OTE INTERNATIONAL SOLUTIONS SA

Financial statements for the year ended 31 December 2015 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union

These financial statements were approved by the Board of Directors of OTE International Solutions SA on the 26th February 2016 and are available online at www.oteglobe.gr

OTE INTERNATIONAL SOLUTIONS SA

General Electronic Commercial Registry (GEMI) Reg. No 003886301000

Société Anonyme Registration No 46809/01AT/B/00/365

6-8 Zinonos Eleatou & Agisilaou Str, Maroussi 151 23

CONTENTS

Statement of comprehensive income

	Notes	01.01-31.12.2015	01.01-31.12.2014
Revenue			
Income from data and international telephony services		315,557,979	287,005,877
Income from commissions		102,012	141,405
Total revenue		**315,659,991**	**287,147,282**
Charges from international telecommunications carriers		(285,071,097)	(256,607,963)
Gross Profit		**30,588,894**	**30,539,319**
Other income	7	3,829,586	6,175,960
Employee benefit expenses	8	(12,249,581)	(12,261,461)
Depreciation	13.14	(9,711,642)	(9,452,947)
Other expenses	9	(4,996,989)	(6,078,630)
Operating profit/(loss)		**7,460,268**	**8,922,241**
Finance income	10	600,367	995,781
Finance expenses	11	(69,100)	(69,627)
Foreign exchange differences		(149,520)	661,935
Profit before tax		**7,842,016**	**10,510,330**
Income tax	12	(1,905,207)	(3,477,627)
Net profit for the year		**5,936,809**	**7,032,703**
Other comprehensive income			
Actuarial gains/(losses) due to change in discount rate	23	300,332	(301,833)
Deferred tax on actuarial gains/(losses) due to change in discount rate	15	(124,228)	78,477
Other comprehensive income for the year		**176,104**	**(223,356)**
Total comprehensive income for the year		**6,112,913**	**6,809,346**

The financial statements appearing on pages 3 to 35 were approved by the Board of Directors on 26 February 2016 and are signed on behalf of the Board of Directors by the following:

THE CHAIRMAN OF THE BoD	THE MANAGING DIRECTOR	THE FINANCIAL DIRECTOR	THE CHIEF ACCOUNTANT
IOANNIS KONSTANTINIDIS	KONSTANTINOS ANDREOU	GEORGE KIAPOKAS	ANDREAS GALIATSATOS
ID No AM 046614	ID No X 069599	ID No AH 453220	ID No AE 049899
			A Class Accounting License No 0015278

The notes on pages 7 to 35 are an integral part of these financial statements.

OTE INTERNATIONAL SOLUTIONS S.A.
(Amounts in € unless otherwise stated)

Statement of financial position

		31 December	
ASSETS	**Notes**	**2015**	**2014**
Non-current assets			
Property, plant and equipment	13	87,427,841	81,029,863
Intangible assets	14	1,405,264	1,726,093
Other non-current receivables	16	26,553,852	35,579,428
Loans and receivables	17	66,098,464	-
Deferred tax asset	15	-	1,571,032
Total non-current assets		**181,485,422**	**119,906,416**
Current assets			
Trade and other receivables	18	81,250,765	78,901,965
Income tax receivable		1,813,738	1,813,176
Loans and receivables	17	14,429,655	-
Financial assets held to maturity	19	-	50,035,300
Cash and cash equivalents	20	16,551,712	34,520,426
Total current assets		**114,045,869**	**165,270,868**
TOTAL ASSETS		**295,531,291**	**285,177,283**
EQUITY AND LIABILITIES			
Attributable to the Company's equity holders			
Share capital	21	163,879,541	163,879,541
Other reserves	22	2,629,324	2,332,483
Retained earnings		34,178,367	28,362,294
Total equity		**200,687,232**	**194,574,319**
Long-term liabilities			
Provisions for employee benefit obligations	23	1,225,286	1,410,736
Deferred income		3,207,470	3,557,248
Other provisions	28	-	203,024
Deferred tax liabilities	15	456,972	-
Total non-current liabilities		**4,889,728**	**5,171,008**
Short-term liabilities			
Trade payables	24	49,626,288	46,688,534
Deferred income		911,757	1,067,101
Accruals and other current liabilities	25	39,416,287	37,676,321
Total short-term liabilities		**89,954,331**	**85,431,956**
Total liabilities		**94,844,058**	**90,602,963**
TOTAL EQUITY AND LIABILITIES		**295,531,291**	**285,177,283**

The notes on pages 7 to 35 are an integral part of these financial statements.

Statement of cash flows

	Notes	01.01-31.12.2015	01.01-31.12.2014
Profit/(Loss) before tax		7,842,016	10,510,330
Adjustments for:			
Depreciation	13, 14	9,711,642	9,452,947
Foreign exchange differences		149,520	(661,935)
Unused provision amounts reversed	28	(180,941)	-
Income from settlement of outstanding balances		-	(2,964,637)
Finance income	10	(600,367)	(995,781)
Finance expenses	11	69,100	69,627
Provision for impairment of trade receivables	9, 18	169,940	170,606
Provision for employee benefit obligation and employee benefits paid	8, 23	84,974	8,436
Decrease of trade and other receivables before provision for impairment	18	(2,518,740)	8,438,570
(Decrease)/increase in other provisions	28	(22,083)	(28,660)
Increase/(Decrease) in trade payables		2,783,626	(14,917,163)
(Decrease) in deferred income		(505,122)	(544,365)
Increase in accruals and other short term liabilities		1,751,355	11,165,266
Decrease/(increase) in other non-current receivables	16	9,025,576	(4,494,629)
Income tax paid		(1,991)	(28,336)
Interest paid		(34,584)	(29,156)
Net cash flows from operating activities		**27,723,919**	**15,151,120**
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(19,139,011)	(4,756,349)
Purchases of intangible assets	14	(272,410)	(247,886)
Proceeds from disposal of property, plant and equipment	13	3,622,628	-
Acquisition of loans and receivables	17	(80,471,702)	-
Acquisition of financial assets held to maturity	19	-	(49,999,274)
Maturity of financial assets held to maturity	19	49,999,274	44,999,653
Interest received		579,977	1,006,111
Net cash from investing activities		**(45,681,245)**	**(8,997,745)**
Net (decrease)/increase in cash and cash equivalents		**(17,957,326)**	**6,153,374**
Cash and cash equivalents at 1 January	20	34,505,311	28,351,937
Cash and cash equivalents at 31 December	20	**16,547,986**	**34,505,311**

The notes on pages 7 to 35 are an integral part of these financial statements.

