57.8**

Adjustments also include the impact of IFRS 9 related to the impairment of the contract asset.

5. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
(a) Investments in subsidiaries	-	-	3,426.6	3,426.6
(b) Other investments	0.1	0.1	0.1	0.1
TOTAL	**0.1**	**0.1**	**3,426.7**	**3,426.7**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	31/03/2018	31/12/2017
COSMOTE	100.00%	Greece	2,763.3	2,763.3
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	284.9	284.9
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			**3,426.6**	**3,426.6**

NON-CONTROLLING INTERESTS

The Group's non-controlling interests amount to Euro 247.1 as of March 31, 2018 (December 31, 2017: Euro 245.0), out of which Euro 244.9 relate to TELEKOM ROMANIA (December 31, 2017: Euro 241.9), representing the 45.99% on TELEKOM ROMANIA's equity, which is owned by the Romanian State.

6. SHARE CAPITAL – SHARE PREMIUM

OTE's share capital as of March 31, 2018 amounted to Euro 1,387.1 (December 31, 2017: 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, 2018 amounted to Euro 496.5 (December 31, 2017: 496.4).

The following is an analysis of the ownership of OTE's shares as of March 31, 2018:

Shareholder	Number of shares	Percentage %
DEUTSCHE TELEKOM AG	196,060,156	40.00%
Hellenic State	4,901,507	1.00%
EFKA (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	213,933,597	43.65%
Private investors	29,798,484	6.08%
Treasury shares	1,343,110	0.27%
TOTAL	**490,150,389**	**100.00%**

7. LONG-TERM AND SHORT-TERM BORROWINGS

LONG –TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	31/03/2018	31/12/2017
(a) Bank loans	470.4	407.8
(b) Global Medium-Term Note Programme of OTE PLC	1,043.5	1,632.9
Total long-term debt	**1,513.9**	**2,040.7**
Short-term portion of long-term debt	(186.2)	(764.5)
Long-term borrowings	**1,327.7**	**1,276.2**

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

Description	Rate	Maturity	31/12/2017		31/03/2018				
			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	Euribor+3.50%	16/09/2019	226.0	224.6	-	(56.5)	0.3	169.5	168.4
BSTDB loan Euro 50.0	Euribor+3.50%	16/09/2019	33.3	33.2	-	(8.3)	-	25.0	24.9
EBRD loan Euro 65.0	Euribor+2.90%	09/07/2020	65.0	65.0	-	(10.8)	-	54.2	54.2
EBRD loan Euro 85.0	Euribor+2.95%	10/01/2021	85.0	85.0	-	(12.1)	-	72.9	72.9
EIB loan Euro 150.0	2.805%	23/01/2025	-	-	150.0	-	-	150.0	150.0
(b) Global Medium-Term Note Programme of OTE PLC									
Euro 700.0 notes	7.875%	07/02/2018	590.3	590.1	-	(590.3)	0.2	-	-
Euro 350.0 notes	4.375%	02/12/2019	350.0	346.8	-	-	0.4	350.0	347.2
Euro 700.0 notes	3.500%	09/07/2020	700.0	696.0	-	-	0.3	700.0	696.3
			2,049.6	**2,040.7**	**150.0**	**(678.0)**	**1.2**	**1,521.6**	**1,513.9**

For the Group, as of March 31, 2018, the short-term portion of long term debt for EBRD loans, for BSTDB loan and for EIB amounts to Euro 158.1, Euro 16.6 and Euro 11.5 respectively.

COMPANY	31/03/2018	31/12/2017
(a) Bank loans	193.3	257.8
(b) Intercompany loans	875.7	1,125.0
Total long-term debt	**1,069.0**	**1,382.8**
Short-term portion of long-term debt	(128.7)	(378.4)
Long-term borrowings	**940.3**	**1,004.4**

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

Description	Maturity	31/12/2017		31/03/2018				
		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	226.0	224.6	-	(56.5)	0.3	169.5	168.4
BSTDB loan Euro 50.0	16/09/2019	33.3	33.2	-	(8.3)	-	25.0	24.9
b) Intercompany loans								
Euro 250.0 loan	07/02/2018	250.0	249.9	-	(250.0)	0.1	-	-
Euro 150.0 loan	02/12/2019	150.0	148.6	-	-	0.2	150.0	148.8
Euro 30.6 loan	23/06/2020	30.6	30.6	-	-	-	30.6	30.6
Euro 700.0 loan	09/07/2020	700.0	695.9	-	-	0.4	700.0	696.3
		1,389.9	1,382.8	-	(314.8)	1.0	1,075.1	1,069.0

For the Company, as of March 31, 2018, the short-term portion of long term debt for EBRD loan and for BSTDB loan amounts to Euro 112.1 and Euro 16.6 respectively.

