Forthnet

ANNUAL REPORT

For the year

1 January 2017 to 31 December 2017

According to Law 3556/2007

In accordance with the International Financial Reporting Standards as adopted by the European Union

Forthnet S.A.
Registration No S.A. 34461/06/B/95/94
G.E.M.I. 77127927000
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STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Statements of the Members of the Boards of Directors (in accordance with article4 par. 2 of L. 3556/2007)

The following statements, which are effected in accordance with article 4 par. 2 of the L.3556/2007, as applicable, are given by the following Members of the Board of Directors of the Company:

1. Deepak Srinivas Padmanabhan of Velaidam, resident of Dubai, UAE, President of the Board of Directors
2. Panos Papadopoulos of George, resident of Glyfada Attica, 8 Liviis street,Ano Glyfada, Vice-President of the Board of Directors and CEO and
3. Mohsin Majid of Khawaja Abdul, resident of Dubai, UAE, Member of the Board of Directors

The undersigned, in our above-mentioned capacity, as specifically appointed by the Board of Directors of the societe anonyme company under the name “Hellenic Company of Telecommunications and Telematic Applications Societe Anonyme” and trade title “Forthnet S.A.” (hereinafter referred to as “Company” or as “Forthnet”), we state and we assert that to the best of our knowledge:

(a) the financial statements of the Company and the Group of the society anonyme company under the name “Hellenic Company of Telecommunications and Telemetric Applications Societe Anonyme” and trade title “Forthnet S.A.” for the period from January 1, 2017 to December 31, 2017, which were compiled according to the applicable International Financial Reporting Standards, as adopted by the European Union, provide a true and fair view of the assets and the liabilities, the equity and the results of the Company, as well as the companies’ which are included in the consolidation, according to that stated in paragraph 3 of article 4 of the L.3556/2007 and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

(b) the annual Report of the Board of Directors of the Company provides a true and fair view of the evolution, the achievements and the financial position of the Company, as well as the companies which are included in the consolidation, including the description of the main risks and uncertainties they face and relevant information that is required according to paragraphs 6 to 8 of article 4 of the L. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Iraklio, April 25, 2018

Deepak Srinivas Padmanabhan	Panagiotis Papadopoulos	Mohsin Majid
President of the Board of Directors	Vice-President of the Board of Directors and Chief Executive Officer	Member Of the Board of Directors

BOARD OF DIRECTORS' REPORT ON THE FINANCIAL STATEMENTS
of
«Hellenic Company for Telecommunications and Telematic Applications S.A. - Forthnet S.A.»
(according to the regulations of par. 6 of article 5 of L. 3556/2007)

Regarding the consolidated and separate Financial Statements
for the year ended December 31, 2017

The report of the Board of Directors of the Hellenic Company for Telecommunications and Telematic Applications S.A. (hereafter refer to as "Forthnet" or the "Company") has been prepared in accordance with the article 4, law 3556/2007 and refers to the Annual Financial Statements (Consolidated and Standalone) for the period January 1, 2017 to December 31, 2017.

The Board of Directors report includes an analysis of the Company's financial performance for the period January 1st, 2017 to December 31, 2017, the significant events that took place in the year 2017, a description of the main risks and uncertainties for the next financial year, as well as the prospects of the Group for the next financial year. The report also includes the corporate governance statement, the non-financial report, the significant transactions of the Group and the Company with their related parties, as well as other data required by the relevant legislation.

1. PERFORMANCE AND KEY FINANCIAL DATA

- Total (normalized) revenue reached € 297,5 million and EBITDA € 40.2 million.
- Nova 3Play subscriptions amounted to 289.9 thousands, broadband subscribers amounted to 562.3 thousands and PayTV subscribers amounted to 416.7 thousands.
- Decline in the subscribers base due to the imposition of 10% tax on PayTV and 5% on telecoms.
- The low commerciality of Super League negatively impacted our financial performance. The Company terminated the Collective Agreements with Super League for the television rights and proceeded to the signing of direct bilateral cooperation agreements with the football clubs of Super League.
- Increase revenues from business customers by 4.5% and from the advertising market by 13.9%.

	12M 2017	12M 2016	Variance
Total Subscriptions	**979,120**	**1,021,143**	**-4.1%**
Unique Households	689,234	719,591	-4.2%
Households with 3play/Bundled Services	289,886	301,552	-3.9%
Broadband subscribers	562,361	581,739	-3.3%
Pay TV Customers in Greece	416,759	439,404	-5.2%

(.000€)	12M 2017	12M 2016	Variance
Revenue (including other income)	297,062	324,710	-8.5%
Revenue (normalized)[1]	297,504	325,115	-8.5%
EBITDA	40,217	54,836	-26.7%

([1]) Normalization relates to a reclassification in revenue of amounts which, based on the accounting policy, are presented in expenses.

According to **CEO, Mr. Panos Papadopoulos:**
"In an environment of ongoing economic downturn, the high taxation of the pay-TV industry, coupled with the continued low marketability of the Super League, has a negative effect on our financial results but also across the industry.

Under these circumstances, the Group continues to maintain a conservative trade policy and, with the aim of continuously improving its cost model, proceeded to the early termination of the Central Management Agreement of the television rights of the Super League teams, moving into bilateral trade agreements with the football clubs.

At the same time, it further strengthened its strategic position on the pay-TV market through its trade agreements for the non-exclusive distribution of Novasports sports channels to Vodafone and Wind"

OPERATING PERFORMANCE

Bundling/3Play

At the end of December 2017, Forthnet served 289.9 thousands households with Nova 3play/bundled services. The share of Nova 3Play subscriptions in Forthnet's customer base stood at 42.1 %.

	12M 2017	12M 2016	Variance
Households with 3play/Bundled Services	289,886	301,552	-3.9%
Households with 3play/Bundled Services as % of total	42.1%	41.9%	0.2%

Telecommunication services

At the end of December 2017, active LLU customers decreased to 547.7 thousands.

	12M 2017	12M 2016	Variance
Broadband subscribers [2]	562,361	581,739	-3.3%
Active LLU customers	547,691	565,051	-3.1%
Unbundling Ratio	97.4%	97.1%	0.3%
LLU market share	25.9%	27.1%	-1.2%

([2]) Active and under activation subscribers

Pay TV services

At the end of December 2017, Pay TV subscriber base reached to 416.7 thousands.

	12M 2017	12M 2016	Variance
Pay TV customers in Greece	416,759	439,404	-5.2%

Financial Highlights for the year ended 2017

Consolidated normalized Revenue for 2017 reached € 297.5 mil, decreased compared to 2016, due to the decline in the consumer spending and a more conservative commercial approach followed by the Company. The advertising revenue increased by 13.9% as a result of constantly upgraded content of NOVA. Similarly, revenues from corporate customers increased by 4.5%.

	12M 2017	12M 2016	Variance
Total Retail	**215,613**	**248,422**	-13.2%
Telco Retail	116,032	131,003	-11.4%
Pay TV Retail	99,581	117,419	-15.2%
Total Business	**55,843**	**53,451**	**4.5%**
Total Business (normalized)[1]	**56,285**	**53,855**	**4.5%**
Telco Business	36,877	35,568	3.7%
Pay TV Business (normalized)[1]	37,319	35,973	3.7%
Pay TV Business	18,966	17,882	6.1%
Advertising	8,173	7,179	13.9%
Other revenues	17,433	15,659	11.3%
Total revenues	297,062	324,710	-8.5%
Total revenues (normarlized)	297,504	325,115	-8.5%

EBITDA for the year ended 2017 amounted to € 40.2 mil., compared to € 54.8 mil. for the year ended 2016, mainly driven from the price depression and the adverse macroeconomic environment.

	12M 2017	12M 2016	Variance
Revenues including other income	297,062	324,710	-8.5%
Revenues (normalized)	297,504	325,115	-8.5%
EBITDA	40,217	54,836	-26.7%
EBITDA margin	13.5%	16.9%	-3.3%

Total Bank debt as at December 31, 2017 amounted to € 256 mil.[3]
(3) Excluding the convertible bond loan

2. SIGNIFICANT EVENTS FOR THE YEAR ENDED 2017

Following the successful issuance of the Convertible Bond Loan and having fulfilled the main obligation of repaying the sum of € 70 million in October 2016, drafts of the relevant refinancing contracts between the Group and the Lending Banks have been exchanged since July 2017 and are being processed in order to be finalized and complete the process of the refinancing of the Existing Ordinary Bond Loans of the Company and its subsidiary (Forthnet Media S.A).