OTE INTERNATIONAL SOLUTIONS S.A.
(Amounts in € unless otherwise stated)

Statement of changes in equity

	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2014	**163,857,378**	**2,036,431**	**22,116,932**	**188,010,741**
Net profit for the year	-	-	7,032,703	7,032,703
Other comprehensive income/(loss)			(223,356)	(223,356)
Capitalisation of tax-free reserves	22,163	(27,362)		(5,199)
Statutory reserve per Codified Law 2190/1920		351,635	(351,635)	-
Transfer to retained earnings		(28,221)	(212,348)	(240,569)
Balance at 31 December 2014	**163,879,541**	**2,332,483**	**28,362,295**	**194,574,319**
Net profit for the year	-	-	5,936,809	5,936,809
Other comprehensive income/(loss)	-		176,104	176,104
Statutory reserve per Codified Law 2190/1920	-	296,841	(296,841)	-
Balance at 31 December 2015	**163,879,541**	**2,629,324**	**34,178,367**	**200,687,232**

The notes on pages 7 to 35 are an integral part of these financial statements.

Notes to the financial statements

1. General information

OTE INTERNATIONAL SOLUTIONS S.A. (the "Company") is engaged in the provision of wholesale international voice and data services as well as the provision of integrated solutions and value added services. The Company is a wholly owned subsidiary of OTE S.A. which consolidates the Company's financial statements under the company name "OTE INTERNATIONAL SOLUTIONS S.A." and the trade name "OTEGLOBE".

The Company operates in Greece as well as in various foreign countries. The address of its registered offices is 6-8 Zinonos Eleatou & Agisilaou Str., Municipality of Amaroussion, Attiki, Greece. The Company's electronic address is www.oteglobe.gr.

2. Basis of presentation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements were approved by the Board of Directors on 26 February 2016. These financial statements are subject to the approval of the Annual General Meeting of Shareholders.

2.2 Basis for measurement

The financial statements have been prepared using the historical cost convention.

2.3 Going concern

These financial statements have been prepared on a going concern basis and do not contain any adjustments which reflect the potential future effect on its assets and liabilities with regards to their recoverability and their reclassification in case the Company is not able to continue as a going concern in the foreseeable future.

2.4 Functional currency and presentation currency

The financial statements are presented in Euro, which is the functional currency of the Company.

2.5 Significant accounting estimates and judgements made by Management

Estimates and judgements made by management are continuously reviewed and are based on historic data and expectations for future events which are considered reasonable under the current circumstances.

The Company makes estimates and assumptions concerning the future. The estimates and judgements that have a significant risk of causing substantial adjustments to the carrying amounts of assets and liabilities in the next 12 months include the following:

(a) Provisions for impairment of trade receivables: The Management of the Company periodically evaluates the adequacy of receivables provisions in respect of doubtful debts considering the Company's credit policy.

(b) Provision for income tax: The income tax provision according to IAS 12 is based on the tax that would be payable to the tax authorities and includes the current tax for each year, provision for additional taxes and recognition of future tax benefits. The final settlement of income tax and VAT may differ from the amounts that have been provided for in the financial statements.

(c) Depreciation rates: The fixed assets of the Company are depreciated based on their residual useful lives. These residual useful lives are periodically reassessed to determine whether they continue to be appropriate. The actual useful lives of fixed assets may differ due to factors such as technological obsolescence and levels of maintenance.

(d) Impairment of property, plant and equipment: Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of determining value in use, Management evaluates future cash flows from the asset or the cash generating unit relating to that asset and determines the appropriate discount rate in order to calculate the present value of future cash flows.

(e) Deferred tax assets: Deferred tax assets are recognised for all deductible temporary differences and tax losses carried forward, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. The Company considers the existence of future taxable profit and follows a rather conservative tax planning strategy for the estimation of the utilisation of deferred tax assets. The accounting estimates relating to the deferred tax assets require Management to make assumptions with regards to the timing of future events, such as the probability of future taxable profits and the available tax planning options.

(f) Post-employment benefits: Employee benefit obligations are estimated on the basis of financial and actuarial assumptions which require Management to make assumptions for the discount rate, the salary increase rate, the rates of employee mortality and disability, the retirement age and other factors. Changes in these basic assumptions may have a significant impact on the liability and the corresponding costs of each period. The net total cost for the period comprises the present value of the current service cost, the interest cost on future obligation, the past service cost and the actuarial gains and losses. The staff retirement indemnities and the Youth Fund are not funded. Due to the long-term nature of these defined benefit plans, the assumptions are subject to a significant degree of uncertainty. Additional details are provided in Note 23.

3. Key accounting principles

The accounting principles outlined below have been applied with consistency for the periods presented in these financial statements.

3.1 Transactions in foreign currency

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 during the year and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss for the year. Currency translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

3.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes all expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost for repairs and maintenance is charged to profit and loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated on a straight line basis over the estimated useful lives of the assets. The depreciation rates used are as follows:

	Estimated useful life in years
Buildings	12
Machinery and technical installations	3.3-15
Furniture and other equipment	3.3-5

When the assets' carrying amount is greater than their recoverable amount, the difference (impairment) is recorded immediately as an expense in profit and loss. Assets' residual values and useful lives are reviewed and adjusted as appropriate to reflect any new events and the current market conditions at the end of each reporting period.

Upon the sale/disposal of property, plant and equipment, the difference between the proceeds and the assets' carrying amounts is recognised in profit or loss.

3.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually or sooner whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At the reporting date the Company did not have any assets with indefinite useful lives.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of an asset or a cash generating unit is the higher of the fair value less costs to sell and value in use. Value in use is based on future estimated cash flows discounted to present value using a pre-tax rate that reflects current market assessments of the time value of money as well as the specific risks associated with the asset.

Impairment losses are recognised as expenses in profit or loss when they arise.

3.4 Intangible assets

Separately acquired intangible assets are recognised at acquisition cost. Intangibles may have finite or indefinite useful lives. The cost of intangibles with a finite useful life is amortised over their estimated useful lives with the straight line method. The cost of intangibles with an indefinite useful life is not amortised.

Residual values are not recognised. The useful lives of intangibles are estimated on an annual basis as follows:

	Estimated useful life in years
Software	3.3 years

Any subsequent expenses with respect to intangible assets are recognised only when it is probable that future economic benefits will flow and are included in the carrying value of the respective intangible asset. Other costs are charged to profit or loss in the accounting period in which they are incurred.

3.5 Leases

A lease which transfers the rights and obligations (risks) arising from ownership of an asset to the lessee is considered as a finance lease and the lessee is considered as having acquired an asset and undertaken an obligation. In this case, the lease payment is allocated between finance costs (interest) and decreasing the obligation that was undertaken. Finance costs are recognised directly in profit or loss of the year.