SHORT –TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of March 31, 2018 for the Company amounted to Euro 380.0 (December 31, 2017: Euro 163.0), out of which Euro 180.0 have been granted by OTE PLC and Euro 200.0 have been granted by TELEKOM ALBANIA.

The analysis of short-term loans is as follows:

Description	Maturity date	31/12/2017	31/03/2018		
		Book value	New loans	Repayments/ Prepayments	Book value
Euro 163.0 loan	17/01/2018	163.0	-	(163.0)	-
Euro 50.0 loan	29/11/2018	-	50.0	-	50.0
Euro 50.0 loan	06/12/2018	-	50.0	-	50.0
Euro 50.0 loan	13/12/2018	-	50.0	-	50.0
Euro 50.0 loan	20/12/2018	-	50.0	-	50.0
Euro 60.0 loan	15/01/2019	-	60.0	-	60.0
Euro 60.0 loan	22/01/2019	-	60.0	-	60.0
Euro 60.0 loan	29/01/2019	-	60.0	-	60.0
		163.0	380.0	(163.0)	380.0

8. PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

OTE

On March 22, 2018 a new Collective Labor Agreement (CLA) was signed, amending, among others, the indemnity payable in case of retirement.

According to the new CLA, the benefit to be provided on retirement is calculated as follows:

a) For employees joined OTE prior to June 10, 1999, the indemnity is equal to the lesser amount between 100% of the maximum liability and Euro 0.03 (annually adjusted according to the inflation rate), plus 9 months' salary.
b) For employees joined OTE from June 10, 1999 until July 14, 2005, the indemnity is equal to the lesser amount between 100% of the maximum liability and Euro 0.03 (annually adjusted according to the inflation rate), plus 7 months' salary.

c) For employees who joined OTE from July 15, 2005, the indemnity payable will be equal to 40% of the retirement indemnity as provided in law 4093/2012.

As result of the amendment, a negative past service cost of Euro 33.4 was recognized in the interim consolidated and separate income statement and is included in the line "Personnel costs".

9. 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	2017
COSMOTE	2010, 2017
OTE INTERNATIONAL INVESTMENTS LTD	2010 – 2017
COSMO-ONE	2010, 2017
OTE PLC	2014 – 2017
OTESAT-MARITEL	2017
OTE PLUS	2010, 2017
OTE ESTATE	2017
OTE GLOBE	2010, 2017
OTE INSURANCE	2010, 2017
OTE ACADEMY	2010, 2017
COSMOTE TV PRODUCTIONS	2010, 2017
TELEKOM ROMANIA	2007 – 2017
NEXTGEN	2008 – 2017
TELEKOM ALBANIA	2017
TELEKOM ROMANIA MOBILE	2013 – 2017
GERMANOS	2017
COSMOTE E-VALUE	2010, 2017
MOBILBEEEP LTD	2010 – 2017
COSMOHOLDING ROMANIA LTD	2009, 2012 – 2017
E-VALUE LTD	2010, 2017
COSMOHOLDING INTERNATIONAL B.V.	2014 – 2017
E-VALUE INTERNATIONAL S.A.	2014 – 2017
OTE RURAL NORTH	2014 – 2017
OTE RURAL SOUTH	2014 – 2017

- OTE, COSMOTE, GERMANOS, OTESAT-MARITEL and OTE GLOBE 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 law 2238/1994 and the relevant Tax Compliance Reports have been issued without reservations by PricewaterhouseCoopers S.A.. The tax audits for COSMOTE, GERMANOS and OTE GLOBE for year 2012 are 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 have not been completed.
- 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.
- GERMANOS TELECOM ROMANIA S.A and SUNLIGHT ROMANIA S.R.L FILIALA have been absorbed in 2017 by TELEKOM ROMANIA MOBILE. Both companies were not audited for the tax years 2011 – 2017.
- ZAPP has been absorbed in 2017 by TELEKOM ROMANIA MOBILE. ZAPP was not audited for the tax years 2016-2017.