During the 4th conversion period of the convertible bond loan that expired on 30.10.2017 the lending banks exercised conversion rights in the Issuer's shares for a total of 53,668,147 Convertible Bonds. These rights were exercised separately by each of the bondholders. As a result of these conversions, Alpha Bank holds 7.69%, National Bank of Greece 11.01%, Piraeus Bank 13.69% and Attica Bank 0.42% of the Company's share capital.

The Company, in September 2017, entered into commercial agreements with Vodafone and Wind for the transmission of Novasport channels from their IPTV subscriber platforms alongside the Nova satellite platform. The agreements demonstrate Nova's leading position in the Greek pay-TV market and enable Novasports channels to be available to even more Greek viewers.

On 1.11.2017 the lending banks informed the Company that they authorized Nomura International plc to formally launch a process of inviting potential investors to submit offers in regard to the their exposures (including shares and convertible bonds) to the company (Forthnet S.A.) and its subsidiary (Forthnet Media S.A) undertakings. This process is ongoing.

Content Rights

During 2017 the Company:

- Maintained its existing agreements for the exclusive broadcasting of properties, which constitute part of its sports content portfolio, such as the Greek Super League Championship, the leading European basketball teams' competition «Euroleague Basketball», the newly formed basketball competition of FIBA «Basketball Champions League», the most renowned and iconic tennis tournament of The Wimbledon Championships etc.
- Acquired, on a global basis and for two (2) seasons the exclusive broadcasting rights for all home matches of the football club of PAOK, in the context of the Greek Super League, as well as its European qualifier matches and its friendly matches, too.
- The Company secured the exclusive media rights for the matches of the Dutch Football League (Eredivisie) for two (2) seasons, while at the same time it acquired, for two (2) seasons, the exclusive broadcasting rights for the English League Cup, as well as for the second division championship of England, currently known as EFL-Sky Bet Championship.
- Furthermore, the Company extended its partnership for the airing of the top international summer football tournament "International Champions Cup 2017", as well as for the broadcasting for two additional years of the four (4) major golf tournaments.
- Further to the above, the Company secured certain qualifying games of Greek teams participating in the European football organizations.
- It has successfully concluded a renewal for exclusive 1st pay tv rights, in Greece & Cyprus, with Twentieth Century Fox, one of the greatest studios from the big 6 in Hollywood, who every year produces some of the highest blockbusters in the American, but also in the Greek, Box Offices.
- As part of the renewed relationship with Warner Bros, the Company secured significant additional content, on top of the content airing on its linear channels, for nova ondemand / novago services;
- The Company extended its multi-year collaboration with Odeon in respect to 1^{st} Pay TV movies and at the same time continues with the acquisition of yearly packages of 1^{st} Pay TV movies from Spentzos, these 2 being the biggest local distributors of movies in Greece.
- The company continues to offer to its subscribers a variety of 1st pay tv Films & Series, on an exclusive basis, from other Major Studios & productions companies of Hollywood, as well as from several mini-majors & other international content providers, as well as local distributors.
- The Company concluded a new deal with Fremantle, well known for the talent shows, eg America's Got Talent, American Idol, by creating a new programming slot on Novalife. Furthermore, the Company secured the pay tv rights for the popular reality show The Bachelor from Warner Bros.
- Renewed its multi-year partnership with the popular Fox channels (FOX & FOXLIFE), as well as with the E! Entertainment & Travel Channel.
- Furthermore, the Company secured for its subscribers all content of Fox Play through its NovaOn demand / novago services.
- Renewed its partnership with History, National Geographic & National Geographic Wild channels, as well as with the kids channels Boomerang, and with the news channel CNN.
- Furthermore, the Company renewed its relationship with Viacom, as regards the MTV, VH1, Nichelodeon channels, securing at the same time additional on demand content for its subscribers from the line up of Nick Junior.
- In addition, the Company renewed the channels Motorsports TV, Mezzo, Fox Sports.
- Especially for summer 2017, launched an additional channel, the Novasummer channel, offering a variety of movies for the whole family.
- For October 2017, the Company launched the additional thematic Happy Potter channel, including all of its movies, as well as lots of backstage/making off, etc, content;
- For Christmas 2017, The Company offered an additional channel to its subscribers, dedicated to well known musical movies, based around the Oscar award winning La La Land movie!
- For the 1st time in Greece, the company secured the rights to offer to its subscribers on an on demand basis and at the same period of time, all episodes from all previous seasons of the phenomenon series, Game of Thrones.
- In addition, special focus has been given on the enrichment of the content offered through the NovaOnDemand service, by adding new categories, like monthly tributes, kids zone, box sets of series, etc.

Network Development and Investments
During 2017, Forthnet:

- Upgraded its international link capacity, reaching a total of 180 Gbps at the end of 2017. Its capacity for Content Delivery Network (CDN) services in Athens and Thessaloniki (Google, Akamai, web-streaming, Facebook) upgraded to 164Gbps
- Completed the 3rd phase of the voice network migration to IMS platform by implementing the transit interconnection functionality to the new platform.
- Redesigned the voice interconnection with other service providers achieving reduction of the interconnection cost.
- Ensured the continuity of the provided services by activating power generators to 22 local exchanges and replacing the backup batteries in 14 local exchanges.
- Completed the 1st phase of the project for the IP & Metro Ethernet networks upgrade in central nodes, achieving capacity to serve multiple 100G.
- Upgraded the DDoS mitigation capacity from 5Gbps to 10Gbps
- Upgraded the storage capacity and streaming capacity (up to 72Gbps) of the platform that provides the on demand services.
- Completed the project of the technical consultant for MVNO services.
- Optimized the field support procedures introducing the use of tablets on the field.

Innovation and New Services
During 2017, Forthnet:

- Emphasized to new on demand services by enriching the high interest content and continuously updating the applications (iOS, android, web portal) provided to subscribers.
- Developed and provided new applications for the NovaGo service in Cyprus.
- Developed and provided, in cooperation with a mobile services operator, the 3G MPLS VPN service addressing to enterprise customers
- Proceeded to the provision of new advanced CPE in services addressing Small Medium Enterprises.
- Forthnet, participates in the E.U. research grant, “COGNITUS” which funded from “Horizon 2020”. In this framework a number of applications have already developed which exploit the User Generated content of sports productions as Value Add Service. Forthnet participates in this project in order to improve customer experience and introduce differentiated services.

Customer Care and Stores’ Network
Forthnet has a wide distribution and sales network to individuals and businesses, which consists of Forthnet stores, chains, resellers through physical points of presence but also tele-sales. The distribution and sales network of broadband and pay TV services consists of:

- 119 Nova Stores
- two known chains of retail sales stores, as well as large electrical / electronic equipment retailers
- wholesaler companies, including owners of retail distribution networks in various regions of Greece
- independent electrical / electronic equipment stores
- a network of installation companies, as well as commercial partners active in telephone sales
- a D2D sales’ network, distributed across Greece, that specialize in selling professional BB & Pay TV services

3. PROSPECTS FOR THE NEXT FINANCIAL YEAR 2018

In 2018, the Group's strategy will be to maintain its current position in the telecommunications and subscription television markets, and to diversify through the development of new services. At the same time, priority will be given to attracting higher value customers, following a strategy placing emphasis on the value of services rather than decreased or aggressive pricing.

At the same time, since it is projected that traditional services, as standalone packages of services, broadband access, telephony or television, will continue to decrease, as multi-play services are projected to become the dominant trend in both Europe and Greece, the company will place further emphasis on upgrading its multi-play services. Towards this direction, the Group will expand the provision of successful bundled services (3Play) consisting of Internet access, telephony and subscription television.

More specifically:
As regards Residential Services, for the year 2018, Forthnet will focus its interest in the retention of its existing customer base through actions that will improve the overall customer experience both in terms of service quality and in terms of support.

At the same time the growth of the subscription base will be continued by offering high-quality services adapted to the needs of Greek families in terms of communication, home entertainment and economy. More specifically:

- enhance Nova 3play services with add-ons which will improve the overall customer experience.
- launch new innovative services for reliable communication and quality entertainment at an affordable price.

Nova3Play will remain the Group's key growth driver in the subscription television market, in accordance with a strategy placing emphasis on enriching the services offered rather than reducing prices. More specifically, the Group will aim at developing new on-demand services in pay TV, fully utilizing new generation decoders.

Finally, in accordance with international trends, the strategic positioning of the Group requires further enhancement of its ability to provide content services using other media (e.g. the Internet). The NovaGO service is a key tool for content broadcast services using the Internet (Over the Top); NovaGO is being continuously updated to allow for new viewing capabilities, more channels broadcast live and hundreds of titles available on demand via mobile devices.