Finance leases are recognised at the lower of the fair value of the asset and the present value of the minimum lease payments at the lease's commencement date less accumulated amortisation or impairment losses.

All other leases are considered to be operating leases, thus they are not included in the Company's statement of financial position.

The Irrevocable Rights of Use (IRUs) relate to the right of use of part of the capacity of overground or underground cabling for a specified period of time.

3.6 Financial assets

The Company classifies its financial assets in the following categories:

(a) Financial assets held to maturity

Financial assets held to maturity are non-financial assets with specific maturity dates and fixed or determinable payments, which the Company's management intends and is in position to hold to maturity. If the Company disposes of a significant part of financial assets classified as held to maturity, the entire portfolio of assets classified in this category is reclassified to financial assets available for sale. Financial assets held to maturity are classified as non-current assets, except for those with maturities less than 12 months from the reporting date which are recognised as current assets. Financial assets held to maturity are recognised initially at fair value and are measured subsequently at amortised cost based on the effective interest rate method.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months from the balance sheet date. These are classified as non-current assets.

Trade receivables (current) are initially recognised at fair value. After initial recognition they are measured at this value less any impairment which has occurred. At each reporting date the Company assesses the recoverability of the accounts on the basis of historical and statistical data and a provision for impairment loss is recognised when it is considered probable and can be measured reliably. The movement in previously recognised provision for impairment is recognised in profit or loss. Any receivables which are not considered to be recoverable are written off. Such receivables are written off against this provision when there is no probability of collection.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.7 Cash and cash equivalents

The Company considers time deposits and other highly liquid deposits with an initial maturity of less than three months as cash and cash equivalents. For cash flow statement purposes, cash and cash equivalents comprise cash in hand and at banks, as well as cash time deposits and other highly liquid deposits as described above.

3.8 Trade and other payables

Trade and other payables are recognised at cost which is equal to the fair value of the future payment for the purchase of goods and services. Trade and other short-term payables are not interest bearing liabilities and are normally settled within 30-70 days.

3.9 Share capital

Share capital includes the value of the issued ordinary shares.

Incremental costs directly attributable to the issue of new ordinary shares (net of tax) are recognised in equity and are presented as a deduction from the proceeds.

3.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and unused tax assets and tax losses carried forward, to the extent that it is probable that there will be future taxable profit against which the deductible temporary differences, unused tax credits carried forward and unused tax losses can be utilised.

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the utilisation, in part or in whole, of the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

Additional income taxes arising from dividend distribution are recognised the moment the payment obligation is recognised for the respective dividends.

3.11 Employee benefits

a) Defined contribution plans

Obligations for contributions from defined contribution plans are recorded as an expense in profit or loss in the period in which they are incurred.

b) Defined benefit plans

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the future benefits accrued at the end of the reporting period. These benefits are estimated on the basis of financial and actuarial assumptions using the projected unit credit method.

The net cost for the period is recognised in profit or loss and consists of the present value of the benefits accrued in the reporting period, the interest cost on the future obligation and the past service cost. Actuarial gains and losses are recognised in other comprehensive income. Unvested past service cost is recognised on a straight line basis over the average remaining period of service of employees which are expected to receive these benefits.

In addition, the finance cost resulting from the defined benefit plans will be classified in finance costs rather than in “Defined benefit plan expenses”, since its classification under finance costs reflects more accurately the nature of this cost.

3.12 Other provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources and the amount of which can be reliably measured. If the effect is significant, provisions are measured at the present value of the expected future cash outflows, using a pre-tax interest rate which reflects the current market estimates of the time value of money and the associated risks specific to the obligation. When provisions are discounted the increase in the provision due to the passage of time is recorded as interest expense. Provisions are reviewed at each reporting date and if it is no longer probable that there will be an outflow of resources, they are reversed. Provisions are used only for the reason for which they were originally created. Provisions are not recognised for future losses. Contingent liabilities are not recognised but appropriately disclosed.

3.13 Revenue recognition

Revenue includes mainly the fair value of income from the provision of services, net of value added tax, discounts and returns.

(a) *Provision of services*: Revenue from provision of services is recognised in the period in which the services are rendered.

(b) *Income from connection charges or subscription fees:* Income from connection charges or subscription fees is recognised in the month in which the telecommunication services are provided. Income generated in the period between the invoicing date and the reporting date that has not been invoiced is measured based on the telecommunication traffic and is accounted for at the end of each month.

(c) *Income from sale of capacity:* Income from the sale of capacity of overground or underground cables (irrevocable right of use - "IRU") is recognised on a straight line basis over the duration of the contract.

(d) *Interest income:* Interest income is recognised when interest is accrued using the effective interest rate method.

3.14 Grants

Grants related to the acquisition of an asset are presented in the statement of financial position as a deduction from the acquisition cost of the asset and are recognised in profit or loss over the expected useful life of the asset deducted from the relevant depreciation expense.

3.15 Derecognition of financial assets and liabilities

a. Financial assets: Financial assets (or a part of a financial asset or a part of a group of financial assets) are derecognised when:

- The contractual rights to the cash inflows from the financial asset expire.

- The Company retains the contractual rights to receive the cash flows of the financial asset, but at the same time has assumed a contractual obligation to pay the cash flows in full and without material delay to one or more recipients under a transfer arrangement.

- The Company has transferred the right to receive the cash flows from the particular asset while at the same time has either (1) transferred substantially all related risks and rewards or (2) has not transferred substantially all related risks and rewards, but has transferred the control over the particular asset. Where the Company has transferred the rights to the cash inflows related to the asset but at the same time has not transferred substantially all related risks and rewards or the control over the particular asset, the asset is recognised to the extent of the Company's continuing involvement in the financial asset. The continuing involvement, which has the form of guaranteeing the transferred asset, is valued at the lower of the amount of the financial asset and the maximum amount that the Company could be required to repay. When the continuing involvement takes the form of a written or purchased option (or both) on the transferred assets (including the form of a cash-settled option), the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except for the case of a written put option on an asset that is measured at fair value, where the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

b. Financial liabilities: Financial liabilities are derecognised when the specific obligation is discharged, cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.The difference between the carrying amount of the financial liability extinguished and the liability assumed is recognised in profit or loss.

4. Financial risk management

Macroeconomic conditions in Greece

The macroeconomic and financial environment in Greece remains volatile resulting in increased financial risk. At 28 June 2015, a bank holiday as well as capital controls were imposed on Greek banks. The Company may experience a relatively small negative impact, as domestic clients delay their payments affecting negatively the Company's liquidity. However, taking into account that the largest part of revenue comes from foreign clients (80%), the exposure to this risk is relatively small. However, the Company's operations depend greatly on foreign suppliers and unless the existing capital controls are lifted, the Company will have to request approval from the competent Greek authorities every time there is a need to use cash and cash equivalents held in Greece in order to make payments to suppliers abroad.