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 2017 is being performed by PricewaterhouseCoopers S.A. and the "Tax Compliance Report" will be issued in the third quarter of 2018. 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	
	01/01-31/03/2018	01/01-31/03/2017	01/01-31/03/2018	01/01-31/03/2017
Current income tax	42.9	44.4	24.5	22.1
Deferred income tax	2.9	(1.5)	9.3	1.3
Total income tax	**45.8**	**42.9**	**33.8**	**23.4**

Income tax payable for the Group and the Company as of March 31, 2018 amounted to Euro 71.9 and Euro 37.1, respectively (December 31, 2017: Euro 41.6 and 12.7, respectively).

Income tax receivable for the Group and the Company as of March 31, 2018 amounted to Euro 23.3 and Euro 7.7, respectively (December 31, 2017: Euro 22.8 and Euro 7.7 respectively) and is recorded under "Other current assets".

10. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

	GROUP		COMPANY	
	01/01-31/03/2018	01/01-31/03/2017	01/01-31/03/2018	01/01-31/03/2017
Gain from disposal of property, plant and equipment	4.4	3.8	1.8	0.8
Income from contract penalties	2.9	2.3	0.7	-
Income from investment property	1.8	2.0	-	-
Income from related parties (Note 14)	0.1	0.1	0.5	0.3
Other	2.7	4.0	0.2	0.4
TOTAL	11.9	12.2	3.2	1.5

11. EARNINGS PER SHARE

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

Earnings per share are analyzed as follows:

GROUP	01/01-31/03/2018	01/01-31/03/2017
Profit attributable to owners of the parent	**39.0**	**36.4**
Weighted average number of shares for basic earnings per share	488,807,279	488,830,279
Weighted average number of shares adjusted for the effect of dilutions	488,807,279	488,830,279
Basic earnings per share	0.0798	0.0745
Diluted earnings per share	0.0798	0.0745

(Earnings per share are in absolute amounts)

12. CONTRACT BALANCES

The following table provides information about contract assets and contract liabilities from contract with customers:

	GROUP		COMPANY	
	31/03/2018	01/01/2018	31/03/2018	01/01/2018
Contract costs (short-term portion)	31.3	31.0	2.5	2.7
Contract costs (long-term portion)	10.9	9.9	1.8	1.7
Total contract costs	**42.2**	**40.9**	**4.3**	**4.4**
Contract assets (short-term portion)	20.1	24.7	1.8	2.2
Contract assets (long-term portion)	12.8	8.3	0.2	0.2
Total contract assets	**32.9**	**33.0**	**2.0**	**2.4**
Total assets	**75.1**	**73.9**	**6.3**	**6.8**
Contract liabilities (short-term portion)	128.3	130.1	77.8	75.1
Contract liabilities (long-term portion)	21.5	22.3	115.3	116.5
Total liabilities	**149.8**	**152.4**	**193.1**	**191.6**