For the year 2018, Forthnet stores will remain the basic distribution network through which services will be offered to Residential Customers.

As regards Services for Business Customers & SMEs, in 2018 emphasis will remain on the further development of the SME market and Advertising. At the same time, efforts to promote bundled services focusing on the particular needs of small and medium-sized enterprises will intensify.

Investments
Investments planned for 2018 aim at improving and safeguarding the services offered, as well as creating infrastructure for the provision of new services. More specifically:

- Upgrade the security services for effective protection against even larger cyber-attacks
- Continue the project for the 100G upgrade of IP & Metro network together with a new 100G upgrade in Athens – Thessaloniki backbone network.
- Extend the coverage for the provision of VDSL services
- Redesign the voice services addressing enterprise customers
- Provide new CPEs in retail broadband services
- Enhance the service continuity with the installation of additional power generators and the replacement of backup batteries in local exchanges

Finally, in 2018, the Group will continue initiatives to reduce operating costs, placing emphasis on optimising operations and maximising the efficiency of existing infrastructure and the company's assets in general.

4. PRINCIPAL RISKS AND UNCERTAINTIES FOR 2018

A. Risks associated with the macroeconomic environment

- Economic and political conditions and uncertainty in Greece have adversely affected the Group and may continue having a negative effect on the Group's business activity, financial situation, operating results and prospects.

- The ongoing economic crisis may adversely affect both the Group's ability to raise capital and its borrowing costs, which could have an adverse effect on the Group's business activity, financial situation and prospects.

- Changes in consumer behavior due to recession, the austerity policy followed by the Greek Government, the increasing unemployment could adversely affect demand for the Group's products and services, which could have an adverse impact on the Group's business activity, financial situation, results and prospects.

- Management continuously estimates the possible impact of any changes in the macroeconomic and financial environment in Greece, in order to ensure that all necessary actions and measures are taken so that the effect on the Group's activities is minimized. Management cannot accurately predict the possible development in Greek economy; however, based on its evaluation, Management has concluded that no additional impairment provisions of financial and non-financial assets of the Group on December 31st, 2017 are needed.

B. Risks associated with the business activity of the Group and its area of activity

- The inadequacy of the Group's working capital for the 12 months following the date of this report by the Board of Directors and the uncertainty concerning the efficacy of the actions intended to remedy this inadequacy indicate substantial uncertainty concerning the possibility of continuation of the activity carried out by the Company and the other members of the Group.

  In the view of the Group's Management, considering the current data and the requirement of successful completion of the Refinancing of the group's borrowings deriving from the contracts of the ordinary bond loans issued by the Company and Forthnet Media, amounting to EUR 255 million in total, concluded by the Company and its subsidiary, Forthnet Media S.A. ("FM") and lending banks ("Existing OBLs", see also Note 6 of current financial statements, "Continuation of Activity"), cash needs in working capital for the 12 months following the signing of these financial statements will amount to approximately EUR 50.9 million. Management will aim at covering this amount by further reducing the Group's operating cost, extending the repayment time of its suppliers, taking out a new short-term loan and, finally, raising new capital from the Shareholders and/or any interested third-party investors. As to the last option, it is noted that Nomura International plc., authorized by each of the Alpha Bank, National Bank of Greece, Attica Bank and Piraeus Bank, has initiated a process for inviting potential investors to submit offers with regards to their exposures (including shares and convertible bonds) against the Company and its subsidiaries.

  If the above actions by Management and the process of Nomura International plc. do not succeed or prove inadequate due to the instability and uncertainty in Greece and internationally, as well as uncertainty concerning the implementation of these actions (particularly those not exclusively dependent on the Group's Management), resulting in the total or partial coverage of cash needs in working capital not being possible, then the results, operation and prospects of the Group may be adversely affected.

- The financial condition, prospects and the ability of the Company and the other members of the Group to continue their activity depend on the completion of the Refinancing.

  As stated in Note 6 of these financial statements (Continuation of Activity), the Group reached an agreement with the lending banks concerning the main terms of the refinancing of Existing OBLs amounting to € 255 million in total. In order for the Refinancing to take place, the deposit of a necessary minimum sum of € 70 million is required, *inter alia*. Through the issued convertible bond loan, the Company raised the sum of € 70,124,680 in total, certified its partial subscription and paid the lending banks the necessary minimum sum of € 70 million. Thus, the main requirement undertaken by the Company to the lending banks for the Refinancing of the Existing OBLs was fulfilled. Having fulfilled the main obligation of repaying the sum of EUR 70 million, the Group is in advanced discussions with its lending banks in order to sign the relevant contracts and complete the Refinancing of the Existing OBLs.

If the Refinancing is not completed, the lending banks will have the right to terminate the Existing OBLs and claim their immediate repayment. In this case, the Company and Forthnet Media will not be able to repay the Existing OBLs, resulting in substantial uncertainty concerning the ability of the Company and the other companies of the Group to continue their activity.

Until the completion of the Refinancing, breach of the contractual terms of the Existing OBLs by the Company and Forthnet Media and any non-satisfaction of their requests to the relevant Lending Banks concerning the adjustment or lifting of its consequences could have a substantially adverse impact on the activity, financial situation and prospects of the Group.

In the past, the Company and Forthnet Media had requested and received from the Lending Banks in question either adjustments, such as time extensions for the fulfillment of their obligations, or their consent or tolerance concerning non-compliance with material terms of the Existing OBLs. If the Company and/or Forthnet Media do not comply with material terms required under the Existing OBLs and the Lending Banks in question do not accept pending or new requests by the Company and Forthnet Media regarding their non-compliance with such terms of the Existing OBLs and terminate these loans before the Refinancing is complete, the Refinancing may be cancelled, while the Company and Forthnet Media will not be able to repay the Existing OBLs; these prospects could have a substantially adverse impact on the activity, financial situation and prospects of the Group.

- The smooth operation of the Group's activity, its financial situation and prospects also depend on its ability to duly comply with the terms of the CBL, as well as its high bank borrowing following the completion of the Refinancing, and to comply with the financial indexes and other terms of the New OBLs, which will be determined and specified at a subsequent stage, during the negotiation of the contractual texts for the issuance and subscription of the new OBLs to be issued by the Company and Forthnet Media in the context of the Refinancing. More specifically, the structure of the Refinancing consists of the following: (i) The issuance of a new *in rem* secured ordinary bond loan by the Company for the total sum of € 78,461,538, jointly organized under the National Bank of Greece, Piraeus Bank, Alpha Bank and Attica Bank, for eight years with a three-year grace period and with 31/12/2018 as the date of deposit of the first debt service installment, bearing a floating six-month Euribor interest rate plus spread, to be issued with collateral security provided by Forthnet Media; (ii) The issuance by Forthnet Media of an *in rem* secured ordinary bond loan for the total sum of € 176,538,462, jointly organized under the National Bank of Greece, Piraeus Bank and Alpha Bank, for eight years with a three-year grace period and with 31/12/2018 as the date of deposit of the first debt service installment, bearing a floating six-month Euribor interest rate plus spread, to be issued with collateral security provided by the Company. Breach of any contractual obligations agreed upon in the context of the New OBLs could have a substantially adverse impact on the activity, financial situation and prospects of the Group.

- Any early expiration or non-renewal of the content rights expiring or inability to enrich the existing programme of the Group will have a substantially adverse impact on its activity, financial situation, operating results and prospects.

  The Group maintains important collaborations for the acquisition of (exclusive and/or non-exclusive) television rights to broadcast attractive audiovisual content. The Group takes the actions necessary for the timely renewal of content rights and their enrichment with new rights over a variety of content in order to remain up to date and competitive. Any early expiration or non-renewal of the Group's important collaborations with producers, beneficiaries or distributors of sports, entertainment, news, educational or other content or inability to enrich the content of its current programming either generally or under commercially reasonable terms could have a substantially adverse impact on the business activity, financial situation, operating results and prospects of the Group.

  It is noted that the Company has proceeded to the early termination of the Collective Agreements with Super League for the football season 2018 – 2019 and 15 out of 16 of its members (except for PAOK FC, with whom Forthnet Media has signed a bilateral agreement for the exclusive broadcasting rights of their home matches for the football seasons 2017-2018 and 2018-2019). Given that the football season 2017 – 2018 continues without any change, it is not expected to have any impact on the Group's financial results for the first half of 2018 at least. The impact of this early termination of the Collective Agreements on the subscribers' base and, consequently, on the Group's financial results cannot safely be predicted due to (i) the mixed content of NOVASPORTS channels which include more than one TV products, as for example the rights for the exclusive broadcasting of the top European competition of basketball clubs of EUROLEAGUE, (ii) the bundled services of Pay TV and telecommunications offered to our subscribers and (iii) the non distinct monitoring and entry in the Company's annual and periodical consolidated financial statements of the income accrued by the above cooperation.

