

OTE PLC

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

REGISTERED NUMBER: 3896324

The financial statements on pages 12 to 37 were approved by the Board of Directors of OTE PLC on 6 March 2019 and are available online at the site www.cosmote.gr/fixed/corporate/ir/financial-statements-of-ote-group-companies.



GROUP OF COMPANIES

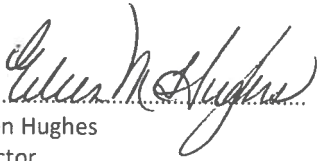
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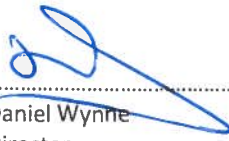
Declaration of the managers responsible for financial reporting

Pursuant to Article 3 of Luxembourg's Transparency Law, the undersigned Eileen Hughes and Daniel Wynne, on behalf of the board of Directors of OTE plc, confirm that to the best of their knowledge the financial statements for the year ended 31 December 2018 represent in all material respects, the financial position, results of operations of the Entity in conformity with the International Financial Reporting Standards.

Furthermore the undersigned declare that the business summary includes a fair review of the development and performance and the company position together with a description of the principal risks and uncertainties that it faces.



.....
Eileen Hughes
Director



.....
Daniel Wynne
Director

OTE PLC

Strategic report

The directors present their Strategic Report on the OTE PLC (“the Company”) for the year ended 31 December 2018.

Review of the business

The Company is a public limited company, with registered number 3896324 and is incorporated and domiciled in the UK. The principal activity of the Company is to borrow and raise funds from the market and otherwise, for the benefit of its parent company, Hellenic Telecommunications Organisation (OTE), and other OTE Group subsidiaries. The Company’s profits stem from the difference between interest received from OTE and OTE Group subsidiaries and interest paid to the bondholders and other lenders. Profits and/or retained earnings are used to cover administrative and other expenses.

The Company has established a programme for the issuance of Global Medium Term Notes (“GMTN”) up to a maximum amount of €6.5 billion guaranteed by OTE. The programme is listed on the Luxembourg Stock Exchange and was last updated in March 2018. The principal balance of GMTN Programme outstanding as at 31 December 2018 amounted to €1.7 billion (31 December 2017: €1.8 billion).

On February 2018, the Company fully repaid at maturity the Guaranteed Notes of €590,3 million under the GMTN Programme.

On July 18, 2018, the Company issued a €400 million 4-year Fixed Rate Notes with an annual coupon of 2.375% under its €6.5 billion GMTN Programme.

The most recent GMTN documentation is available on the parent company’s website at www.cosmote.gr/fixed/corporate/ir/lending/bonds.

The Company has been advised that there are potential implications arising from Brexit for the Company’s GMTN Programme. These implications would arise in the event that the UK is considered a “third party” for Prospectus Directive Purposes when the UK leaves the European Union on 29/03/2019 or later as the case may be. The Company’s Financial Statements under the UK national accounting standards will potentially no longer be acceptable for inclusion in the Company’s GMTN Base Prospectus in such an event, as the Company’s UK GAAP FRS 101 accounting framework may not be considered as equivalent standard. For this reason the Company deems it necessary to proceed with the transition of its accounting framework from the UK GAAP FRS 101 standard to the International Financial Reporting Standards (IFRSs) and for the Company’s Financial Statements to be prepared in accordance with IFRSs for the period ended 31/12/2018, in order to avoid any potential implications to its GMTN Programme. The Company has been assessing potential implications of Brexit. From the analysis performed up to date, Brexit is not expected to a significant effect on the operations of the Company.

The audited financial statements for the year ended 31 December 2018 are set out on pages 14 to 37. The after tax loss for the financial year was €142,234 (31 December 2017: loss €341,573).

Principal risks and uncertainties

The principal activities of the Company outlined above give rise to exposure to financial risks in the ordinary course of business. The main risks associated with the Company’s financial assets and liabilities are set out in Note 15 to the financial statements.

Macroeconomic conditions in Greece – Capital controls

The Company’s operation is affected by the macroeconomic and financial environment in OTE’s country of incorporation – Greece. The macroeconomic and financial environment in Greece is showing continuous signs of stability, evidenced by the official exit from the international bailout programme on August 20, 2018. However uncertainties continue to exist, since the country is under a “post-programme surveillance” programme where it will have to show its progress in meeting budget and reform targets, while economy remains very sensitive to fluctuations in the external environment.

OTE PLC
Strategic report

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 October 1, 2018. To the extent that the agreed primary surplus targets will be achieved in the future 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 all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations.

Financial Key performance Indications

Key Performance Indicators ("KPIs"), allow the Directors and shareholders to monitor the Company as a whole. The board of directors of the Company monitors KPIs on a regular basis. The Company's KPIs are as follows:

	31.12.2018 €	Restated 31.12.2017 €
1. Administrative expenses	558,934	548,653
2. Finance income	56,574,141	101,741,001
3. Finance cost	56,149,732	101,512,691
4. Cash and cash equivalents	32,765,929	32,794,954
5. Total financial assets	1,678,963,414	1,831,407,319
6. Guaranteed notes	1,678,719,586	1,831,032,797

Approved by the Board of Directors and signed on its behalf by:



Wilmington Trust SP Services (London) Limited

Director

6 March 2019

OTE PLC

Directors' report

The directors present their Report and the audited financial statements of the Company, registered number 3896324, for the year ended 31 December 2018.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Charalampos Mazarakis
Panos Kaliabetsos
Anastasios Tzoulas
Daniel Wynne
Andreas Demosthenous (resigned 19 March 2018)
Eileen Hughes (appointed 19 March 2018)
Mignon Clarke-Whelan (resigned 01 October 2018)
Robert Sutton (appointed 01 October 2018 and resigned 01 November 2018)
Wilmington Trust SP Services (London) Limited

Secretary

Wilmington Trust SP Services (London) Limited
1 King's Arms Yard, Third Floor, London, EC2R 7AF

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place London WC2N 6RH

Registered office

Wilmington Trust SP Services (London) Limited
1 King's Arms Yard, Third Floor, London, EC2R 7AF

Directors' remuneration

Details of directors' remuneration are shown in Note 7.

Going Concern

All liabilities are backed by loans granted to OTE Group companies with good credit standing (refer to Note 15). In addition, all bonds issued under the GMTN programme are guaranteed by OTE via various deeds of guarantee.

The Directors have considered the ability of the OTE Group companies to meet their obligations towards the Company as well as the ability of OTE to support the Company and are of the opinion that the Company will meet its obligations. Furthermore, the Directors closely monitor the Company's cash balances.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements. In assessing the appropriateness of the going concern basis, all relevant information covering a period of at least twelve months from the date of the approval of the financial statements have been taken into account. In addition, the good credit standing of the Company's borrowers together with the deeds of guarantee which the Company has entered into with the parent company covering its bonds issued under the GMTN programme, the parent company's ability to support the Company and the high standards in banks investments were also taken into consideration. Based on the above, no material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors.