The volatile and uncertain macroeconomic and financial environment in Greece is not expected to have a significant effect on the Company's operation, activities and financial position, as the majority of its activities and transactions are conducted with foreign counterparties. Despite this fact, Management regularly assesses the situation and its potential future impact, so as to ensure that all the necessary and feasible measures and actions are taken in order to minimise any potential impact on the Company's domestic operations.

Management is not in position to predict with certainty the potential developments in the Greek economy, however they have assessed and concluded that there is no need for additional provisions for impairment of the Company's both financial and non-financial assets at 31 December 2015.

General information

The Company is exposed to the following types of financial risks:

- Credit risk
- Liquidity risk
- Market risk

This note provides information on the exposure of the Company to each one of the above mentioned types of risk, the targets, the policies and the procedures that are applied for measuring and managing these risks as well as information on capital management.

Management is responsible for creating and supervising the risk management policy of the Company.

The risk management policy of the Company is applied in order to identify and analyse the risks the Company is exposed to, to set limits of risk tolerance and to monitor these risks. The risk management policies and the related systems are examined periodically so that any changes in the market or the

Company's activities are incorporated. The Company conducts educational seminars, applies standards and monitors the compliance to policies set by the Company's Management in order to develop an effective overall control environment based on certain principles, in which all employees are aware of their roles and obligations.

Credit risk

Credit risk is the risk that the Company will suffer a loss if a customer or a third party, as a result of any financial transaction, fails to meet their contractual obligations and it refers mostly to trade receivables and cash and cash equivalents.

a) Trade and other receivables

The Company's exposure to credit risk is mainly affected by the characteristics of each client. The demographic features of the Company's client base, including the risk of default in payments that is characteristic to the particular market and the country in which customers operate, have limited impact on credit risk.

According to the credit policy applied by the Company, creditworthiness of each new customer is examined on an individual basis before offering the usual terms of payment (30 days). The assessment of customers' creditworthiness includes the examination of credit ratings from banks and other credit rating sources, if available. Credit limits are set for each customer individually in cases of delayed payments or low creditworthiness. The Company receives revenue from Deutsche Telecom Group companies that account for approximately 21% of its annual revenues (2014: 22%) and, consequently, the exposure to credit risk from these receivables is low.

In monitoring the credit risk arising from the customer base, customers are not grouped only by their credit characteristics, but also by the kind of services provided, i.e. voice or data services, and whether they are also suppliers. Trade and other receivables include solely wholesale customers of the Company.

The Company recognises impairment losses based on its estimates for losses concerning trade and other receivable balances and investments in securities. Impairment losses mainly comprise losses arising from the impairment of specific high risk trade receivables.

b) Investments

The Company limits its exposure to credit risk by investing only in financial assets issued by companies within OTE Group. The Company does not hold any listed securities.

c) Exposure to credit risk

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

	31 December	
	2015	**2014**
Loans and receivables	80,528,119	-
Financial assets held to maturity	-	50,035,300
Trade receivables	56,756,493	49,930,643
Cash and cash equivalents	16,551,712	34,520,426

The maximum exposure to credit risk from trade receivables at the reporting date per customer category was as follows:

		31 December	
	Note	2015	2014
Related parties	1	22,191,523	25,311,757
Customers that are also suppliers (settlement by offsetting receivable and payable balances)	2	35,613,081	23,921,387
Other trade receivables		9,687,837	11,274,507
Less: Provision for impairment of receivables		(10,735,948)	(10,577,008)
		56,756,493	**49,930,643**

1) Transactions with related parties account for 39% (2014: 51%) of total receivables and are not exposed to any credit risk. The Company considers the companies within the Deutsche Telecom Group as related parties.

2) The amount of €35.6 million (2014: €23.9 million) represents 63% (2014: 48%) of total receivables and relates mainly to large international telecommunication providers, who are also suppliers to the Company through telephone traffic exchange, and the risk of default of payments by these customers is minimal.

d) Impairment losses

The ageing of receivables that were not impaired at the balance sheet date was as follows:

	31 December	
	2015	2014
Neither past due nor impaired	32,013,255	32,094,506
0-30 days past due but not impaired	3,900,613	6,329,447
31-60 days past due but not impaired	2,834,282	1,054,773
61+ days past due but not impaired	18,008,343	10,451,917
	56,756,493	**49,930,643**

The movement in the impairment provision for trade receivables during the year was as follows:

	31 December	
	2015	2014
Balance at 1 January	(10,577,008)	(10,406,403)
Provision for impairment of receivables	(169,940)	(170,606)
Reversal of provision for impairment of trade receivables	11,000	-
Balance at 31 December	**(10,735,948)**	**(10,577,008)**

The Company has recognised an equal provision for doubtful trade receivables. Based on historical records on delays in payments, the Company does not consider it necessary to make an impairment provision for receivables that are due for over 60 days since a high percentage of these relate to balances due from related parties, while the remaining balances are due from customers who have a healthy credit record with the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle its financial obligations when these become due. The Company manages liquidity risk by securing, as much as possible, that there will always be sufficient liquidity for it to meet its financial obligations when these fall due, under normal but also difficult conditions, without suffering unacceptable losses or exposing the Company's reputation to danger.

Given the fact that the Company's funding involves its operational activities and the fact that the company has not received loans from third parties, it has sufficient cash to cover its operational needs for a period of 60 days. This policy does not take into account the relative effect from rare events that cannot be predicted, such as natural disasters.

Set out below are the balances of financial liabilities:

	31 December	
	2015	**2014**
Amounts due to related parties	11,641,469	20,832,489
Suppliers that are also customers (settlement by offsetting receivable-payable balance)	33,153,385	21,232,285
Other trade payables	4,831,435	4,623,760
	49,626,288	**46,688,534**

Market risk

Market risk comprises the impact on cash flows relating to financial instruments resulting from the changes in currency exchange rates, interest rates and share prices. The Company's market risk management policy aims to control the Company's exposure to these risks by setting a framework of acceptable parameters and at the same time optimizing its returns.

a) Interest rate risk

The only interest-bearing financial instruments are the demand deposits and the investments in corporate bonds issued by OTE Group companies which have a minimal effect on the Company's cash and cash equivalents.

b) Foreign exchange risk

The Company minimises its exposure to foreign exchange risk by maintaining a sight deposit in foreign currency.

c) Price risk

The Company is not exposed to such risk.

Capital management

Management's policy is to maintain a strong capital base in order to preserve the level of trust that creditors and the market have in the Company and to allow future development in the activities of the Company. Management also monitors the amount of dividends payable to the Company's shareholders.