- The Group does not have significant concentration of credit risk, as its receivables originate from a broad customer base. The Group's exchange rate risk fluctuates during the year, depending on the volume of transactions in foreign currency. Furthermore, the risk of an increase in loans bearing a floating interest rate could have an adverse effect on the Group's business activity, financial situation and operating results.

- Frequent changes in taxation and insurance legislation increase uncertainty, decrease programming capability and may have a substantially adverse impact on the Group's business activity, financial situation and operating results.

- The Group relies on its executives and its personnel. Its ability to remain competitive and effectively implement its business strategy greatly depends on the services provided by its executives and personnel in general.

- Major Shareholders may affect important decisions in relation to the Group and any conflict of interest concerning them could have a substantially adverse impact on the Group's activities, financial situation, operating results and prospects. Due to their participation percentage, Major Shareholders may exert substantial influence over decisions on matters that come under the competency of the General Meeting, particularly matters that require a qualified quorum and majority under Codified Law 2190/1920 and the Articles of Association, such as, among others, increasing and decreasing the share capital, issuing convertible bonds, changing the Company's nationality and scope, merger, split, dissolution, alterations to the profit distribution method and other corporate acts.

- The operation and development of the Group and its ability to provide services to subscribers depends on the provider with Significant Market Power.

  The Group utilizes numerous regulated Wholesale Products & Services marketed in Greece by the provider with Significant Market Power appointed by the EETT (in this case, OTE), in order to assemble and provide telecommunications services to its subscribers. These products and services include Unbundled Access to the Local Loop, Wholesale Broadband Access, Wholesale Leasing of Lines, Interconnection, etc. As a result, the provision of the above by the Group is directly dependent on OTE. The improper operation of the processes and wholesale products and services provided by OTE could have a substantially adverse impact on the Group's business activity, financial situation and operating results.

- The Group's ability to maintain its existing customers and to attract new ones depends on its own ability to successfully respond to the requirements of the market and possibly on other factors beyond its control.
  The Group's success in maintaining its existing customers and attracting new ones greatly depends on the capability of offering products and services that are attractively priced in relation to the competition and the financial capabilities of Greek households and enterprises, on the ability to invest in the quality of the services offered (including the provision of effective services to its customer base) and on its ability to maintain the level of its technical infrastructure and the appeal of its TV content.
  If the Group does not succeed in attracting new customers and/or maintaining its existing ones, does not ensure or renew television programmes with appealing content and cannot respond to support requests from new or existing customers in a timely and consistent manner, its revenue and cash-flow may decrease and this may have a substantially adverse impact on the Group's business activity, financial situation and operating results.

- If the Group does not succeed in cost-efficiently or otherwise interconnecting with other telecommunication service providers, it may not be able to offer its services.

  The Group's ability to provide high-quality and cost-efficient services greatly depends on the direct interconnection of its networks to those of third party operators of telecommunications services in Greece - including OTE and alternative providers of broadband services - and internationally. It cannot be ensured that these third-party operators will respond to access requests in an effective or timely manner, or that there will be no further disruptions regarding the Group's interconnection with their networks. The Group's Pay TV programme is broadcasted to its customers via various satellite transmitters. The Group has concluded satellite capacity leasing contracts for the broadcast of its programme. If commercial or technological developments show that the satellite space available for the Group is inadequate, the Group may be forced to incur major expenditure in order to lease additional access to satellite broadcast space. Any inability of, problems with or hindrances to interconnection with the above-mentioned networks or any abnormal development in the contractual relationship for the satellite capacity leasing could affect the Group's ability to provide its services, which could, in turn, have a substantially adverse impact on the Group's business activity, financial situation and operating results.

- The Group depends on the reliability of its own networks or of third-party networks, and any system failure or breach of security and non-authorized access to its programme signals may result in a loss of customers and revenue.

  The Group is able to provide services only to the extent to which it can maintain and support its network systems facing failures due to connection problems or blackouts, natural disasters, terrorist actions or sabotage, computer viruses and unauthorized access. Furthermore, to the extent that a disruption or breach of security lead to loss or destruction of data or client applications or to improper disclosure of confidential information, the Group could incur major expenditure, including liability and the cost of restoring the losses caused by the disruptions or security breaches in question, especially in view of the forthcoming implementation of the General Data Protection Regulation (EU Regulation 2016/679) from 25.05.2018 onwards. System failures, accidents, security breaches that cause the Group's work to cease and the loss or destruction of customer data or applications or improper disclosure of confidential information could lead to loss of customers and have a substantially adverse impact on the Group's business activity, financial situation and operating results. Furthermore, the operation of satellite is beyond the Group's control. Satellites are subject to substantial risks, such as defects, incorrect orbital position, destruction and/or damage that could block or hinder proper business activities.

  In the case of satellite failure, the Group would be forced to conclude alternative agreements in order to secure transmitters. If the Group is forced to acquire alternative transmitters, customers may have to adjust their satellite antennae anew in order to receive broadcast signals, which could prove difficult and costly to implement. As such, if the Group does not secure adequate satellite transmission capacity in a timely manner and under financially acceptable conditions, this could have a substantially adverse impact on the Group's business activity, financial situation, operating results and prospects.

  Any substantial damage, failure or obsolescence of the equipment, blackout, natural disaster, terrorist action or sabotage or breach of the network or security of the computer system affecting the connected systems and networks on which the Group relies and depends, as well as unauthorized access to the Group's programming signals could lead to loss of customers and revenue, having a substantially adverse impact on the Group's business activity, financial situation and operating results.

- Additionally, the Group faces the risk of access to its programming signal by unauthorized users. The provision of a subscription programme requires the use of encryption technology to prevent unauthorized access to the programme, i.e. 'piracy'. The Group uses encryption technology of high specifications for the secure transmission of its Pay TV signal. However, no technology can fully prevent piracy and essentially all Pay TV markets are characterized - each to a varying extent - by piracy, which takes on various forms. Moreover, encryption technology cannot fully block illegal retransmission or joint use of a television signal once it has been decoded. If the Group does not continue to use suitable means and measures to prevent unauthorized access to television broadcasts, the Group's ability to conclude contracts for the provision of programming services could be adversely affected and, in any case, will result in loss of revenue from customers receiving pirated signals.

  Furthermore, the Group faces a severe risk of provision of services to the public by third party interference in the satellite frequencies it uses. Although the Group has included relevant provisions in the satellite capacity provision contract, as a result of the above, it could suffer a substantially adverse impact on its business activity, financial situation, operating results and prospects.

- The Group's ability to provide services to its subscribers and maintain the high level of quality of services depends on the ability to maintain and support critical equipment.

- The Group relies on third parties for the sale of its products and services to retail customers. Any failure by the Group to effectively manage the network of its commercial collaborators may have a substantially adverse impact on the Group's business activity, financial situation and operating results.

- The occurrence of non-insured incidents / risks and/or the inability of the Company and/or any insured party of the Group to be immediately and fully indemnified could have an adverse effect on the Group's operation, results and financial situation.

- The telecommunications and subscription television sector in Greece is characterized by intense competition. If the Group does not utilize capabilities in order to successfully compete against other participants in the telecommunications and subscription television market, as well as new and/or existing platforms for the distribution of subscription content (satellite alternatives) such as the Internet (using IPTV, VoD, SVoD, OTT etc) by offering appealing services at favorable prices, it may lose customers and fail in attracting new customers, leading to an adverse impact on the Group's business activity, financial situation and operating results.

- The Group may be adversely affected by the consequences of continuous technology changes. The business sector of provision of telecommunication services and subscription television is of high capital intensity and is subject to rapid and important technology changes. Continuous technological progress could force the Group to engage in extensive capital investment in order to maintain its competitiveness, either due to the cost of integrating new technologies (e.g. next generation access [NGA] networks) or improving or replacing its systems in order to keep them compatible, or due to the possibility of obsolescence of its infrastructure. Furthermore, the Group's ability to successfully adapt to technology changes and to provide new or improved services in a timely and financially efficient manner, or the ability to successfully predict customer requirements will determine the Group's ability to maintain and improve its market share to a great extent. Any failure by the Group to invest or adequately invest to new technologies (such as new generation network NGAs) and/or to effectively respond to technology changes may have a substantially adverse impact on its business activity, financial situation, operating results and prospects.