OTE PLC

Directors' report

Future Developments

The directors expect that the Company will continue to borrow and raise funds from the market and otherwise for financing OTE Group in the forthcoming periods.

Dividends

The directors do not recommend the payment of a dividend out of the Company's retained earnings (2017: € nil).

Qualifying third-party indemnity provisions

The directors of the Company benefited from third party qualifying indemnity insurance provisions during 2018. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Post balance sheet events

Post balance sheet events are disclosed in Note 14 to these financial statements.

Financial instruments

Note 15 to the financial statements provide details on the Company's financial risk management policies and related exposures.

Political and charitable contributions

The Company made neither political nor charitable contributions during the year (2017: € nil).

Disclosure of information to auditors

Each director at the date of approval of this report confirms that:

- As far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditors are unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

A resolution for the appointment of PricewaterhouseCoopers LLP as auditors for year 2018 was taken at the shareholders Annual General Meeting on 25 May 2018. A further resolution concerning the appointment of auditors will be proposed at the next Annual General Meeting.

Internal control and risk management over financial reporting

The Company has in place internal control and risk management systems in relation to the Company's financial reporting process and the process for preparation of the financial statements. These systems include policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with the International Financial Reporting Standards; require representatives of the businesses to certify that their reported information gives a true and fair view of the state of affairs of the business and its results for the year; and review and reconcile reported data. The directors are responsible for monitoring these internal control and risk management systems.

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's financial statements publications in the parent's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors and signed on its behalf by:



Wilmington Trust SP Services (London) Limited
Director

6 March 2019

OTE PLC

Independent auditors' report

Independent auditors' report to the members of OTE PLC

Opinion

In our opinion, OTE plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2018; the income statement and other comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

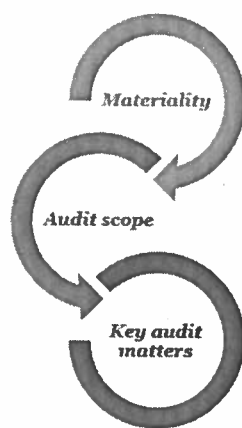
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Overview



- Overall materiality: €560,000 (2017: €1,015,000), based on 1% of interest expense.
- The audit was over a wholly owned standalone entity.
- Support was received from PwC Greece to conduct work and report to PwC UK on the findings.
- PwC UK remained responsible for the overall direction and supervision of the work as well as auditing the financial statement disclosures and tax.
- Basis for tax expense.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

OTE PLC

Independent auditors' report

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of companies of tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal through override of control. The UK engagement team shared this risk assessment with PwC Greece, so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the PwC UK and/or PwC Greece included:

- Review of financial statement of financial statement disclosures to underlying supporting documentation
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading correspondence with HMRC in relation to the tax position adopted and review of correspondence with OTE plc's own tax advisors;
- Review of financial statement of financial statement disclosures to underlying supporting documentation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. As non-compliance with laws and regulations becomes further removed from the events and transactions reflected in the financial statements the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Basis for tax expense</i> OTE PLC has had a tax arrangement with HMRC since 2006 whereby its tax liability is calculated based on a cost plus method. These types of arrangements have come under increasing scrutiny in recent years and so we placed additional focus on this area as part of our audit.	We obtained correspondence between OTE Plc's tax advisors and HMRC and reviewed this with support of our own internal tax expert. We found the assumptions on which this position is based were in line with our expectations from the nature of OTE Plc business. We also reperformed the tax computation and reviewed the disclosures included in note 7 to the financial statements. We found no material issues in this area.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

OTE PLC

Independent auditors' report

<i>Overall materiality</i>	€560,000 (2017: €1,015,000).
<i>How we determined it</i>	1% of Interest expense.
<i>Rationale for benchmark applied</i>	We believe that as the key business of the company is raising debt to lend onto other group entities the costs of raising this finance is of most interest to those using these financial statements..

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above €28,000 (2017: €50,750) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 and ISAs (UK) require us also to report certain opinions and matters as described below.

Responsibilities of the directors for the financial statements

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

OTE PLC

Independent auditors' report

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board of Directors, we were appointed by the directors on 20 June 2011 to audit the financial statements for the year ended 31 December 2011 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 December 2011 to 31 December 2018.



Christopher Richmond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 March 2019

OTE PLC
Income Statement and other comprehensive income
For the year ended 31 December 2018

	<u>Notes</u>	<u>Year ended 31/12/2018 €</u>	<u>Restated Year ended 31/12/2017 €</u>
Finance income	4	56,574,141	101,741,001
Finance cost	5	(56,149,732)	(101,512,691)
Administrative expenses	6,7	(558,934)	(548,653)
Other gains and losses		2,911	(10,595)
Loss before tax		(131,614)	(330,938)
Income tax expense	8	(10,620)	(10,635)
LOSS FOR THE YEAR		(142,234)	(341,573)
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(142,234)	(341,573)
Total comprehensive income for the year attributable to:			
Owners of the Company		(142,234)	(341,573)

The accompanying notes on pages 16 to 37 are an integral part of the financial statements

The above results were from continuing operations throughout both years.

OTE PLC
Statement of financial position
As at 31 December 2018

		31/12/18	Restated 31/12/17	Restated 01/01/17
	Note	€	€	€
ASSETS				
Non-current assets				
Financial assets at amortised cost	9	1,157,629,960	1,100,556,472	1,668,881,685
Other assets		6,191	6,191	6,191
Total non-current assets		1,157,636,151	1,100,562,663	1,668,887,876
Current assets				
Financial assets at amortised cost	9	521,333,454	730,850,847	402,366,661
Current tax assets	10	5,063	5,784	6,003
Other current assets	10	58,125	28,466	108,307
Cash and cash equivalents		32,765,929	32,794,954	33,817,950
Total current assets		554,162,571	763,680,051	436,298,921
Total Assets		1,711,798,722	1,864,242,714	2,105,186,797
EQUITY AND LIABILITIES				
Non-current liabilities				
Borrowings	11	1,157,671,530	1,100,628,548	1,971,138,029
Total non-current liabilities		1,157,671,530	1,100,628,548	1,971,138,029
Current liabilities				
Trade and other payables		24,627	3,210	16,642
Short-term borrowings	11	521,048,056	730,404,249	100,488,684
Current tax liabilities	8	10,620	10,635	10,828
Current other liabilities		32,707	42,656	37,625
Total current liabilities		521,116,010	730,460,750	100,553,779
Total liabilities		1,678,787,540	1,831,089,298	2,071,691,808
Capital and reserves				
Issued capital and share premium	12	80,076	80,076	80,076
Retained earnings		32,931,106	33,073,340	33,414,913
Total equity		33,011,182	33,153,416	33,494,989
Total equity and liabilities		1,711,798,722	1,864,242,714	2,105,186,797

The accompanying notes on pages 16 to 37 are an integral part of the financial statements.