13. OPERATING SEGMENT INFORMATION

The following information is provided for the reportable segments, which are separately disclosed in the financial statements and which are regularly reviewed by the Group's chief operating decision makers. Segments were determined based on the Group's legal structure 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 and 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, 2018	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Retail services revenues (fixed business)	224.9	-	-	-	65.8	-	290.7	-	290.7
Service revenues (mobile business)	-	212.5	72.9	13.9	9.2	-	308.5	-	308.5
Revenue from the sale of goods and merchandise	7.8	29.5	18.4	0.3	8.8	0.3	65.1	-	65.1
Other revenues	125.1	0.8	6.8	0.2	44.8	79.3	257.0	-	257.0
External revenue	**357.8**	**242.8**	**98.1**	**14.4**	**128.6**	**79.6**	**921.3**	**-**	**921.3**
Intersegment revenue	27.3	36.2	23.2	1.4	8.1	29.5	125.7	(125.7)	-
Total revenues	**385.1**	**279.0**	**121.3**	**15.8**	**136.7**	**109.1**	**1,047.0**	**(125.7)**	**921.3**
Operating profit before financial and investing activities, depreciation, amortization and impairment	187.1	82.3	16.0	1.6	16.9	12.0	315.9	(1.1)	314.8
Costs related to voluntary leave schemes	-	-	-	(0.1)	(0.2)	-	(0.3)	-	(0.3)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	187.1	82.3	16.0	1.7	17.1	12.0	316.2	(1.1)	315.1
Depreciation, amortization and impairment	(78.5)	(54.9)	(35.1)	(2.9)	(26.2)	(6.5)	(204.1)	0.2	(203.9)
Operating profit / (loss) before financial and investing activities	108.6	27.4	(19.1)	(1.3)	(9.3)	5.5	111.8	(0.9)	110.9
Interest income	0.7	9.6	-	0.7	-	16.4	27.4	(27.0)	0.4
Interest and related expenses	(17.1)	(7.9)	(9.4)	-	(0.5)	(16.0)	(50.9)	27.0	(23.9)
Income tax	(33.8)	(12.6)	2.3	0.8	-	(2.5)	(45.8)	-	(45.8)
Profit / (loss) for the period	57.6	16.2	(26.1)	(5.6)	(10.2)	3.3	35.2	(0.9)	34.3
Purchase of property plant and equipment and intangible assets	81.3	44.2	15.3	4.4	34.6	3.3	183.1	-	183.1

Three month period ended March 31, 2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Retail services revenues (fixed business)	223.7	-	-	-	74.3	-	298.0	-	298.0
Service revenues (mobile business)	-	214.1	69.8	13.4	7.5	-	304.8	-	304.8
Revenue from the sale of goods and merchandise	7.5	21.6	19.3	0.2	7.4	0.4	56.4	-	56.4
Other revenues	128.4	3.1	3.7	0.2	47.8	86.6	269.8	-	269.8
External revenue	**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)	-
Total revenues	**392.0**	**273.5**	**107.8**	**15.7**	**143.4**	**121.2**	**1,053.6**	**(124.6)**	**929.0**
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

31/03/2018	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets	2,461.3	2,393.6	810.4	563.9	881.4	1,948.0	9,058.6	(2,472.7)	6,585.9
Segment liabilities	2,872.4	1,253.0	535.7	45.1	348.9	1,323.6	6,378.7	(2,472.7)	3,906.0

31/12/2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets	2,498.0	2,556.2	813.6	570.1	885.1	2,592.0	9,915.0	(2,812.8)	7,102.2
Segment liabilities	2,966.5	1,455.8	524.7	53.0	359.1	1,966.5	7,325.6	(2,812.8)	4,512.8

GEOGRAPHIC INFORMATION

Geographic information for the Group's revenues and operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations is as follows:

Three month period ended March 31, 2018	Greece	Romania	Albania	Elim.	TOTAL
Total revenues	685.5	226.5	15.8	(6.5)	921.3
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	280.3	33.1	1.7	-	315.1

Three month period ended March 31, 2017	Greece	Romania	Albania	Elim.	TOTAL
Total revenues	690.0	230.3	15.7	(7.0)	929.0
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	266.2	37.1	0.8	-	304.1

14. 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 - 31/03/2018		01/01 - 31/03/2017	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	23.1	34.8	24.3	32.3
COSMOTE TV PRODUCTIONS	-	0.2	0.1	0.1
COSMO-ONE	-	0.1	-	0.1
OTESAT-MARITEL	-	-	0.1	-
OTE PLUS	-	0.5	-	0.5
OTE ESTATE	-	11.5	0.1	11.5
OTE GLOBE	3.4	9.9	2.8	12.6
OTE ACADEMY	-	0.3	0.1	0.6
OTE RURAL NORTH	0.4	0.4	1.5	0.1
OTE RURAL SOUTH	0.4	0.8	3.4	0.1
DEUTSCHE TELEKOM group of companies (except for OTE Group)	3.8	1.3	2.2	1.7
TOTAL	**31.1**	**59.8**	**34.6**	**59.6**

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

	01/01 - 31/03/2018		01/01 - 31/03/2017	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	9.5	9.0	9.5	8.4
TOTAL	**9.5**	**9.0**	**9.5**	**8.4**