- The legislative and regulatory environment is constantly evolving and is uncertain. The regulatory framework in place, as well as future changes in laws, regulations, government policy or the interpretation of the legislation in force may have a substantially adverse impact on the Group's business activity, financial situation and operating results.

- The provision of electronic communications services in Greece is subject to regulatory rules based on the principles established by the regulatory framework of the European Union concerning, among other things, numbering, licensing, competition, prices, local loop and sub-loop unbundling, interconnection and leased lines, next generation access (NGA) networks, protection and security of personal data. Despite the existence of a legislative framework in Greece governing the sector of electronic communications and subscription television, it is hard at times, also due to the rapid evolution of technology, to predict with any certainty the precise manner in which new laws and regulations will be interpreted and/or applied by the regulatory authorities or the Courts, the impact that these new laws and regulations may have on the Group and its business activity, or the specific actions that the Group may have to take or the extent of expenditure and resources that may be required for the Group's compliance. The regulatory framework in place, as well as future changes in laws, regulations, government policy or the interpretation of the legislation in force may have a substantially adverse impact on the Group's business activity, financial situation and operating results.

- Breaches of the law on consumer protection and the relevant sanctions may adversely affect the Group's business activity and reputation.

- The Group could lose some of its more important programme rights if the European Commission or the national authorities for protection of competition do not allow the acquisition of long-term exclusive broadcasting rights. The enactment of regulatory or legislative measures concerning the provision of sports rights or movies could preclude or limit the Group's acquisition of long-term exclusive broadcasting rights and, therefore, hinder the implementation of its strategy for expanding its customer base; such a development could have an adverse effect on the Group's financial situation, operating results and prospects.

5. NON-FINANCIAL REPORT

A. Business Model

The Forthnet Group provides high-level telecommunications and pay TV services in Greece and Cyprus. The Group's business strategy is inextricably linked to its sustainable development strategy aiming to continually generate value for its customers by offering top-quality services, to its employees by ensuring an exemplary work environment, to its shareholders and to society as a whole by promoting social and environmental actions.

The telecommunications services sector mainly involves the provision of Internet services, fixed telephony services, leased lines (for data transfer) and value-added services. The subscription television sector includes the provision of sports, cinema and entertainment content. Through Nova, the Group offers its customers more than 60 direct-to-home (DTH) channels with a wide range of content to meet the needs of all age groups.

The Group's services overall are aimed both at private consumers and at small - and medium - sized public and private sector enterprises, thus covering the majority of the market. Its business approach is to provide high-quality telecommunications and pay TV through bundled services (3play and others). Specifically, the Nova 3play services, which are at the forefront of the Group's commercial policy, allow subscribers to combine fixed telephony, broadband Internet access and pay TV services through cross-selling.

Additionally, the Group continues to introduce new value-added (OTT) services to enhance customer experience. By taking full advantage of new technologies and establishing the foundations for the future, it launched the Nova GO and Nova On Demand services so that subscribers can view the content at their own convenience, from any location, through the Internet.

At the same time, the use of differing technologies and practices (privately owned fixed telephony network, wholesale leased telephony lines, satellite Internet) has expanded its coverage of populations in even the more remote areas. With Nova 3play Sat, Forthnet 2play Sat and Forthnet Sat 20 in particular, it provides 100% geographic coverage with Internet, telephony and television, both autonomously and combined through shared equipment, making the convergence of all of these services throughout the Greek territory a reality.

In this framework, following an auction by NRA, Forthnet was awarded the tender to become the universal service provider for fixed telephony services in Greece. Company uses satellite broadband technology to offer fixed telephony local network access and voice call services to 100% of the territory of Greece.

In addition, as part of its customer-centric approach, the Group has created an online customer self-service system (Nova MyAccount and Forthnet MyAccount) and launched an online live chat service to improve response times and create new ways of assisting customers.

The Group's priority is to make use of all potential sales mechanisms to reach all market sectors. Aside from the chain of Nova stores, which are the Group's main sales vehicle, focus is also placed on promoting its services through its other sales networks, such as retail chains, resellers through physical points of presence and telesales.

As regards its distribution of services to corporate customers, the Group offers its products and services through the Corporate Sales Department, the Nova stores and door-to-door sales representatives. At the same time, it provides a pre-sales team which works with the sales team to design specialized solutions for telecommunications and pay TV that meet the particular needs of any large Company.

The Group also provides customer service for private and corporate customers via a specialized call centre, with advanced support procedures and mechanisms to ensure the best and fastest resolution of any issues.

Finally, the Group has an Innovation Department whose aim is to oversee innovation within the Group, to prepare funded projects, develop new service and transfer of know-how to its operating units in line with the latest international technological and commercial trends in the areas of telecommunications, audio-visual content, data processing, subscriber experience improvement and others. Particular emphasis has been placed on developing the potential offered by the EU Framework Programme for Research and Innovation, Horizon 2020.

B. Corporate Social Responsibility

Forthnet views its role as a responsible partner in the sustainable development of Greek society as an integral component of its business strategy. As part of this orientation, it has developed a number of Corporate Social Responsibility actions under the following strategic pillars:

B1. Social solidarity - Support to children in need

Forthnet offered exciting experiences and supported children who are growing up in volunteer and state-run child protection and care organizations, through a number of targeted actions.

Action: "Experience a live game broadcast over Novasports channels!"

During 2017, Nova gave the opportunity to a number of children to experience the live broadcast of a football/basketball game together with the Novasports sportscasters. This action took place for twenty different football and basketball events. The children were invited into the broadcasting van and experienced first-hand the excitement of a live sport broadcast from the pre-game preparation to the last minute of the event. After the game, they had the chance to meet the players of their favorite teams and received memorabilia signed by them. During this specific Corporate Responsibility initiative, the children also visited the TV studios of Novasports channels and experienced a TV sport production rolling process. They visited the control room to see how many employees each with different specialties are actually needed in order for a live sport production to be broadcasted.

Action: "Employees voluntary donation in bazaars events"

This action provides financial support to children caring and housing organizations, through the organization of seasonal bazaars (such as the Easter Bazaar) at Forthnet's administrative facilities around Greece. During these events Forthnet's personnel has the opportunity to buy special items of the organizations' collection.
The action took place over Easter 2017.

Action: "Nova offers to children!"

In the context of this specific action Forthnet offered "Nova Full Pack" service (including equipment and installation) free of charge for 2017, to organizations involved in the long-term care and housing of children, to pediatric clinics and juvenile detention centres in Greece. This action aims to provide qualitative television entertainment to children.

Action: "Donation of technological equipment to educational institutions"

This action involves the donation of technological equipment to Greek educational institutions to support their operational needs and to enhance their IT laboratories. In 2017, the Company donated dozens of pieces of equipment (such as printers, fax machines, PCs/laptops and others) to various schools throughout Greece, in response to their individual requests.

Financial support

Forthnet provides financial support to a number of bodies involved in child care and protection through targeted actions. In 2017, the Company funded a sports club for children with disabilities. The mission of «Hippocampus -AMEA" is to support the physical exercise and psychological development of children with disabilities through sports and other cultural activities.

B2. Sports

Forthnet's strategic choice to support Greek sports consists an integral part of its business activity and involves actions in two directions:

Support to athletes with disabilities

Forthnet is the strategic partner of the Hellenic Paralympic Committee, which is responsible for developing and promoting the Paralympic movement throughout Greece, in addition to selecting members for the national teams that will attend the Paralympic Games.
Specifically, Nova, as the "Great media partner" of the Hellenic Paralympic Committee, organizes a number of actions to support the communication of the Committee's work.
In 2017, the Novasports channels covered Paralympics events and other relevant developments through the dedicated weekly TV production "The Hour of the Paralympic Champions". This programme not only covered Paralympic athletes' achievements in various sport events, but also presented the human side of their daily struggle, as Nova's priority is to focus on the real protagonists…the athletes.

Moreover, during 2017 the Company enriched the content of the special section it has created on its website "www.novasports.gr", where visitors can find TV programs dedicated to Paralympic athletes in addition to special programs that have aired on the Novasports channels.
Novasports channels also covered various Paralympic games, events and homecoming celebrations welcoming athletes' home returning from major athletic competitions.

Support to amateur sports
In recognition of the efforts made by all amateur athletes, Forthnet organizes sports events of professional standards, in accordance with international sports regulations, and supports them with a fully trained coaching team. Amateur athletes can participate in these events at no cost. The aim of the events is to promote athletic activity to the public through participation in their favorite sports.