The financial statements on pages 12 to 37 were approved by the Board of Directors on 6 March 2019 and signed on behalf of the Board by:



On behalf of Wilmington Trust SP Services (London) Limited
 Director

OTE PLC
Statement of changes in equity
For the year ended 31 December 2018

	Called Up Share Capital €	Other reserves €	Retained Earnings €	Total Equity €
Balance at 1 January 2017 (as previously reported)	80,076	-	33,414,913	33,494,989
Impact of restatement (1st adoption)	-	-	-	-
Restated Balance at 1 January 2017	80,076	-	33,414,913	33,494,989
Loss for the financial year	-	-	(341,573)	(341,573)
Total comprehensive income for the financial year (restated)	-	-	(341,573)	(341,573)
Restated Balance at 31 December 2017	80,076	-	33,073,340	33,153,416
Loss for the financial year	-	-	(142,234)	(142,234)
Total comprehensive income for the financial year	-	-	(142,234)	(142,234)
Balance at 31 December 2018	80,076	-	32,931,106	33,011,182

The accompanying notes on pages 16 to 37 are an integral part of the financial statements.

OTE PLC
Statement of cash flows
For the year ended 31 December 2018

	31.12.2018	Restated
	€	31.12.2017
	€	€
Cash flows from operating activities		
Loss before taxation	(131,614)	(330,938)
Adjustments for:		
Net finance income	(420,722)	(222,578)
Foreign Exchange differences net	(2,911)	10,595
Changes in working capital		
(Increase) / decrease in trade and other receivables	(29,659)	80,034
Increase / (decrease) in other current receivables	21,416	(13,432)
Increase / (decrease) in trade and other payables	(9,962)	4,836
Changes in working capital	(18,205)	71,438
Interest received	71,260,046	103,670,031
Interest paid	(70,708,632)	(102,900,339)
Tax paid	(9,898)	(10,610)
Net cash generated (used in)/from operating activities	(31,936)	287,599
Cash flows from investing activities		
Payments to acquire Financial Assets	(440,000,000)	(164,330,000)
Proceeds from repayment of Financial Assets	577,758,000	402,242,000
Net cash generated from in investing activities	137,758,000	237,912,000
Cash flows from financing activities		
Proceeds from Guaranteed Notes	754,000,000	164,330,000
Repayments of Guaranteed Notes	(891,758,000)	(403,542,000)
Net cash generated used in financing activities	(137,758,000)	(239,212,000)
Net decrease in cash and cash equivalents	(31,936)	(1,012,401)
Cash and cash equivalents at the beginning of the year	32,794,954	33,817,950
Exchange gains / (losses) on cash and cash equivalents	2,911	(10,595)
Cash and cash equivalents at the end of the year	32,765,929	32,794,954

The accompanying notes on pages 16 to 37 are an integral part of the financial statements.

OTE PLC

Notes to the financial statements

1. General information

OTE PLC (the "Company") is a limited company, which was incorporated on 17 December 1999 and is domiciled in England. The address of its registered office is 1 King's Arms Yard, London, EC2R 7AF, United Kingdom (UK).

The Company's main activity is to borrow and raise funds from the market and otherwise, for the benefit of its parent company, Hellenic Telecommunications Organisation (OTE), and other OTE Group subsidiaries.

These financial statements are the standalone financial statements for the Company.

These financial statements have been approved for publication by the Board of Directors on 6 March 2019.

The principal accounting policies adopted by the Company are set out in Note 2.

2. Summary of significant accounting policies

2.1. Basis of preparation

OTE Plc's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs). This is the first year the financial statements have been prepared in compliance with IFRSs. No significant changes occurred due to the fact that the previously adopted UK GAAP Financial Reporting Standard 101 (FRS 101) incorporates, with limited amendments, International Financial Reporting Standards (IFRSs). Note 16 sets out the impact of the initial adoption of IFRSs. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Euro' (€), which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account and are presented within 'Other gains and losses'. Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date of the transaction. No subsequent translations are made once this has occurred.

2.3. Financial assets

The Company's financial assets comprise of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets falling due within one year after the end of the reporting period are included in current assets, while those falling due after more than one year are presented within non-current assets. The Company's loans and receivables comprise contractual loans, receivables and cash on the balance sheet.

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Notes to the financial statements

Loans and receivables are initially recognised at fair value plus transaction costs. Subsequently, loans and receivables are carried at amortised cost using the effective interest method, less any provision for impairment.

Regarding financial assets' impairment and based on the new standard for financial instruments (IFRS 9), the Company needs to measure the expected credit losses through a loss allowance at an amount equal to, a) the 12-month expected credit losses or b) full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition. The Company estimates that there is no need to recognise any provision for expected credit losses (see Note 3).

Loans and receivables are derecognised when the rights to receive cash flows from investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.4. Financial liabilities

The Company's financial liabilities relate to guaranteed notes issued by the Company and other liabilities arising from services acquired by the Company in the ordinary course of business from suppliers. The Company's financial liabilities are presented within the "Current" and "Non-current" liabilities and are measured at amortised cost.

Guaranteed notes issued by the Company and other liabilities are classified as financial liabilities under "Borrowings"- for those falling due after more than one year of the reporting period, and under "Short-term borrowings" for those falling due within one year after the reporting period- where the substance of the contractual arrangement results in the Company having an obligation to deliver cash to the holder. They are initially recognised at fair value, net of transaction costs incurred, and subsequently they are measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value of the guaranteed notes is recognised in the profit and loss account over the period of the notes using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

For liquidity/liability management purposes the Company may buy-back its outstanding Notes at fair value. The impact from the buyback is transferred to the profit and loss account. Such transactions are funded by equal transactions in the company's financial assets.

2.5. Cash and cash equivalents

Cash and cash equivalents may include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of two months or less.

2.6. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity, as a deduction from the proceeds.

2.7. Taxation

The tax charge is based on a "cost plus method" agreed with HM Revenue and Customs (HMRC). Namely, tax charged is based on the interest income earned from bank deposits and a 10% mark up on administrative costs.

2.8. Interest income and expenses

Interest income and expense is recognised using the effective interest rate method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

The Company's income relates mainly to interest income from group companies, which are mainly located within the European Union. Therefore, a geographical segmentation of income has not been prepared.

OTE PLC
Notes to the financial statements

2.9. Netting-off policy

Balances with other companies of the OTE Group are stated gross, unless all of the following conditions are met:

- (i) Currently there is legally enforceable right to set off the recognised amounts; and
- (ii) There is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously and this takes place on a regular basis.

2.10. Related party disclosures

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

Hellenic Telecommunications Organization ("OTE") is the 100% shareholder of the Company, whereas DEUTSCHE TELEKOM A.G is a 45% shareholder of OTE. Consequently, all the companies of OTE Group and DEUTSCHE TELEKOM Group are considered related parties.

As the Company's main activity is to borrow and raise funds from the market and otherwise, for the benefit of its parent company and other OTE Group subsidiaries, many financing transactions occur during the year, e.g OTE Plc grants and receives loans, resulting in finance income and expense. The bonds issued under the GMTN Programme are guaranteed by OTE S.A.