The Company manages its capital structure and makes any adjustments that are necessary in order to adapt to the changing economic environment. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

5. New standards and interpretations

New standards, interpretations and amendments 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. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IFRIC 21 "Levies"

This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

Annual Improvements to IFRSs 2013

The amendments set out below describe the key changes to three IFRSs following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project.

IFRS 3 "Business combinations"

This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.

IFRS 13 "Fair value measurement"

The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.

IAS 40 "Investment property"

The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

Standards and Interpretations effective for subsequent periods

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Company is currently investigating the impact of IFRS 9 on its financial statements. The Company cannot currently early adopt IFRS 9 as it has not been endorsed by the EU.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01 January 2018)

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise 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 Company is currently investigating the impact of IFRS 15 on its financial statements. The standard has not yet been endorsed by the EU.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 was 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 Company is currently investigating the impact of IFRS 16 on its financial statements. The standard has not yet been endorsed by the EU.

IAS 19R (Amendment) "Employee Benefits" (effective for annual periods beginning on or after 1 February 2015)

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

IFRS 11 (Amendment) "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2016)

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

IAS 27 (Amendment) "Separate financial statements" (effective for annual periods beginning on or after 1 January 2016)

This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements.

IAS 1 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2016)

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment entities: Applying the consolidation exception" (effective for annual periods beginning on or after 1 January 2016)

These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. These amendments have not yet been endorsed by the EU.

IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017)

These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. These amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 February 2015)

The amendments set out below describe the key changes to certain IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project.

IFRS 2 "Share-based payment"

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

IFRS 3 "Business combinations"

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

IFRS 8 "Operating segments"

The amendment requires disclosure of the judgements made by management in aggregating operating segments.

IFRS 13 "Fair value measurement"

The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 "Related party disclosures"

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

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

IFRS 5 "Non-current assets held for sale and discontinued operations"

The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

IFRS 7 "Financial Instruments: Disclosures"

The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.

IAS 19 "Employee benefits"

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

IAS 34, 'Interim financial reporting'

The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

6. Fair value estimation

The Company uses the following hierarchy for the measurement and disclosure of the fair value of financial instruments, based on the fair value estimation method used:
Level 1: fair values are estimated based on quoted prices in active markets.
Level 2: fair values are estimated with valuation techniques in which all significant inputs are observable market data (either directly or indirectly).
Level 3: fair value is estimated with valuation techniques in which one or more of the significant inputs are not based on observable market data.

7. Other income

Other income is analysed as follows:

	31 December	
	2015	**2014**
Other income from sales of services	3,074,709	3,122,823
Income from settlement of outstanding balances	-	2,964,637
Unused provision amounts reversed (Note 28)	180,941	-
Other	573,936	88,500
Total	**3,829,585**	**6,175,960**

8. Employee benefit expenses

Employee benefit expenses are analysed as follows:

	31 December	
	2015	2014
Salaries and wages	(9,397,174)	(9,596,300)
Defined contribution plans' expenses (Note 23)	(2,480,595)	(2,419,292)
Defined benefit plans' income/(expenses) (Note 23)	(371,812)	(247,238)
Income from subsidies	-	1,370
Total	**(12,249,581)**	**(12,261,461)**

9. Other expenses

Other expenses are analysed as follows:

	31 December	
	2015	2014
Repairs and maintenance	(135,120)	(143,217)
Operating leases	(900,103)	(931,856)
Provision for impairment of receivables (Note 18)	(169,940)	(170,606)
Third party fees and commissions	(1,657,110)	(2,167,191)
Taxes and duties	(95,319)	(51,170)
Withholding taxes abroad	(213,774)	(368,941)
Telecommunication, postal, transport and shared expenses	(543,944)	(592,116)
Travel expenses	(530,306)	(584,856)
Promotion, marketing and advertising expenses	(475,965)	(478,761)
Stationary and consumables	(38,375)	(36,182)
Insurance premiums	(143,816)	(128,705)
Other	(93,216)	(425,030)
Total	**(4,996,989)**	**(6,078,630)**

10. Finance income

Finance income is analysed as follows:

	31 December	
	2015	2014
Interest income	817	764
Interest income from financial assets due from related parties (Note 26)	599,550	995,017
Total	**600,367**	**995,781**

11. Finance expenses

Finance expenses are analysed as follows:

	31 December	
	2015	2014
Bank charges	(34,584)	(29,156)
Other finance costs	(4,608)	(491)
Interest cost on employee benefits obligation (Note 23)	(29,908)	(39,980)
Total	**(69,100)**	**(69,627)**

12. Income tax

According to the Greek tax legislation, the applicable tax rate for Greek sociétés anonymes is 29% for financial year 2015 and 26% for financial year 2014.
The provision for income tax presented in the statement of financial position is analysed as follows:

	31 December	
	2015	**2014**
Current income tax	(1,430)	(1,555)
Deferred income tax	(1,903,777)	(3,476,073)
Total income tax expense recognised in profit or loss	**(1,905,207)**	**(3,477,627)**

The reconciliation of tax based on the Greek tax rate applicable to the Company's profit before tax is as follows:

	31 December	
	2015	**2014**
Profit/(loss) before tax	7,842,016	10,510,330
Tax income/(expense) calculated based on current tax rate (2015: 29%, 2014: 26%)	(2,274,185)	(2,732,686)
Tax effect of expenses not deductible for tax purposes	(577,483)	(1,083,260)
Tax effect from increase in tax rate	292,651	-
Use of tax losses from prior fiscal years	662,861	
Other	(9,051)	338,319
Tax income/(expense) recognised in profit or loss	**(1,905,207)**	**(3,477,627)**

The Greek tax laws and related regulations are subject to interpretation by the tax authorities. Income tax returns are submitted to the tax authorities on an annual basis, but profits or losses that are declared for taxation purposes remain pending until the tax authorities have audited the taxpayer's income tax returns and books of accounts and based on their audits finalise the related tax obligations. Tax losses, to the degree that they are recognised by the tax authorities, may be used to offset taxable profits for the five fiscal years following the fiscal year when these are incurred.

The Company has not been tax audited for the financial year 2010. Financial years 2011-2014 have been tax audited by the Company's statutory auditors, pursuant to par. 5 article 82 of Law 2239/94 and article 65A of Law 4174/13. The Company is currently tax audited for financial year 2015 by its statutory auditors. Management does not expect any significant tax liabilities upon completion of the tax audit other than those recorded and presented in the financial statements.