In 2017 the Company organized the "18th Novasports Beach Volley Tournament" under the aegis of the Hellenic Volleyball Federation, with hundreds of athletes (men and women) participating.

Communication sponsor of running events
As a communication sponsor, Forthnet supports a significant number of running events throughout Greece to highlight the importance of simple forms of athletic activities as part of a healthy living. Specifically, in 2017, the Novasports channels became the communication sponsors for 21 running events. As part of the effort to promote the message of a healthy living to all Forthnet's employees, the Company has formed the "Novasports Running Team".

Novasports Running Team
This Corporate Social Responsibility action covers not only Forthnet's employees, but also Company's business associates and subscribers. In cooperation with a run ex champion, the Company has formed the Novasports running team promoting the benefits of sports to healthy living. In the context of this action the Company supports the running team with sporting equipment and covers participation fee of the team's members to major running events in Greece.
In 2017, 850 members of the Novasports Running Team took part in 21 running events around Greece.

B3. Culture
Communication sponsorship of cultural events
Culture is one of major pillars of Forthnet's Corporate Social responsibility since its foundation. By serving as a communication sponsor for theatre performances, concerts and other cultural events, the Company consistently promotes the value of the arts to its subscribers urging them to attend and participate in Greece's cultural events.
In 2017, Forthnet S.A. supported more than 150 performances and cultural events.

Sponsorship of cultural organizations
This action entails sponsoring the provision of Forthnet portfolio of services to important cultural organizations of Greece. In the context of this activity during 2017 Forthnet completed the provision of "Nova HotSpot" services to the Benaki Museum by covering with wi-fi Internet access six museum's buildings. Forthnet provides the above services with safety 24 hours a day, supporting the museum's visitors access to Internet's information and changing the whole experience of their visit to this unique cultural organization.

B4. Protection of the environment
Forthnet considers the protection of the environment to be an inextricable axis of the Social Responsibility action plan it implements.
As part of this, it has developed the following actions:

- Recycling of household batteries
- Recycling of lamps
- Recycling of LEAD-ACID batteries
- Recycling of electronic equipment
- Recycling of used lubricants from generator maintenance
- Recycling of paper, plastic and aluminum in cooperation with the municipalities in which the Company is based

As part of these actions, the following quantities of materials were recycled in 2017:

TYPE OF RECYCLING	***QUANTITY***
Household batteries	700 Kg
Lamps	63 Kg
LEAD-ACID batteries	20.078 Kg
Electronic equipment	3.000 Kg
Used lubricants from generator maintenance	700 lt

C. Work environment - labor relations

C.1 Employees

As of 31.12.2017, the Company employs a total of 1,174 people. The majority of them (91%) work on a full-time, permanent basis (under full-time contracts of indefinite duration), making the Company one of the largest employers in Greece. Additionally, more than 430 people are employed at NOVA franchise stores operating as independent legal entities, and at least 400 employees are employed in sub-contracted companies providing exclusively services to Forthnet.

The majority of people employed by Forthnet work in branches all around Athens. However, the company also operates branches in Thessaloniki and Crete.
Women make 42% of the total workforce. The majority of employees are graduates of higher-education institutions and universities. Overall, employees in Forthnet occupy over 70 different specialized areas

C.2 Human Resource Development Systems & Policies

Recognizing the critical importance of Human Resources in achieving the Company's strategic goals, and with a focus on each employee individually, Management has developed modern human resources development systems and policies. Most of these are applied at all Company organizational levels and are continually modified based on both Company needs and feedback received from employees. Some examples include:

- Succession planning
- Job evaluation system
- Employee evaluation system
- Hiring policy
- Internal transfer/promotion policy
- Training and development policies
- Salary and benefits policies

C.3 Corporate Culture

In Forthnet we have built and sustain a corporate culture of high performance and commitment standards for our employees by creating “ambassadors” in and out of the Company. We encourage initiative, cooperation and flexibility at work, in order to cater to our customers’ needs. Innovation and creativity are the key to face effectively business challenges effectively in a competitive environment.

C.4 Labor Relations

A key priority for Forthnet Management is to regulate labor relations in compliance with current labor legislation which adheres to the principles of equality, diversity and transparency, with the aim of promoting the common interests of the Company and its employees. To that end, the Company cooperates with the primary employee union active since late 2012.

C.5 Additional Benefits

All company employees become members of the Group Corporate Life and Health Insurance Plan as soon as they start their employment and can enjoy the following benefits at no additional cost to them:

- Life insurance
- Insurance against accidents and loss of income due to illness or accident
- Hospitalisation and out of Hospital healthcare

In addition, employees may insure their dependent family members (at a minimum charge) for hospitalisation and out of hospital healthcare services.

An indication of the importance of this plan and the value it holds for employees is the fact that in 2017, a total of €562.908 was paid in compensation for medical events involving employees and/or members of their family.

The Company also offers to its employees significant discounts on its products and services, such as 3play-Staff, which is used by more than 80% of employees. Third-party products and services (from suppliers, etc.) are also offered to Forthnet employees at discounted prices.

C.6 Blood Donation

Since 2007, Forthnet runs a voluntary blood donation programme for its employees and has created a blood bank to cover blood needs of its employees and their first-degree relatives.

C.7 Health and safety at work

Safety at work for both employees and visitors is of great importance to Forthnet.
Company's facilities are regularly inspected to ensure their safety as well as to confirm that employees comply with established health and safety guidelines. Contractors performing work or offering services at Forthnet facilities are also asked to comply with current work health and safety laws.
Moreover, health and safety plans should be submitted before commencing and during the course of technical works.
Forthnet permanently employs a safety technician and occupational doctor who report on health and safety matters for every Company's facility. The safety technician prepares risk assessment reports regarding personnel works performed at each facility.
Emergency response teams have also been formed to handle emergency events and physical disasters that affect the safety of staff and facilities (earthquake, fire, flood, bomb threats, etc.). There are also first aid teams to respond to medical emergencies. The members of these teams are trained by the occupational doctor, the safety technician, and other organizations such as the fire brigade and the Hellenic Red Cross.
Building evacuation drills are regularly conducted aiming at personnel's continuous preparedness in case of emergency situations. In addition, fully equipped first aid kits are available at all Company's facilities. For the main Company's facilities a defibrillator and eye examination equipment are also available.

D. Combating corruption and bribery

Forthnet S.A. operates within a corporate governance framework including the Internal Corporate Regulation and the Corporate Governance Code. It also complies with all applicable legislative and regulatory framework aimed at combating corruption and preventing situations of bribery. Among other things, this framework includes guidelines, mechanisms and procedures for preventing corruption. These include a procedure for monitoring and disclosing financial transactions undertaken by executives of the Company with regard to shares issued by the Company, and a procedure to monitor the financial activities of these individuals with regard to the Company's key customers and suppliers. In addition, the Members of the Board of Directors and management executives are also asked to notify on any conflict of interest situation may arise between their interests and the interests of the Company through a specific statement. As regards combating corruption, the Company also expressly forbids employees from accepting gifts or other benefits from third parties for the purpose of facilitating activities, settling business cases or securing cooperation with the Company. Finally, there is specific internal approval process for concluding and signing the Company's agreements with suppliers or for realizing any transaction with third parties.

E. ISO Certifications

Forthnet applies a Quality Management System in line with the ISO 9001:2008 standard for the following scope:

- Design, development and operation of a telecommunication network for the provision of broadband access, broadband services, Internet services, data connectivity services, leased line services and telephony services.
- Design, implementation and operation of a telecommunication network for the provision of fixed wireless access services
- Design, implementation, Provision, Technical support &Maintenance for Data Centre services
- Analysis, Design, Implementation of Information systems & Internet Applications Development

- Engineering, Development & Maintenance of Network Management Systems Software, Operation Systems Support Software & Billing Software
- Management of Research &Development Projects

The Quality Management System was initially certified in January 2003 by TÜV Hellas, an internationally recognized body (member of the TÜV NORD Group). In March 2018 TÜV Hellas certified the Company's Quality management System in accordance with the new standard ISO 9001:2015 .

The Company also provides data centre hosting and first-level support (hands and eye support) services to its customers. These services were certified according to the internationally recognized information security standard ISO/IEC 27001:2013 in February 2017.