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

	31/12/2018		Restated 31/12/2017	
	Amounts owed to OTE PLC	Amounts owed by OTE PLC	Amounts owed to OTE PLC	Amounts owed by OTE PLC
Hellenic telecommunications SA	1,322,136,022	-	1,239,500,237	-
Cosmote SA	354,519,835	-	589,599,716	-
E-value International SA	2,307,557	-	2,307,366	-
OTE Globe	-	20,051,420	-	81,178,079
Germanos SA	-	73,412,393	-	45,994,218
OTESAT Maritel SA	-	751,794	-	762,205
E-value collection LTD	-	2,004,733	-	2,032,548
OTE Estate SA	-	121,815,129	-	36,549,633
Total	1,678,963,414	218,035,469	1,831,407,319	166,516,683

The Company's financial activities with its related parties comprise interest on loans granted and received and are analyzed as follows,

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Notes to the financial statements

	2018		Restated 2017	
	Finance income OTE PLC	Finance expense OTE PLC	Finance income OTE PLC	Finance expense OTE PLC
Hellenic telecommunications SA	42,294,478	-	58,217,885	-
Cosmote SA	14,083,822	-	43,386,318	-
E-value International SA	62,835	-	136,416	-
Ote Globe	133,000	571,526	-	1,303,652
Germanos SA	-	1,476,003	-	728,152
Otesat Maritel SA	-	6,962	-	12,205
E-value collection LTD	-	18,526	-	32,548
Ote Estate SA	-	1,330,548	-	549,633
Total	56,574,135	3,403,565	101,740,619	2,626,190

3. Critical accounting estimates and judgments

There are two critical accounting estimates and judgments applicable to the Company:

- (i) Recoverability of debts. The Directors expect the OTE Group companies will meet their obligations towards the Company for the following reasons,
- 99.9% of the Company's intragroup loans are granted to OTE and Cosmote SA (the parent company and the largest subsidiary operating in the Greek Mobile sector respectively) which are strategic companies of OTE Group. All loans have specific maturity dates reflecting the time horizon for repayment;
 - Based on OTE Group's business plan for the period 2019-2022, the management of the Group has made all the necessary refinancing plans required in order to secure the Group's operation;
 - Recently in 2018, the Company issued new 400mln 4-yr Notes with an annual coupon of 2.375% under the GMTN Programme, which were fully subscribed by external bondholders reflecting the positive view of the investors to OTE Group and confirming the credit standing of the Group;
 - Based on historical data, no debt payment to the Company has ever been overdue as the Group monitors very closely its financing payment plan and acts proactively to secure that loan repayments occur on time; and
 - OTE Group's cash balances are deposited in highly rated bank institutions and with short-term tenor therefore they are considered to be secure to be used for debt repayment.
- (ii) Fair Values. As already mentioned the Company's financial assets and liabilities are carried at amortised cost. There are neither financial assets, nor financial liabilities held at fair value, however the Company has included the estimated Fair Values in Note 15.3

3.1. New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years.

Standards and interpretations effective for the current financial year.

- *IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 "Financial Instruments: Disclosures"* (effective for annual periods beginning on or after January 1, 2018): IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes

OTE PLC
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an expected credit losses model that replaces the incurred loss impairment model used today. On the basis of management's current estimate, the first-time adoption and ongoing application of the standard has not a material impact on the financial statements. The majority of the financial assets held by the Company include debt instruments. Based on the provision of the new standard, debt instruments are classified and measured on the basis of the business model within which they are held and their contractual cash flow characteristics. The business model and cash flow characteristics test introduced by IFRS 9 will not affect the classification and measurement of the debt instruments of the Company, which will continue to be measured at amortised cost. Regarding the expected credit losses model, The Company estimates that there is no need to recognise any provision.

Standards and Interpretations effective for subsequent periods

- **IFRS 16 "Leases"** (effective for annual periods beginning on or after January 1, 2019): IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company has a lease regarding its office space which is within the scope of IFRS 16. As of 1 January 2019, the company will recognize a right of use asset (ROU) amount of € 73,007 and an equal amount as a lease liability for the 2 year contract in place. Since the rent payment is occurred in GBP and the company's functional currency is the EURO, we have used the conversion rate as of 01.01.2019 to recognize the right of use asset. The impact in 2019 figures is presented at the below table in comparison with the treatment based on IAS 17.

Year	IAS 17	IFRS 16			Impact on the Income Statement
	Lease expense	Depreciation	Interest	Total	
2019	44,250	39,822	2,346	42,168	2,082
2020	31,607	33,186	503	33,689	-2,082
Total	75,857	73,008	2,849	75,857	0

4. Finance income

	31.12.2018 €	Restated 31.12.2017 €
Interest income from group companies	56,574,135	101,740,619
Bank interest income	6	382
Total finance income	56,574,141	101,741,001

Finance income is derived from financial instruments held at amortized cost.

5. Finance cost

	31.12.2018 €	Restated 31.12.2017 €
Guaranteed Notes - third parties	(52,613,167)	(95,012,689)
Guaranteed Notes – group companies	(3,536,565)	(3,485,544)
Interest expense to group companies (Unsecured Loan Notes)	-	(3,014,458)
Total finance cost	(56,149,732)	(101,512,691)

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Notes to the financial statements

Finance cost is derived from financial instruments held at amortized cost.

6. Administrative expenses: General

Operating loss and loss on ordinary activities before taxation is stated after charging:

	31.12.2018 €	Restated 31.12.2017 €
Wages and salaries	52,155	55,160
Social security costs	36,271	27,110
Pension costs	1,094	676
Staff costs	89,520	82,946
Audit fee*	28,800	21,600
Fees payable to the company's auditors	28,800	21,600
Fee for Tax services	46,826	7,978
Rating agency fees	56,311	121,931
Other fees	260,531	234,955
Other professional fees	363,668	364,864
General Administrative expenses	481,988	469,410

*Audit Fee includes 20% VAT amount of €4,400 for 2018 and €3,600 for 2017.

7. Administrative expenses: Employees and directors

Employees

The Company employed one person during the year (2017: one).

Directors

The Company has six directors (2017: seven).

The aggregate emoluments as of 31 December 2018 include the corporate service fee for Company's Secretary and three directors' quarterly fees.

As a result, the directors' emoluments were as follows:

	31.12.2018 €	Restated 31.12.2017 €
Aggregate emoluments	76,946	79,243

8. Income tax expense

(a) Analysis of charge in year:

OTE PLC
Notes to the financial statements

	31.12.2018 €	Restated 31.12.2017 €
Current Tax:		
Tax on Loss for the financial year	(10,620)	(10,635)
Total tax charge	(10,620)	(10,635)

(b) Factors affecting current tax:

The tax charge for the year is higher (2017: higher) than the standard rate of corporation tax in the UK (year ended 31 December 2018: 19.00%, year ended 31 December 2017: 19.25%). The analysis of the tax charge is explained in the below table:

	31.12.2018 €	Restated 31.12.2017 €
Tax reconciliation		
(Loss) on ordinary activities before taxation	(131,614)	(330,938)
Current tax benefit at 19.00% (2017: 19.25%)	25,006	63,706
Effects of:		
Non-taxable income and disallowed and nondeductible expenses	(35,626)	(74,341)
Total tax charge	(10,620)	(10,635)

In September 2006 a final agreement on a "cost plus method" was reached between the Company and HM Revenue and Customs (HMRC) following HMRC's enquiry into the Company's Corporation Tax Return, initially, for years 2002 and 2003. The tax enquiry, covered the years from 2000 to 2004 inclusive. According to the "cost plus method", tax was computed on interest income earned from bank deposits and a 10% mark up on administrative costs. This basis was applied from 2005 and onwards resulting in current year tax of €10,620 (2017: €10,635).