13. Property, plant and equipment

	Buildings	Machinery and technical installations	Furniture and fittings	Assets under construction	Total
Acquisition cost:					
Balance at 1 January 2014	**795,285**	**269,809,510**	**2,604,945**	**2,239,863**	**275,449,605**
Additions	-	189,315	76,583	4,490,450	4,756,349
Sales/Write-offs	-	(39,195,217)	-	-	(39,195,217)
Transfers from assets under construction (Note 14)	-	933,047	158,691	(1,470,714)	(378,976)
Balance at 31 December 2014	**795,285**	**231,736,655**	**2,840,220**	**5,259,599**	**240,631,761**
Additions	-	27,901	137,610	18,973,500	19,139,011
Sales/Write-offs	-	(4,954,399)	-	-	(4,954,399)
Transfers from assets under construction (Note 14)	-	1,054,952	61,148	(1,761,536)	(645,437)
Balance at 31 December 2015	**795,285**	**227,865,109**	**3,038,978**	**22,471,563**	**254,170,936**
Accumulated depreciation:					
Balance at 1 January 2014	**403,698**	**187,821,079**	**2,384,135**	**-**	**190,608,912**
Depreciation for the year	66,247	7,950,300	171,656	-	8,188,203
Sales/Write-offs	-	(39,195,217)	-	-	(39,195,217)
Balance at 31 December 2014	**469,945**	**156,576,163**	**2,555,791**	**-**	**159,601,898**
Depreciation for the year	66,247	8,219,772	186,948	-	8,472,967
Sales/Write-offs	-	(1,331,770)	-	-	(1,331,770)
Balance at 31 December 2015	**536,192**	**163,464,165**	**2,742,739**	**-**	**166,743,095**
Net book value:					
Balance at 31 December 2015	**259,093**	**64,400,944**	**296,239**	**22,471,563**	**87,427,841**
Balance at 31 December 2014	**325,340**	**75,160,493**	**284,429**	**5,259,599**	**81,029,863**

There are no liens attached to the fixed assets.

14. Intangible assets

	Software
Acquisition cost:	
Balance at 1 January 2014	**10,878,930**
Additions	247,886
Transfers from assets under construction (Note 13)	378,976
Balance at 31 December 2014	**11,505,792**
Additions	272,410
Transfers from assets under construction (Note 13)	645,437
Balance at 31 December 2015	**12,423,639**
Accumulated depreciation:	
Balance at 1 January 2014	**8,514,956**
Depreciation for the year	1,264,743
Balance at 31 December 2014	**9,779,699**
Depreciation for the year	1,238,676
Balance at 31 December 2015	**11,018,375**
Net book value:	
Balance at 31 December 2015	**1,405,264**
Balance at 31 December 2014	**1,726,093**

15. Deferred tax assets/(liabilities)

	Retirement benefit obligation	Trade receivables	Property, plant and equipment	Expenses provision	Other	Tax losses	Total
Balance at 1 January 2014	**121,213**	**2,705,665**	**2,767,043**	**284,389**	**(663,913)**	**-**	**5,214,396**
Recognised in statement of comprehensive income	167,102	44,357	(4,726,334)	(231,603)	20,467	1,004,170	**(3,721,840)**
Charged/(credited) to equity	78,477	-	-	-	-	-	**78,477**
Balance at 31 December 2014	**366,792**	**2,750,022**	**(1,959,291)**	**52,786**	**(643,446)**	**1,004,170**	**1,571,032**
Recognised in statement of comprehensive income	112,769	363,403	(1,528,451)	(52,786)	(20,467)	(778,244)	**(1,903,777)**
Charged/(credited) to equity	(124,228)						**(124,228)**
Balance at 31 December 2015	**355,333**	**3,113,425**	**(3,487,742)**	**-**	**(663,913)**	**225,926**	**(456,972)**

16. Other non-current receivables

	31 December	
	2015	**2014**
Guarantees to suppliers	202,078	202,078
Guarantees for car leases	18,555	17,598
Guarantees to third parties	10,000	10,000
Prepaid expenses	4,847	1,619
Long-term leasing expense (8-year)	2,431,888	3,086,804
Long-term leasing expense (15-year)	23,886,485	32,261,329
	26,553,852	**35,579,428**

17. Loans and receivables

	31 December	
	2015	**2014**
Bond issued by OTE Plc with maturity in 12/2016 and 2.71% coupon	14,429,655	-
Deed poll by OTE Plc maturing in 2021	53,200,000	-
Deed poll by OTE Plc maturing in 2021 (translated from USD)	12,898,464	-
	80,528,119	**-**

Deed polls' yield is defined based on the reinvestment of securities purchased by OTE Plc in companies inside and outside the Group. In 2015, €39,091 were credited in the income statement.

	31 December	
	2015	**2014**
Current assets	14,429,655	-
Non-current assets	66,098,464	-
	80,528,119	**-**

The movement in loans and receivables is analysed as follows:

	31 December	
	2015	**2014**
Balance at 1 January	-	-
Additions	80,545,095	-
Credited to the income statement	56,417	-
Foreign exchange differences	(73,393)	
Balance at 31 December	**80,528,119**	**-**

18. Trade and other receivables

	31 December 2015	31 December 2014
Trade receivables	67,492,441	60,507,650
Less: Impairment provision	(10,735,948)	(10,577,008)
Trade receivables - net	**56,756,493**	**49,930,643**
Accrued income	20,637,357	23,376,940
Other receivables	3,856,914	5,594,382
Total	**81,250,765**	**78,901,965**

The movement in the provision for impairment of receivables is as follows:

	2015	2014
Balance at 1 January	**(10,577,008)**	**(10,406,402)**
Provision for impairment of receivables (Note 9)	(169,940)	(170,606)
Reversal of provision for impairment of trade receivables	11,000	-
Balance at 31 December	**(10,735,948)**	**(10,577,008)**

19. Financial assets held to maturity

	31 December 2015	31 December 2014
Current assets	-	50,035,300
	-	**50,035,300**

Financial assets held to maturity include unlisted financial assets (a bond with 2.59% coupon and maturity in 12/2015) which were issued by the related party OTE Plc. They are considered as zero risk and are measured at amortised acquisition cost using the effective interest method.

The movement in financial assets held to maturity is analysed as follows:

	31 December 2015	31 December 2014
Balance at 1 January	**50,035,300**	**45,046,009**
Acquisition of debentures		49,999,274
Debentures matured	(50,578,434)	(46,005,000)
Credited to the income statement	543,134	995,017
Balance at 31 December	**-**	**50,035,300**

20. Cash and cash equivalents

	31 December 2015	31 December 2014
Cash at bank and in hand	16,547,986	34,505,311
Sight deposit - management of international telephony traffic for OTE	3,727	15,116
Total	**16,551,712**	**34,520,426**

The demand deposit refers to an account for the management of OTE's International Telephony Traffic by the Company and it is not included in the cash equivalents in the statement of cash flows.