The certified service includes:

- Physical system installation
- Hosting of systems in protective cage
- Infrastructure of physical access control (24x7x365 supervision, closed-circuit TV, physical access monitoring system, etc.) and environmental protection controls (fire protection, heating/cooling, moisture detection, etc.)
- Infrastructure for uninterruptible power supply (UPS)
- First-level technical support (hands and eye support)
- Customers' request management

This certification is an indisputable proof of the level of the Company's commitment to ensuring the security of these services.
The most recent regular surveillance audit of the above security standard was successfully conducted by TÜV Hellas in March 2018.

F. Participation in European and National Research Programmes
In 2017, Forthnet S.A. took part in three European and national research programmes, two of which are in progress in 2018 too.

1	COGNITUS	Project No: 687605	• Call identifier: H2020-ICT-2015/ICT-19-2015
2	SpeechXRays	Project No: 653586	• Call identifier: H2020-DS-2014-2015/H2020-DS-2014-1
3	Mesh-wise	Grant agreement no: 324515	• Call identifier: FP7-PEOPLE-2012-IAPP

The Mesh-wise project was completed during 2017. The projects COGNITUS and SpeechXRays are in progress in 2018.

During 2017 Forthnet participated as a partner in proposals submitted for funding through the National Programme EXPLORE-CREATE-INNOVATE. Three proposals which have been approved for funding are at the stage of contracting.
In addition, proposals that have been submitted for the Research programme, Horizon 2020, are at the evaluation stage.

6. ALTERNATIVE NON-PERFORMANCE MEASURES ("APMs")

The Group uses Alternative Performance Measures ("APMs") in the context of making decisions concerning its financial, operational and strategic planning, as well as assessing and publishing its performance. These APMs help better understand the Group's financial and operating results, financial position and cash flow statement. Moreover, normalized revenues, and EBITDA figures are used in the evaluation of the Group's financial performance. Alternative performance measures (APMs) must always be taken into account in combination with the financial results prepared in accordance with International Financial Reporting Standards ("IFRS") and will not replace the latter under any circumstances.

EBITDA (ratio of earnings before interest, tax, depreciation and amortization) indicates the Group's current operating profitability and is used by the Group as the basis for calculating and monitoring its operating cash flows. EBITDA is calculated as follows:

	Group	
	01.01-31.12.2017	01.01-31.12.2016
Revenue	294,037,227	320,862,750
Other income	3,024,337	3,847,599
Operating expenses excluding depreciation and amortization & impairment of investments	(255,674,155)	(268,641,209)
Less: Amortization of government grant	(1,169,949)	(1,232,964)
EBITDA	40,217,460	54,836,176

The following tables present the most important APMs for the Group for the year 2017 and 2016.

Net Debt to Equity: This APM shows the proportion of equity and loan capital used to finance Group's assets and is calculated as follows:

	Group	
	31.12.2017	**31.12.2016**
Long-term borrowing	41,071,527	51,038,984
Long-term transponder leases	41,092,076	52,819,897
Other long-term leases	254,773	469,727
Short-term borrowings	1,198,566	1,298,566
Current portion of long-term borrowings	255,000,000	254,887,959
Current portion of transponder leases	11,727,821	9,399,194
Current portion of other leases	214,819	211,607
Cash and cash equivalents	(2,603,540)	(4,922,740)
Net Debt	**347,956,042**	**365,203,194**
Total equity	191,920,395	174,898,238
Net debt to total equity	**1.81**	**2.09**

Net Debt to Equity (excluding minority interests): This APM shows the proportion of equity (before the minority share) and the borrowed funds used to finance its Group's assets and is calculated as follows:

	Ο Όμιλος	
	31.12.2017	**31.12.2016**
Long-term borrowing	41,071,527	51,038,984
Long-term transponder leases	41,092,076	52,819,897
Other long-term leases	254,773	469,727
Short-term borrowings	1,198,566	1,298,566
Current portion of long-term borrowings	255,000,000	254,887,959
Current portion of transponder leases	11,727,821	9,399,194
Current portion of other leases	214,819	211,607
Cash and cash equivalents	(2,603,540)	(4,922,740)
Net Debt	**347,956,042**	**365,203,194**
Total equity less minority share	188,992,018	172,245,676
Net debt to total equity	**1.84**	**2.12**

Current ratio: This APM demonstrates the Group's ability (liquidity) to service its current liabilities based on current assets and is calculated as follows:

	Group	
	31.12.2017	**31.12.2016**
Current assets	109,481,110	118,902,211
Current liabilities	459,362,325	451,547,342
Current ratio	**0.24**	**0.26**

Acid test ratio: This APM demonstrates the Group's ability (liquidity) to service its current liabilities based on current assets that can be quickly converted to cash, and is calculated as follows.

	Group	
	31.12.2017	**31.12.2016**
Current assets	109,481,110	118,902,211
Inventory	(2,972,653)	(4,552,272)
Current liabilities	459,362,325	451,547,342
Acid test ratio	**0.23**	**0.25**

Interest coverage ratio: This APM reveals the relationship between the net profits of the Group and the interest charged for the use for foreign capital and indicates the ability to service such interest charge. It is calculated as follows:

	Group	
	31.12.2017	**31.12.2016**
Revenues	294,037,227	320,862,750
Other income	3,024,337	3,847,599
Operating expenses before depreciation and amortization and impairment of investments	(255,674,155)	(268,641,209)
Government grants	(1,169,949)	(1,232,964)
EBITDA	**40,217,460**	**54,836,176**
Finance costs	(16,351,760)	(18,708,299)
Interest coverage ratio	**(2.46)**	**(2.93)**

7. CORPORATE GOVERNANCE STATEMENT ON THE BASIS OF ARTICLE 43BB OF C.L. 2190/1920

A) CORPORATE GOVERNANCE CODE

The Company has resolved on its own will to apply a Corporate Governance Code, which is available at the main offices of the Company, at the extension of Manis street, location of Kantza, Pallini, P.C. 15351.

B) CORPORATE GOVERNANCE PRACTICES APPLIED BY THE COMPANY IN ADDITION TO THE PROVISIONS OF THE LAW

The Company applies certain corporate governance practices in addition to the provisions of the Law, which concern the operation of the Strategy Committee, the HR Committee and the Purchasing Committee, as these practices are specifically provided for in the Corporate Governance Code.

C) COMPANY'S INTERNAL CONTROL SYSTEM REGARDING THE PREPARATION OF FINANCIAL STATEMENTS AND RISK MANAGEMENT

The Internal Control System (ICS) of the Company refers to the auditing mechanisms and procedures in place to ensure the completeness and reliability of the data and information required for the accurate and timely preparation of the financial statements.

The basic elements of the internal control system are, inter alia, the following:

- the specific detailed procedure describing the preparation of the annual and interim financial statements,
- the specific organizational structure of the finance department that ensures the segregation of duties between the accounting department and the department of reporting, which is responsible for the preparation of the financial statements,

- The internal audit department, which examines and evaluates the Company's internal control system in the context of reviewing the implementation of the Internal Corporate regulation and the Articles of Association of the Company, as the law dictates.

Finally the framework of the ICS includes the appropriate communication and cooperation among the legal department, the finance department and the internal audit department, ensuring the effective supervision and constant compliance with the legal obligations concerning the preparation and presentation of the financial statements of the Company.

D) INFORMATIVE DATA OF THE DIRECTIVE 2004/25/EC (art. 10) REGARDING THE TAKE OVER BIDS.

The Company does not fall into the field of implementation of the directive 2004/25/EC, however the informative data required according to article 10 par. 1, under c), d), f), h) and i) of it, is provided for as information in the Explanatory Report of the B.o.D, according to article 4, par, 7 of Law 3556/2007.

E) INFORMATIVE DATA FOR THE OPERATION OF THE GENERAL ASSEMBLY OF THE SHAREHOLDERS AND THE MAIN AUTHORITIES, AS WELL AS DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND OF THE WAY OF THEIR EXERCISE.

Operation of the General Assembly

Preamble

According to Article 9 of the Company's Articles of Association, the General Assembly of Shareholders is the Company's supreme body and is entitled to decide on any issue concerning the Company. It is composed and operates in accordance with the law and its Articles of Association, and its decisions are equally binding for all shareholders, even those who are absent or disagree.

Convening the General Assembly

1. The General Assembly of shareholders, when invited by the Board of Directors, shall meet regularly at the Company's registered office or in the region of another municipality within the prefecture of the registered office or in another municipality neighbouring to the registered office, or in the region of the municipality where the Stock Exchange is located, once a year, up until the tenth (10^{th}) calendar day of the ninth month after the end of the financial year the latest. The Board of Directors may invite extraordinary General Assemblies as many times deemed necessary.
2. The General Assemblies with the exception of repetitive General Assemblies and those assimilated to them shall be announced at least twenty (20) calendar days prior to the assembly date, without counting the day of publishing the Assembly's invitation and the day of its convention.