By 31 December 2018 an amount of €5,063 (2017: €5,785) has been prepaid netting off the tax liability to €5,557 (2017: €4,850).

9. Financial Assets at amortised cost

Financial Assets fall due within one year:

	31.12.2018 €	Restated 31.12.2017 €
Amounts owed by group companies	502,420,480	696,562,695
Accrued Interest Income	18,912,974	34,288,152
Financial Assets: amounts due within one year	521,333,454	730,850,847

Financial Assets fall due after more than one year:

	31.12.2018 €	Restated 31.12.2017 €
Amounts owed by group companies due after more than one year	1,157,629,960	1,100,556,472
Financial Assets: amounts due after more than one year	1,157,629,960	1,100,556,472

OTE PLC
Notes to the financial statements

(a) Amounts owed by group companies that fall due within one year are analysed as follows:

	31.12.2018 €	Restated 31.12.2017 €
(i) Subscription to bond issued by OTE in March 2017 of nominal amount of €102 million, maturing in January 2018. Repaid at maturity.	-	102,000,000
(ii) Subscription to bond issued by Cosmote SA in March 2017 of nominal amount of €4.5 million, maturing in January 2018. Repaid at maturity.	-	4,500,000
(iii) Loan granted to OTE in February 2013 in the amount of €250 million, maturing in February 2018. Repaid at maturity.	-	249,913,886
(iv) Remaining balance of bond issued by Cosmote SA in February 2013 in the amount of €450 million maturing in February 2018. Repaid at maturity.	-	340,148,809
(v) Subscription to bond issued by Cosmote SA in January 2018 in the amount of €30 million maturing in January 2019.	30,000,000	-
(vi) Subscription to bond issued by Cosmote SA in September 2018 in the amount of €50 million maturing in August 2019.	50,000,000	-
(vii) Subscription to bond issued by Cosmote SA in September 2018 in the amount of €39 million maturing in September 2019.	39,000,000	-
(viii) Subscription to bond issued by Cosmote SA in May 2017 of nominal amount of €35 million, maturing in November 2019. . The amount of loan was transferred from "Amounts falling due after more than one year" (see note 9(b) (i) below).	35,000,000	-
(ix) Subscription to bond issued by OTE in December 2015 in the amount of €150 million maturing in December 2019. The amount of loan was transferred from "Amounts falling due after more than one year" (see note 9(b) (ii) below).	149,323,063	-
(x) Subscription to bond issued by Cosmote SA in December 2015 in the amount of €200 million maturing in December 2019. The amount of loan was transferred from "Amounts falling due after more than one year" (see note 9(b) (iii) below).	199,097,417	-
(xi) Accrued interest receivable	18,912,974	34,288,152
Total	521,333,454	730,850,847

OTE PLC
Notes to the financial statements

(b) Amounts owed by group companies that fall due after more than one year are analysed as follows:

	31.12.2018 €	Restated 31.12.2017 €
(i) Subscription to bond issued by Cosmote SA in May 2017 of nominal amount of €35 million, maturing in November 2019. The amount of loan was transferred to "Amount falling due within one year" (see note 9(a) (viii) above).	-	35,000,000
(ii) Subscription to bond issued by OTE in December 2015 in the amount of €150 million maturing in December 2019. The amount of loan was transferred to "Amount falling due within one year" (see note 9(a) (ix) above).	-	148,620,371
(iii) Subscription to bond issued by Cosmote SA in December 2015 in the amount of €200 million maturing in December 2019. The amount of loan was transferred to "Amount falling due within one year" (see note 9(a) (x) above).	-	198,160,493
(iv) Term loan granted to E-value International SA in March 2017 in the amount of €2.25 million maturing in March 2020.	2,250,000	2,250,000
(v) Subscription to bond issued by OTE in June 2018 of nominal amount of €20 million, maturing in May 2020.	20,000,000	-
(vi) Subscription to bond issued by OTE in December 2018 of nominal amount of €10 million, maturing in June 2020.	10,000,000	-
(vii) Subscription to bond issued by OTE in June 2017 of nominal amount of €20.58 million, maturing in June 2020.	20,580,000	20,580,000
(viii) Subscription to bond issued by OTE in June 2018 of nominal amount of €10 million, maturing in June 2020.	10,000,000	-
(ix) Subscription to bond issued by OTE in July 2014 in the amount of €700 million maturing in July 2020.	697,512,925	695,945,608
(x) Subscription to bond issued by OTE in July 2018 in the amount of €400 million maturing in July 2022.	397,287,035	-
Total	1,157,629,960	1,100,556,472

There was no need for the Company to form a provision for debtors at the end of the reporting and the comparative year.

OTE PLC
Notes to the financial statements

10. Other Current Assets and Current Tax Assets

The following table provides a breakdown of company's other current assets and Current Tax Assets:

	31.12.2018 €	Restated 31.12.2017 €
Prepayments for various expenses/fees	58,125	28,466
Prepayments to the tax authorities	5,063	5,784
Other Current Assets and current tax assets	63,188	34,250

11. Financial liabilities

The following amounts fall due within one year:

	31.12.2018 €	Restated 31.12.2017 €
Guaranteed Notes-third parties	348,423,751	590,075,087
Interest payable on guaranteed notes-third parties	17,418,836	31,642,483
Guaranteed Notes-group companies	154,000,000	106,500,000
Interest payable on guaranteed notes-group companies	1,205,469	2,186,679
Total	521,048,056	730,404,249

The following amounts fall due after more than one year:

	31.12.2018 €	Restated 31.12.2017 €
Guaranteed Notes-third parties	1,094,841,530	1,042,798,548
Guaranteed Notes-group companies	62,830,000	57,830,000
Total	1,157,671,530	1,100,628,548

(a) Guaranteed notes and interest due to **third parties** falling due within one year are analyzed as follows:

	31.12.2018 €	Restated 31.12.2017 €
(i) Remaining amount of Guaranteed Notes issued in February 2013, in the amount of €700 million with a coupon of 7.875% p.a. paid semi-annually maturing in February 2018 ("€630 million Notes"). The amount was transferred from "Guaranteed notes due to third parties falling due after more than year" (see note 9 (c)(i) below). Repaid at maturity.	-	590,075,087
(ii) Guaranteed Notes issued in December 2015, in the amount of €350 million with a coupon of 4.375% p.a. maturing in December 2019 ("€350 million Notes"). The amount of loan was transferred from "Amounts falling due after more than one year" (see note 11(c) (ii) below).	348,423,751	-
(iii) Interest payable	17,418,836	31,642,483
Guaranteed Notes-third parties	365,842,587	621,717,570