21. Share capital

The Company's share capital at 31 December 2015 and 2014, amounted to €163,879,541, divided into 55,931,584 ordinary shares of €2.93 (absolute amount) nominal value each.

	Number of shares	Share capital value
Balance at 1 January 2014	**55,924,020**	**163,857,379**
Partial capitalisation of tax-free reserves	7,564	22,163
Balance at 31 December 2014	**55,931,584**	**163,879,541**
Balance at 31 December 2015	**55,931,584**	**163,879,541**

22. Other reserves

	Statutory reserve	Special reserves	Tax-free reserves	Other reserves	Total
Balance at 1 January 2014	**1,937,005**	**1,414**	**70,650**	**27,362**	**2,036,431**
Statutory reserve per Codified Law 2190/1920	351,635	-	-	-	351,635
Capitalisation of tax-free reserves				(27,362)	(27,362)
Transfer to retained earnings			(28,221)		(28,221)
Balance at 31 December 2014	**2,288,640**	**1,414**	**42,429**	**-**	**2,332,483**
Statutory reserve per Codified Law 2190/1920	296,841				296,841
Balance at 31 December 2015	**2,585,481**	**1,414**	**42,429**	**-**	**2,629,324**

Statutory reserve: According to the Greek corporate law, companies must withhold 5% of their net annual profits after tax in order to form a statutory reserve until the balance of the statutory reserve is equal or reaches at least 1/3 of the share capital. The reserve is not available for distribution but may be used to cover losses.

Special reserves: This refers to the conversion of the share capital from Drachmas to Euros.

Tax-free reserves: Based on previous special provisions of Law 2238/1994, the Company had formed certain earnings and income items that were not taxed, provided that they were not distributed and that they were maintained in a designated reserve account.
Based on the new provisions of Income Tax Law 4172/2013 article 72, par. 12 & 13, effective from 1 January 2014, the formation of new tax-free reserves is no longer permitted, while a special tax was imposed on existing reserves with a 15% tax rate if the General Meeting's decision for their distribution or capitalisation was taken until 31 December 2013 or a 19% tax rate (or by offsetting tax losses) if the above decision was taken from 1 January 2014 onwards.
However, the above provision did not pertain to reserves formed from income which was subject to special tax, such as interest income (Ministerial Circular POL 1007/2014) and thus such reserves remain under the company's equity as tax-free reserves.

23. Provisions for employee benefit obligations

The movement of the net liability is as follows:

a) **Pension benefits**: The employees of the Company are covered by one of the various pension funds supported by the Greek state. Each employee is required to contribute an amount from their monthly salary to the fund, with the Company also contributing a relevant amount. Upon retirement, the fund is responsible for the payment of pensions to employees. Thus, the enterprise does not have any legal or constructive obligation to pay future benefits upon the retirement of employees. The contributions to the insurance funds for the years ended 31 December 2015 and 2014 amounted to €2,480,595 and €2,419,292 respectively (Note 8).

b) **Employee retirement and termination benefits**: According to the Greek labour law, employees are entitled to compensation in case of termination of employment or retirement, the amount of which is calculated based on the employee's salary, the years of service and the way in which the employment is terminated (redundancy or retirement). Employees who resign or are dismissed for a reason are not entitled to receive compensation. The compensation payable in case of retirement is equal to 40% of the sum that would be payable for redundancy without a cause. In Greece, according to the local practice, these plans are not funded. The Company recognises in profit or loss the current service cost for the period with an equal increase in the retirement benefit obligation. The retirement benefits paid during the period are debited against this obligation.

	31 December	
	2015	**2014**
Obligation at the beginning of the year	**1,410,736**	**1,060,487**
Actuarial losses/(gains)	(300,332)	301,833
Benefits paid	(286,838)	(238,802)
Expense recognized in profit or loss (Note 8, 11)	401,720	287,218
Obligation at the end of the year	**1,225,286**	**1,410,736**

An international firm of independent actuaries has carried out the actuarial analysis in respect of the Company's retirement benefit obligations. The details and the basic assumptions used in the actuarial study at 31 December 2015 and 2014 for the Company are as follows:

	31 December	
	2015	**2014**
Present value of unfunded obligations	1,225,286	1,410,736
Net liability in the statement of financial position	**1,225,286**	**1,410,736**
Components of net cost of employee retirement benefits for the period:		
Current service cost	112,637	89,964
Interest cost	29,908	39,980
Curtailment/settlement/termination costs	259,175	157,274
Total recognized in profit or loss	**401,720**	**287,218**

	31 December	
	2015	**2014**
Reconciliation of employee benefits obligation:		
Obligation at the beginning of the year	**1,410,736**	**1,060,487**
Current service cost (Note 8)	112,637	89,964
Interest cost (Note 11)	29,908	39,980
Benefits paid	(286,838)	(238,802)
Curtailment/settlement/termination costs (Note 8)	259,175	157,274
Actuarial losses/(gains)	(300,332)	301,833
Net liability at the end of the year	**1,225,286**	**1,410,736**

Discount rate	2.16%	2.12%
Future salary increases	2016-2017: 0.00%	
	2018+: 1.00%	1.75%
Average duration of future employment (in years)	19.80	18.81
Inflation	1.00%	1.75%

If at 31/12/2015 the discount rate used in the valuation was 0.5% higher, the defined benefit obligation of the Company for employee retirement benefits would decrease by about 8.58%.

24. Trade payables

	31 December	
	2015	**2014**
Trade payables	37,984,819	25,856,045
Amounts due to related parties (Note 26)	11,641,469	20,832,489
Total	**49,626,288**	**46,688,534**

Trade payables do not bear interest and are normally settled within 30-70 days.

25. Accruals and other short-term liabilities

Other liabilities are analysed as follows:

	31 December	
	2015	**2014**
Accrued expenses for telecommunication services	27,605,890	27,229,269
Other accrued expenses	4,502,912	6,306,682
Social insurance contributions	463,162	477,367
Customers advances	436,201	62,256
Other taxes and duties	6,401,638	3,495,619
Other	6,484	105,128
Total	**39,416,287**	**37,676,321**

26. Transactions with related parties

The Company considers the following as 'related parties': OTE S.A. and its subsidiaries, Deutsche Telecom and its subsidiaries as well as the members of the Board of Directors.

i) Sales and purchases of goods and services

	31 December	
	2015	**2014**
Sales of services:		
To the Parent of OTE Group	54,541,778	52,200,540
To other related parties	13,101,561	11,917,097
	67,643,339	**64,117,637**
Other income from sales of services		
To the Parent of OTE Group	3,072,310	3,122,823
	3,072,310	**3,122,823**
Purchases of services:		
From the Parent of OTE Group	12,919,723	10,482,718
From other related parties	20,459,584	19,386,394
	33,379,307	**298,69,112**
Purchases of fixed assets:		
From the Parent of OTE Group	15,061,426	514,064
	15,061,426	**514,064**

Transactions with related parties have been conducted under terms and conditions that are on an arm's length basis.