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

	Other operating income OTE	
	01/01 - 31/03/2018	01/01 - 31/03/2017
COSMOTE Group - Greece	0.4	0.3
OTE ACADEMY	0.1	-
TOTAL	**0.5**	**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 - 31/03/2018	01/01 - 31/03/2017
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.1	0.1
TOTAL	**0.1**	**0.1**

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

	01/01 - 31/03/2018		01/01 - 31/03/2017	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	10.9	-	15.6
COSMOTE Group - Albania	-	0.5	-	1.2
OTE RURAL NORTH	0.1	-	0.1	-
OTE RURAL SOUTH	0.1	-	0.2	-
TOTAL	**0.2**	**11.4**	**0.3**	**16.8**

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

	31/03/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	67.1	170.6	77.8	181.6
COSMOTE Group - Romania	0.2	-	0.2	-
COSMOTE Group - Albania	-	-	0.1	-
COSMOTE TV PRODUCTIONS	0.1	0.3	0.2	0.2
COSMO-ONE	-	0.2	-	0.2
OTESAT-MARITEL	4.1	-	4.0	0.1
OTE PLUS	-	2.2	-	2.1
OTE ESTATE	1.3	0.9	51.7	1.2
OTE GLOBE	2.7	7.6	23.4	8.8
OTE ACADEMY	0.4	0.3	0.7	1.9
TELEKOM ROMANIA	0.9	0.1	0.9	0.1
OTE RURAL NORTH	6.9	0.4	11.1	0.1
OTE RURAL SOUTH	12.6	0.8	16.5	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	8.3	5.5	8.7	6.3
TOTAL	**104.6**	**188.9**	**195.3**	**202.6**

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:

	31/03/2018		31/12/2017	
	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)	29.6	73.7	29.8	83.7
TOTAL	**29.6**	**73.7**	**29.8**	**83.7**

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

	31/03/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,066.7	-	1,239.5
COSMOTE Group - Albania	-	210.6	-	72.1
OTE RURAL NORTH	10.6	-	10.6	-
OTE RURAL SOUTH	12.3	-	18.5	-
TOTAL	**22.9**	**1,277.3**	**29.1**	**1,311.6**

Amounts owed by OTE to OTE PLC and COSMOTE Group – Albania (TELEKOM ABANIA) relating to loans include interest payable amounting to Euro 21.0 and Euro 0.6 respectively as of March 31, 2018 (December 31, 2017: OTE PLC Euro 22.5 and TELEKOM ALBANIA Euro 1.1).

Amounts owed to OTE by RURAL NORTH and RURAL SOUTH relating to loans include interest receivable amounting to Euro 0.1 as of March 31, 2018 (December 31, 2017**:** 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 2018 (first three months of 2017: Euro 1.0).

15. LITIGATION AND CLAIMS

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

There are no extraordinary developments with respect to the litigations and claims referred to the financial statements as of December 31, 2017.

16. 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	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Financial Assets				
Trade receivables	711.7	719.7	711.7	719.7
Loans to pension funds	88.7	89.5	119.9	121.7
Loans and advances to employees	55.7	53.4	55.7	53.4
Guarantees	5.9	5.9	5.9	5.9
Guaranteed receipt from Grantor (Financial asset model)	32.2	38.0	32.2	38.0
Contract assets	32.9	-	32.9	-
Restricted cash	4.6	4.3	4.6	4.3
Cash and cash equivalents	760.0	1,297.7	760.0	1,297.7
Financial Liabilities				
Long-term borrowings	1,327.7	1,276.2	1,389.3	1,345.1
Short-term portion of long-term borrowings	186.2	764.5	187.0	771.6
Trade accounts payable	1,101.5	1,162.4	1,101.5	1,162.4
Interest payable	25.2	36.7	25.2	36.7
Unpaid portion for spectrum licenses	-	13.5	-	13.5
Liability for TV broadcasting rights (long-term portion)	72.9	76.4	72.9	76.4