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Notes to the financial statements

(b) Guaranteed notes and interest due to **group companies** falling due within one year are analyzed as follows:

	31.12.2018 €	Restated 31.12.2017 €
(i) Guaranteed Notes issued in March 2017 of €106.5 million maturing in January 2018. Repaid at maturity.	-	106,500,000
(ii) Guaranteed Notes issued in January 2018 of €30 million maturing in January 2019.	30,000,000	-
(iii) Guaranteed Notes issued in September 2018 of €50 million maturing in August 2019.	50,000,000	-
(iv) Guaranteed Notes issued in September 2018 of €39 million maturing in September 2019.	39,000,000	-
(v) Guaranteed Notes issued in May 2017 of €35 million maturing in November 2019. The amount of loan was transferred from "Amounts falling due after more than one year" (see note 11(d) (i) below).	35,000,000	-
(vi) Interest payable	1,205,469	2,186,679
Guaranteed Notes-group companies	155,205,469	108,686,679

(c) Guaranteed notes due to **third parties** falling due after more than one year are analyzed as follows:

	31.12.2018 €	Restated 31.12.2017 €
(i) Guaranteed Notes issued in July 2018, in the amount of €400 million with a coupon of 2.375% p.a. maturing in July 2022 ("€400 million Notes").	397,287,435	-
(ii) Guaranteed Notes issued in December 2015, in the amount of €350 million with a coupon of 4.375% p.a. maturing in December 2019 ("€350 million Notes"). The amount of loan was transferred to "Amount falling due within one year" (see note 11(a) (ii) above).	-	346,784,916
(iii) Guaranteed Notes issued in July 2014, in the amount of €700 million with a coupon of 3.5% p.a. maturing in July 2020 ("€700 million Notes").	697,554,095	696,013,632
Guaranteed Notes-third parties	1,094,841,530	1,042,798,548

(d) Guaranteed notes due to **group companies** falling due after more than one year are analyzed as follows:

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Notes to the financial statements

	31.12.2018 €	Restated 31.12.2017 €
(i) Guaranteed Notes issued in May 2017 of €35 million maturing in November 2019. The amount of loan was transferred to "Amount falling due within one year" (see note 11(b) (v) above).	-	35,000,000
(ii) Guaranteed Notes issued in March 2017 of €2.25 million maturing in March 2020.	2,250,000	2,250,000
(iii) Guaranteed Notes issued in June 2017 of €20.58 million maturing in June 2020.	20,580,000	20,580,000
(iv) Guaranteed Notes issued in June 2018 of €20 million maturing in May 2020.	20,000,000	-
(v) Guaranteed Notes issued in June 2018 of €10 million maturing in June 2020.	10,000,000	-
(vi) Guaranteed Notes issued in December 2018 of €10 million maturing in June 2020.	10,000,000	-
Guaranteed Notes-group companies	62,830,000	57,830,000

Creditors - Developments:

Guaranteed Notes are issued under the Global Medium Term Note Programme (GMTN Programme) of €6.5 billion and are fully and unconditionally guaranteed by OTE. In an event of default, as defined in the respective Final Terms of the Notes, the Guaranteed Notes are repayable at par along with accrued interest.

Guaranteed Notes falling due after more than one year are stated net of unamortised debt issue costs of €5.2 million (31 December 2017: €7.3 million).

On February 7, 2018, the Company fully repaid the remaining outstanding amount of Euro 590.3 under the Notes maturing on that date along with the accrued interest.

On July 18, 2018 the Company issued €400 million, 4-year Fixed Rate Notes with an annual coupon of 2.375%, under its Euro 6.5 billion Global Medium Term Note Programme.

Change of Control clauses:

The €350 million Notes, the €700 million Notes and the €400 million Notes include a change of control clause applicable to OTE which is triggered if an entity (other than (i) DEUTSCHE TELEKOM AG, (ii) DEUTSCHE TELEKOM AG together with the Hellenic Republic, any of its agencies or instrumentalities or any entity directly or indirectly controlled by the Hellenic Republic or any of its agencies or instrumentalities, or (iii) any telecommunications operator (other than DEUTSCHE TELEKOM AG) with credit rating equivalent or better than the credit rating of DEUTSCHE TELEKOM AG), gains the power to direct the management and policies of OTE, whether through the ownership of voting capital, by contract or otherwise. In the event that the clause is triggered OTE PLC is obliged to notify the bondholders, who can request (within 45 days) the repayment of their notes.

The same "Change of Control" clause is included also in the relevant back-to-back loans granted to Group subsidiaries. Hence, in case the Company is required to prepay the notes as a result of a 'Change of Control', it has the right to request prepayment of the intragroup loans/bonds, thus minimizing liquidity risk.

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12. Issued capital and share premium

	31.12.2018 €	Restated 31.12.2017 €
Authorised:		
50,000 (2017: 50,000) ordinary shares of £ 1 each	£50,000	£50,000
Allotted and fully paid:		
50,000 (2017: 50,000) ordinary shares of £ 1 each	€80,076	€80,076

13. Controlling parties

The immediate parent company is Hellenic Telecommunications Organisation S.A. ("OTE"). OTE is a company incorporated in Greece, with its registered office at 99 Kifissias Avenue, 151 24 Athens. OTE is the smallest group to consolidate these financial statements. Copies of the OTE consolidated financial statements can be obtained from the website www.cosmote.gr.

Effective February 6, 2009 OTE financial statements are included in the consolidated financial statements of Deutsche Telekom AG, which has a direct participation in OTE's paid up share capital. Deutsche Telekom AG is the largest group to consolidate these financial statements and has its registered office in Bonn, Germany. Its address is Deutsche Telekom AG, Friedrich-Ebert-Allee 140, 53113 Bonn. Copies of Deutsche Telekom AG consolidated financial statements can be obtained from the website www.telekom.com.

14. Events after the end of the reporting year

Relevant to intragroup transactions:

On January 10, 2019, Cosmote SA proceeded with the repayment to the Company of the €30 million bond loan maturing that date along with the payment of accrued interest.

Subsequently, at the same date, the Company proceeded with the repayment to Germanos SA and OTE Estate SA of the €10 million and €20 million GMTN Bonds maturing that date along with the payment of accrued interest.

On January 24, 2019, Cosmote SA partially prepaid (€38.25 million and €48 million) to the Company the Bond Loans of €39 million and €50 million due on 05/09/2019 and 29/08/2019 respectively.

Following the above, the Company proceeded with a partial buyback (€38.25 million and €48 million) to OTE Estate SA, for the GMTN Bonds of €39 million and €50 million due on 05/09/2019 and 29/08/2019 respectively.

15. Financial risk management

15.1. Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and foreign exchange risk).

This note presents information about the Company's exposure to each of the above risks and management policies and procedures for measuring and managing these risks.