Transactions with related parties relate mainly to telecommunications services.

ii) Key management personnel compensation

	2015	2014
Salaries and other short-term employee benefits	1,537,126	1,570,676
Other long-term benefits	94,051	88,641
	1,631,177	**1,659,316**

iii) Balances at the end of the period from the purchase or sale of goods/services

Receivables from related parties:

	31 December	
	2015	**2014**
Trade receivables		
From the Parent of OTE Group	15,874,493	22,120,057
From other related parties	6,317,030	3,191,699
	22,191,523	**25,311,757**
Other receivables		
From the Parent of OTE Group	967,048	1,321,702
From other related parties	785,242	2,511,358
	1,752,290	**3,833,060**
Non-current receivables from related parties		
From the Parent of OTE Group	3,916,699	26,180,730
From other related parties	2,309,603	2,566,791
	6,226,302	**28,747,521**
Non-current financial instruments		
Loans and receivables from related party (Note 17)	66,098,464	-
	66,098,464	**-**
Current financial instruments		
Loans and receivables from related party (Note 17)	14,429,655	-
Financial assets held to maturity (Note 19)	-	50,035,300
	14,429,655	**50,035,300**
Total receivables from related parties	**110,698,235**	**107,927,638**

Payables to related parties:

	31 December	
	2015	**2014**
Amounts due to related parties (Note 24)		
To the Parent of OTE Group	5,042,982	14,715,165
To other related parties	6,598,487	6,117,324
	11,641,469	**20,832,489**
Other liabilities		
To the Parent of OTE Group	187,042	162,822
To other related parties	4,847,269	2,265,332
	5,034,311	**2,428,154**
Total payables to related parties	**16,675,780**	**23,260,643**

iv) Interest income from financial assets

	31 December	
	2015	**2014**
Finance income		
From other related parties (Note 10, 17, 19)	599,550	995,017
	599,550	**995,017**

27. Contingent liabilities/assets

- *Legal issues*

The Company faces various claims and court cases arising in the ordinary course of business. Management believes that, based on the opinions obtained by its legal advisers, the final settlement of these cases is not expected to have a material effect on the Company's financial position.

- *Tax issues*

As it is mentioned in note 12, the Company may be liable for additional taxes and penalties which may be imposed by the tax authorities.

The tax liabilities of the Company for financial year 2010 have not been audited by the tax authorities.

For financial years 2011, 2012 and 2013, all Greek Sociétés Anonymes and Limited Liability Companies required to prepare audited statutory financial statements were required to obtain an “Annual Tax Certificate” pursuant to paragraph 5 of Article 82 of L.2238/1994. The tax audit must be conducted and the Annual Tax Certificate must be issued by the same statutory auditor or audit firm auditing the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the company a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance by the statutory auditor or audit firm, within ten days from the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will choose a sample of companies representing at least 9% which will be re-audited by the competent audit services of the Ministry. The audit conducted by the Ministry of Finance must be completed within a period of eighteen months from the date of submission of the "Tax Compliance Report" to the Ministry of Finance.

For financial years 2011, 2012 and 2013 the Annual Certificate has been issued without adjustments as regards the tax charge for the year and the corresponding tax provision, as presented in the annual financial statements. According to the relevant legislation, financial years are considered final for tax audit purposes after eighteen months from the submission of the "Tax Compliance Report" to the Ministry of Finance. Consequently, according to decision 1236/2013 of the Ministry of Finance, financial years 2011, 2012 and 2013 can be conditionally considered final.
For financial years 2014 and 2015, the above provisions pertaining to the “Annual Tax Certificate” were superseded by article 65a of Law 4174/2013, due to the repeal of Law 2238/94. According to the new provisions, the obligation for companies to obtain a tax certificate continues to apply, however companies obtaining a unqualified tax certificate are no longer considered tax audited nor are they exempted from statutory tax audits. As a result, the above financial years are not considered tax audited.
In addition, for financial year 2014 an unqualified tax certificate was issued by the company's statutory auditors, while for financial year 2015 the tax audit conducted by PricewaterhouseCoopers SA for the issuance of the respective annual tax certificate is under way. Management does not expect any significant tax liabilities upon completion of the tax audit other than those recorded and presented in the financial statements.

- *Letters of guarantee*

The Company obtains letters of guarantee from third parties for good performance and provides letters of guarantee to its customers for good performance for the services it renders. At 31 December 2015 and 2014 the letters of guarantee issued by third parties amount to €53,285.97, while the letters of guarantee issued to customers amount to €132,431.20.

28. Other provisions

Other provisions comprise provisions for legal cases, the movement of which is analysed as follows:

	31 December	
	2015	**2014**
Balance at 1 January	**203,024**	**231,685**
Provisions used	(22,083)	(28,660)
Unused provision amounts reversed (Note 7)	(180,941)	-
Balance at 31 December	**-**	**203,024**

The unused provisions reversed pertain to the finalisation of claims filed against the Company, from previous years, for which the Company had recognised an excessive provision.

29. Operating leases

The Company's obligations from operating leases relate mainly to the building it occupies as well as the cars leases for its employees. The minimum future leases for these operating leases are:

Building lease payments	**31 December**	
	2015	**2014**
Up to 1 year	596,345	592,601
Between 1 and 5 years	1,871,530	2,363,714
More than 5 years	137,781	280,279
Total	**2,605,655**	**3,236,594**

Car lease payments	**31 December**	
	2015	**2014**
Up to 1 year	210,490	227,696
Between 1 and 5 years	225,618	223,589
Total	**436,109**	**451,285**

30. Events after the reporting period

There are no events after the reporting date that require adjustments or disclosures in the financial statements.

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of OTE INTERNATIONAL SOLUTIONS S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of OTE INTERNATIONAL SOLUTIONS S.A., which comprise the statement of financial position as of 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OTE INTERNATIONAL SOLUTIONS S.A. as of 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

We verified the conformity and consistency of the information given in the Board of Directors' report with the above financial statements in accordance with the requirements of article 43a (par. 3[a]) and article 37 of Codified Law 2190/1920.

pwc

Athens, 29 February 2016

PricewaterhouseCoopers SA
Certified Auditors - Accountants
268 Kifissias Avenue, 152 32 Halandri
Institute of CPA (SOEL) Reg. No 113

Despina Marinou
Institute of CPA (SOEL) Reg. No
17681