	Carrying Amount		Fair value	
COMPANY	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Financial Assets				
Trade receivables	344.9	357.1	344.9	357.1
Loans to pension funds	88.7	89.5	119.9	121.7
Loans and advances to employees	55.2	52.9	55.2	52.9
Guarantees	0.5	0.4	0.5	0.4
Other receivables from related parties	8.3	7.5	8.3	7.5
Loans to group companies	22.8	29.0	23.0	31.7
Contract assets	2.0	-	2.0	-
Cash and cash equivalents	222.8	185.6	222.8	185.6
Financial Liabilities				
Long-term borrowings	940.3	1,004.4	990.8	1,060.8
Short-term borrowings and short-term portion of long-term borrowings	508.7	541.4	511.5	545.2
Trade accounts payable	392.9	400.4	392.9	400.4
Interest payable	21.9	26.3	21.9	26.3
Liability for TV broadcasting rights (long-term portion)	72.1	75.3	72.1	75.3

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, 2018, the Group and the Company held the following financial instruments measured at fair value:

	Fair value		
GROUP	31/03/2018	31/12/2017	Fair value hierarchy
Financial Assets			
Investments in mutual funds	4.1	4.1	Level 1
Investments in mutual funds	1.8	1.8	Level 3

	Fair value		
COMPANY	31/03/2018	31/12/2017	Fair value hierarchy
Financial Assets			
Investment in mutual funds	2.5	2.5	Level 1

FINANCIAL RISK MANAGEMENT

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing continuous signs of stability, evidenced by the increase of the country's GDP and the upgrade of Greece's sovereign bond rating. However uncertainties continue to exist, since the economy remains very sensitive to external shocks. The capital controls initially imposed on June 28, 2015 continue to be in place but have been eased over time. The most recent related amendment came into force on March 1, 2018. 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 March 31, 2018.

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 fair value through profit or loss 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, adjusted for forward-looking factors specific to the customers and the economic environment.

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 years voluntary leave schemes. The latter loans are exposed to credit risk related to the debt servicing capacity of the pension fund.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or credit facilities to meet the financial obligations falling due in the next 12 months. The Group's and the Company's cash and cash equivalents and other financial assets as at March 31, 2018 amount to Euro 765.9 and Euro 233.3 respectively and their short-term borrowings and short-term portion of long-term borrowings amount to Euro 186.2 and Euro 508.7, 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. The main currencies within the Group are the Euro, the Ron (Romania) and the Lek (Albania).

Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business plans and maximize shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity) which is monitored at a Group level. Net debt includes interest bearing loans and notes, less cash and cash equivalents.

GROUP	March 31, 2018	December 31, 2017
Long-term borrowings	1,327.7	1,276.2
Short-term portion of long-term borrowings	186.2	764.5
Cash and cash equivalents	(760.0)	(1,297.7)
Net debt	**753.9**	**743.0**
Total equity	2,679.9	2,589.4
Gearing ratio	**0.28x**	**0.29x**

COMPANY	March 31, 2018	December 31, 2017
Long-term borrowings	940.3	1,004.4
Short-term borrowings	380.0	163.0
Short-term portion of long-term borrowings	128.7	378.4
Cash and cash equivalents	(222.8)	(185.6)
Net debt	**1,226.2**	**1,360.2**
Total equity	3,015.6	2,958.2
Gearing ratio	**0.41x**	**0.46x**

17. RECLASSIFICATIONS

In the consolidated and separate statement of financial position of 2017, an amount of Euro 5.2 and Euro 3.5 respectively, relating to "Deferred revenue" has been reclassified to "Other current liabilities", as the then outstanding balance of "Deferred revenue" following the implementation of IFRS 15 is not material.

In the interim consolidated income statement of March 2017, an amount of Euro 5.0 has been reclassified from "Third party fees and services" to "Other sundry operating expenses" for better presentation.

18. EVENTS AFTER THE FINANCIAL POSITION DATE

Shareholder Remuneration Policy - Share Buyback Programs

In the respect of the new shareholder remuneration policy and pursuant to the approval from the Extraordinary Shareholders General Meeting held on February 15, 2018, OTE launched its share buy-back program on April 4, 2018. Until May 7, 2018, OTE had acquired 896,850 own shares for a total consideration of Euro 10.3. The shares acquired will be cancelled, following approval from Shareholders General Meeting. As of May 7, 2018, OTE possessed 2,239,960 own shares for a total value of Euro 24.8.
The aggregated amount of the share buy-back program is intended to be of a range of Euro 85.0 to Euro 95.0 and will be completed at any time between October 1, 2018 and January 31, 2019.