Macroeconomic conditions in Greece – Capital controls

The Company's operation is affected by the macroeconomic and financial environment in OTE's country of incorporation – Greece. The macroeconomic and financial environment in Greece is showing continuous signs of stability, evidenced by the official exit from the international bailout programme on August 20, 2018. However uncertainties continue to exist, since the country is under a "post-programme surveillance" programme where it will

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have to show its progress in meeting budget and reform targets, while economy remains very sensitive to fluctuations in the external environment.

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 October 1, 2018. To the extent that the agreed primary surplus targets will be achieved in the future 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.

The below stated risks are significantly affected by the capital controls as well as macroeconomic and financial volatility in Greece, as analysed above.

Credit risk

Credit risk is the risk that the counterparty will cause a financial loss to the Company by failing to meet its contractual obligations. Concentration of credit risk for the Company is identified in the receivables from group companies with respect to debt facilities.

Receivables from group companies relate to companies operating in Greece. The economic situation in Greece has continued to be challenging. The macroeconomic condition in Greece is the main risk factor affecting the Greek companies' outlook. To mitigate this risk, OTE Group has proceeded in several cost cutting initiatives in order to streamline its operations and has achieved a significant net debt reduction.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	31.12.2018 €	Restated 31.12.2017 €
Amounts owed by group companies:		
i) Falling due within one year	521,333,454	730,850,847
ii) Falling due after more than one year	1,157,629,960	1,100,556,472
Other assets falling due within one year	-	-
Other assets falling due after more than one year	6,191	6,191
Cash and cash equivalents	32,765,929	32,794,954
Total	1,711,735,534	1,864,208,464

All the bonds issued under the Global Medium Term Note Programme (GMTN) are guaranteed by OTE SA. The credit rating for OTE SA as of December 31, 2018 was:

	31.12.2018	
	Moody's	Standard & Poor's
Rating	B1	BB+
Outlook	Outlook Positive	Outlook Positive
Last rating change	Feb-18	Jul-18

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OTE SA has terminated its commercial contract with Moody's and any future rating issued by Moody's on the GMTN Programme or on any Notes issued under the GMTN programme is on an unsolicited basis.

The Company deposits its cash in highly rated banks and for a short term tenor.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Liquidity risk is kept at low levels by ensuring that all the Company's outflows (servicing of debt) are matched with equivalent inflows via back to back agreements with group companies.

The Group's 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.

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

The Company is dependent mainly on the credit standing of its parent company OTE, which acts as Guarantor to all the Company's financial liabilities.

Below is an analysis by maturity of the Company's financial liabilities (including principal and interest payments) based on contractual undiscounted cash flows:

31 December 2018					
	Total	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Guaranteed Notes	1,772,931,686	555,878,940	798,052,746	419,000,000	-
Suppliers	57,334	57,334	-	-	-
Total	1,772,989,020	555,936,274	798,052,746	419,000,000	-

Restated 31 December 2017					
	Total	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Guaranteed Notes	1,937,219,366	763,076,428	426,248,644	747,894,294	-
Suppliers	45,866	45,866	-	-	-
Total	1,937,265,232	763,122,294	426,248,644	747,894,294	-

The average tenor of financial liabilities as of December 31, 2018 is 1.7 years (31 December 2017: 1.4 years).

Market risk

Market risk relevant to the Company relates to interest rate risk and foreign exchange risk. The objective of market risk management is to manage and control exposure within acceptable limits while optimizing the return on risk. Below is a detailed description of the individual market risks and the Company's policies to manage such risks.

a) Interest rate risk

The Company's interest rate risk arises from guaranteed notes issued and receivables from group companies with respect to debt facilities. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

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	31.12.2018 €	Restated 31.12.2017 €
Fixed rate instruments		
Financial assets	1,678,963,414	1,831,407,319
Financial liabilities	1,678,719,586	1,831,032,797
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

The Company's strategy is to mitigate interest rate risk by matching interest rate payable to its creditors with interest rate receivable from its debtors. Therefore, and since the company has only fixed rate instruments, there is no exposure to the effects of changes in the prevailing level of interest rates. If this is not possible the company may enter into hedging transactions.

b) Foreign exchange risk

The Company has no material exposure to foreign exchange risk, as the majority of liabilities and assets are denominated in Euro, which is the Company's functional currency.

15.2. Capital management

The Company monitors as capital the value of its called up share capital and its retained profits (Note 12 and Directors' report Note "Dividends" respectively). The Company's objective in managing capital is to maintain its ability to continue as a going concern. The Company manages the capital structure and may make adjustments to it in response to changes in economic conditions and the risk profile of its markets and underlying assets. The Company may adjust its capital needs by determining the amount of profit to retain and the level of debt to maintain.

15.3. Fair Value estimation

The tables below show the fair values and the carrying amounts of financial assets and liabilities measured at amortised cost in the balance sheet. The Company uses the below fair value hierarchy for fair value estimation:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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	Carrying Amount	Estimated fair value
Assets - 31 December 2018		
Debtors (amounts due after more than one year)	1,157,629,960	1,194,761,433
Debtors (amounts due in one year)	521,333,454	534,370,153
Cash and cash equivalents	32,765,929	32,765,929
	1,711,729,343	1,761,897,515

	Carrying Amount	Estimated fair value
Liabilities - 31 December 2018		
Guaranteed Notes (Amounts due after more than one year)	1,157,671,530	1,195,730,847
Guaranteed Notes (amounts falling due within one year)	521,048,056	533,902,665
Suppliers	57,334	57,334
	1,678,776,920	1,729,690,846

	Carrying Amount	Estimated fair value
Restated Assets - 31 December 2017		
Debtors (amounts due after more than one year)	1,100,556,472	1,170,878,556
Debtors (amounts due in one year)	730,850,847	737,840,771
Cash and cash equivalents	32,794,954	32,794,954
	1,864,202,273	1,941,514,281

	Carrying Amount	Estimated fair value
Restated Liabilities - 31 December 2017		
Guaranteed Notes (Amounts due after more than one year)	1,100,628,548	1,170,333,054
Guaranteed Notes (amounts falling due within one year)	730,404,249	736,756,062
Suppliers	45,866	45,866
	1,831,078,663	1,907,134,982

Guaranteed Notes – third parties, are traded in the market. The estimated fair value of liabilities from Guaranteed Notes is determined by the market price of Notes multiplied by the nominal amount of each note and included within Level 1 of the fair value hierarchy.

The estimated fair value of Guaranteed Notes Group Companies of debtors with respect to debt facilities is determined by a price derived with the use of the yield of the Guaranteed Notes –third parties, multiplied by the nominal amount of each note and is included within the Level 2 of the fair value hierarchy.

The carrying amount of liabilities to suppliers, which fall due within one year, approximates its fair value.

The fair value of other receivables approximates the carrying amount.

16. First Time adoption of International Financial Reporting Standards

These are the Company's financial statements prepared in accordance with International Financial Reporting Standards. The date of transition to IFRSs is 1 January 2017.

The Company's IFRSs accounting policies presented in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information and the opening statement of financial position at the date of transition.

The Company has applied IFRS 1 First-time adoption of International Financial Reporting Standards in preparing these first IFRS financial statements. There is nil net effect on the company's equity due to the effects of transition to IFRSs. This is due to the previously adopted FRS101 incorporating IFRSs with limited amendments. Main changes due to the transition to IFRS concern the presentation of the Financial Statements and some disclosures as well.

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Notes to the financial statements

16.1. Effect of IFRS adoption for the statement of financial position

		<u>As at 01/01/2017 (date of transition)</u>		
	<u>Notes</u>	<u>Previous GAAP</u>	<u>Effect of transition to IFRS</u>	<u>IFRSs</u>
ASSETS				
Non-current assets				
Financial assets at amortised cost	1	1,681,500,000	(12,618,315)	1,668,881,685
Other assets		6,191	-	6,191
Total non-current assets		<u>1,681,506,191</u>	<u>(12,618,315)</u>	<u>1,668,887,876</u>
Current assets				
Financial assets at amortised cost	1	402,366,662	(1)	402,366,661
Current tax assets	2	-	6,003	6,003
Other current assets		108,307	-	108,307
Cash and cash equivalents		33,817,950	-	33,817,950
Total current assets		<u>436,292,919</u>	<u>6,002</u>	<u>436,298,921</u>
Total Assets		<u>2,117,799,110</u>	<u>(12,612,313)</u>	<u>2,105,186,797</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital and share premium		80,076	-	80,076
Retained earnings		33,414,913	-	33,414,913
Total equity		<u>33,494,989</u>	<u>-</u>	<u>33,494,989</u>
Non-current liabilities				
Borrowings		1,971,138,029	-	1,971,138,029
Total non-current liabilities		<u>1,971,138,029</u>	<u>-</u>	<u>1,971,138,029</u>
Current liabilities				
Trade and other payables		16,642	-	16,642
Short-term borrowings		100,488,683	1	100,488,684
Current tax liabilities	2	4,825	6,003	10,828
Deferred income	1	12,618,315	(12,618,315)	-
Current other liabilities		37,627	(2)	37,625
Total current liabilities		<u>113,166,092</u>	<u>(12,612,313)</u>	<u>100,553,779</u>
Total liabilities		<u>2,084,304,121</u>	<u>(12,612,313)</u>	<u>2,071,691,808</u>
Total equity and liabilities		<u>2,117,799,110</u>	<u>(12,612,313)</u>	<u>2,105,186,797</u>

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Notes to the financial statements

		As at 31/12/2017		
		(end of last period presented under previous GAAP)		
	Notes	Previous GAAP	Effect of transition to IFRS	Under IFRS
ASSETS				
Non-current assets				
Financial assets at amortised cost	1	1,107,830,000	(7,273,528)	1,100,556,472
Other assets		6,191	-	6,191
Total non-current assets		1,107,836,191	(7,273,528)	1,100,562,663
Current assets				
Financial assets at amortised cost	1	731,046,152	(195,305)	730,850,847
Current tax assets	2	-	5,784	5,784
Other current assets		28,466	-	28,466
Cash and cash equivalents		32,794,954	-	32,794,954
Total current assets		763,869,572	(189,521)	763,680,051
Total Assets		1,871,705,763	(7,463,049)	1,864,242,714
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital and share premium		80,076	-	80,076
Retained earnings		33,073,340	-	33,073,340
Total equity		33,153,416	-	33,153,416
Non-current liabilities				
Borrowings		1,100,628,548	-	1,100,628,548
Total non-current liabilities		1,100,628,548	-	1,100,628,548
Current liabilities				
Trade and other payables		3,210	-	3,210
Short-term borrowings		730,404,249	-	730,404,249
Current tax liabilities	2	4,851	5,784	10,635
Deferred income	1	7,468,833	(7,468,833)	-
Current other liabilities		42,656	-	42,656
Total current liabilities		737,923,799	(7,463,049)	730,460,751
Total liabilities		1,838,552,347	(7,463,049)	1,831,089,299
Total equity and liabilities		1,871,705,763	(7,463,049)	1,864,242,714

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16.2. Effect of IFRS adoption for the statement of comprehensive income for the year ended 31/12/2017

	Notes	Year ended 31/12/2017 (the latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to IFRS	IFRSs
Finance income	3	101,763,386	(22,385)	101,741,001
Finance costs	3	(101,545,671)	32,980	(101,512,691)
Administrative expenses		(548,653)	-	(548,653)
Other gains and losses	3	-	(10,595)	(10,595)
Profit before tax		(330,938)	-	(330,938)
Income tax expense		(10,635)	-	(10,635)
LOSS FOR THE YEAR		(341,573)	-	(341,573)
Other comprehensive income for the year, net of tax		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(341,573)	-	(341,573)

16.3. Reconciliation of equity

	As at 01/01/2017	As at 31/12/2017
Total equity under previous GAAP	33,494,989	33,153,416
Total adjustments to equity	-	-
Total equity under IFRSs	33,494,989	33,153,416

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16.4. Effect of IFRS adoption for the statement of cash flows

		Year ended 31/12/2017 (the latest period presented under previous GAAP)		
	Notes	Previous GAAP	Effect of transition to IFRS	IFRSs
Cash flows from operating activities				
Profit/(Loss) before taxation		(330,938)	-	(330,938)
Adjustments for:			-	
Net finance income		(222,578)	-	(222,578)
Foreing Exchange differences net		10,595	-	10,595
Changes in working capital				
Decrease / (increase) in trade and other receivables	4	79,840	194	80,034
(Decrease) / increase in creditors	5	(8,402)	(5,030)	(13,432)
(Decrease) / increase in other liabilities	6	-	4,836	4,836
Changes in working capital				
		71,438	-	71,438
Net cash generated from/used in operating activities		287,599	-	287,599
Net cash generated from/used in investing activities		237,912,000	-	237,912,000
Net cash generated from/used in financing activities		(239,212,000)	-	(239,212,000)
Net increase/decrease in cash and cash equivalents				
		(1,012,401)	-	(1,012,401)
Cash and cash equivalents at the beginning of the year		33,817,950	-	33,817,950
Exchange gains / (losses) on cash and cash equivalents		(10,595)	-	(10,595)
Cash and cash equivalents at the end of the year		32,794,954	-	32,794,954

16.5. Notes to the reconciliations

The transition to the IFRS resulted in the following presentation changes:

- 1) Deferred income relating to the amortisation of financial assets was previously classified as part of liabilities. Through transition to IFRS we have taken the opportunity to change this presentation so that these amounts are now included within the carrying value of the financial assets to which they relate. This has been done to align with the parent company accounting policies.
- 2) Prepayments to tax authorities are stated at the balance sheet item «Current tax assets» instead of a reduction in company's tax liability.
- 3) The net effect of the foreign exchange differences is presented in the P&L line «Other gains and losses», while under the previous GAAP positive and negative foreign exchange differences were included within finance income and finance expense respectively.
- 4) Due to the change to the prepayment of the income tax (see also note 2).
- 5) Under IFRS, accruals are presented in the balance sheet line «Current other liabilities», while under previous GAAP they were included within creditors.
- 6) See also note 4 & 5.