Notice to the General Assembly

1. The notice to shareholders for the General Assembly shall state the date, time and venue of the assembly and the items on the agenda clearly, the shareholders entitled to participate, as well as clear instructions concerning the way in which shareholders can participate in the Assembly and exercise their rights in person or by proxy. This invitation, with the exception of repetitive General Assemblies and those assimilated to them, shall be posted on the website of the General Commercial Registry (ΓΕΜΗ) ten (10) days before the Assembly date, and on the Company's website twenty (20) days before the Assembly date, according to the legislation in force, while at all events it shall be posted in a visible location at the Company's offices.
2. Furthermore, the invitation to the General Assembly may be published in national and European electronic media, at the discretion of the B.o.D.

Participation in the General Assembly

1. Each shareholder is entitled to participate and vote in the General Assembly of the Company. The exercise of the specific rights does not presume blocking of shares of the rights holder or observance of any other similar process, which may limit the possibility of sale and transfer of shares during a certain period between the record date, as defined below and the respective General Assembly. The shareholder participates in the General Assembly and votes either in person or through proxy holders.
2. Any person appearing as a shareholder in the records of the entity, in which the movable assets of the Company are kept, is entitled to participate in the General Assembly. Proof of qualification as a shareholder may be made with the producing of a relevant written certification of the above entity or, alternatively, through direct electronic connection of the Company with the records of the latter.
3. The qualification as a shareholder must exist in the beginning of the fifth day before the date of the General Assembly (record date) and the relevant written certification or the electronic verification of the shareholders' qualification must be received by the Company at the latest on the third day prior to the date of the General Assembly.

4. Shareholders subject to the same as above typical preconditions may participate in the repetitive General Assembly. The qualification of the shareholder must exist in the beginning of the fourth day before the date of the repetitive General Assembly (record date of repetitive General Assemblies), while the respective written certification or the electronic verification of the shareholder's qualification must be received by the Company at the latest the third day prior to the General Assembly.
5. The table of shareholders entitled to vote at the General Assembly shall be posted in a visible location at the Company's offices twenty four (24) hours prior to the General Assembly.
6. The shareholders that do not comply with the provisions may participate in the General Assembly only upon a relevant approval of the members that attend the General Assembly.

Regular quorum and majority in the General Assembly

1. The General Assembly shall be considered to have a quorum when at least twenty percent (20%) of the paid-up share capital is represented therein.
2. If the quorum of the previous paragraph is not achieved, a repetitive assembly shall be held within twenty (20) days after the cancelled meeting, to be announced at least ten days (10) in advance, and which shall be considered to have a quorum and convene legally on the items of the initial agenda, irrespective of the percentage of paid-up share capital that is represented in the General Assembly.
3. Decisions in the General Assembly shall be made with an absolute majority of the votes represented at the Assembly.

Extraordinary quorum of the General Assembly

1. The General Assembly shall be considered to have a quorum and convene legally for the items of the agenda, when two thirds (2/3) of the paid-up share capital are attending or represented therein, and in such a case the relevant resolutions shall be made with a majority of two thirds (2/3) of the share capital present, in exceptional circumstances and for decisions concerning:
a) extension of the term, merger, split, conversion, revival or dissolution of the Company;
b) change of the Company's nationality;
c) change of the business scope of the Company;
d) increases of the share capital under the provisions of paragraphs 2 and 3, article 5 of the Articles of Association, and par. 1 and 2, article 13, C.L. 2190/1920, currently in force, unless the increase is imposed by the law or is implemented with a capitalization of reserves;
e) share capital reductions, unless is made in accordance with par. 6, article 16, C.L. 2190/1920, as currently in force;
f) provision or renewal of powers to the Board of Directors for the share capital increases in accordance with par. 1, article 13, C.L. 2190/1920, as currently in force;
g) alterations to the profit distribution method;
h) increase of the shareholders' obligations;
i) any other case determined by the law and the Articles of Association;
j) amendment of paragraph 24, article 20 concerning the competences of the Chief Executive Officer.

If the necessary quorum is not achieved in the first meeting, a repetitive assembly shall be held within twenty (20) days, to be announced at least ten (10) days in advance. The first repetitive assembly shall be considered to have a quorum and convene legally for the items of the initial agenda, when at least the fifty one per cent (51%) of the paid up share capital is represented therein.

When the necessary quorum is not achieved again, a second repetitive assembly shall be held within twenty (20) days, to be announced at least ten (10) days in advance and which shall be considered to have a quorum and convene legally for the items of the initial agenda, when one fifth (1/5) of the paid up share capital is represented therein.

In case of non-achieving the quorum according to the par. 1 and 2, and provided that ten days have passed between the cancelled and the repetitive assembly, no subsequent notice is required if the date and place of the repetitive assemblies (by law)are defined.

The majority of the three fourths (3/4) of the paid up share capital is required to take any resolution regarding the amendment of article 32 of the Articles of Association

Chairman-Secretary of the General Assembly
1. The Chairman of the Board of Directors or his/her substitute, when the former is prevented, shall chair the General Assembly temporarily.
2. After the list of shareholders with voting rights has been approved, the Assembly shall elect its Chairman and a Secretary, who shall also act as teller.

Matters discussed – Minutes of the General Assembly
1. The discussions and resolutions of the General Assembly shall be limited to the items set forth in the agenda published.
2. With particular regard to the General Assembly's resolution on financial statements approved by the Board of Directors, such statements must be signed by the Chairman of the Board of Directors or his/her substitute, by the Chief Executive Officer and by the Chief Financial Officer.
3. Minutes shall be kept for all discussions and resolutions of the General Assembly, signed by the Chairman and the Secretary.
4. Following a request from a shareholder, the Chairman of the General Assembly shall ensure that that shareholder's opinion is included in the minutes in detail. The list of shareholders attending the General Assembly in person or by proxy shall also be entered in the book of minutes

Exclusive responsibility of the General Assembly
The General Assembly is the only competent instrument to decide for: a) Merger, - with the exception of the absorption of a 100% subsidiary Company (Societe Anonyme) according to article 78 of the C.L. 2190/1920 currently in force- split, conversion, revival, extension of the term or dissolution of the Company, provision or renewal of power to the Board of Directors for the increase of the share capital or the issuance of a bond loan with transferable bonds and subject to par. 2 of article 5 of the Articles of Association, b) the issuance of a bond loan with transferable bonds according to article 15 of Law 3156/2003 which amended article 3[a] of the C.L. 2190/1920 subject to par.2 of article 5 of the Articles of Association and the issuance of a bond loan with a right of participation in the profits, c) Amendment of the Articles of Association with the exception of the cases of its amendment by the Board of Directors according to article 11, par. 5, article 13 par. 13, article 13 [a] par. 2 and article 17b par.4 of the C.L. 2190/1920, currently in force d) Increase-decrease of the share capital, subject to par. 2 article 5 of the Articles of Association, par. 1 and 14 of article 13 of the C.L. 2190/1920, as well as the increases imposed by provisions of other laws e) Appointment of members of the Board of Directors according to the provisions of articles 19 and 22 of the Articles of Association, f) Appointment of auditors, g) Appointment of liquidators, h) Distribution of the net annual profits, with the exception of the distribution of returns or voluntary reserves in the current fiscal year upon resolution of the board of directors, provided that a relevant authorization of the ordinary General Assembly exists, i) Approval of the balance sheet, j) release of the members of the Board of Directors and the auditors from any responsibility, k) approval of the appointment of temporary Members by the Board of Directors according to article 22 of the Articles of Association, in replacement of the ones that have resigned, passed out or disqualified in any manner from holding their office.

Description of the rights of the shareholders and the way of their exercise
1. The Company has adjusted its Articles of Association to the provisions of Law 3884/2010, which amended the C.L. 2190/1920 regarding Societes Anonymes as applicable.
2. The Articles of Association of the Company provide that the shareholder's capacity implies legal, ipso jure and unlimited exercise of all rights and the undertaking of all responsibilities arising from the legislation on Societes Anonymes, the provisions of these Articles of Association, the resolutions of the General Assembly of shareholders and the resolutions of the Board of Directors. In particular:
The Shareholders shall exercise their rights regarding the management of the Company only through the General Assembly; b) Each share shall provide the right to one (1) vote at the General Assembly; c) Each shareholder, irrespective of place of residence, shall be subject to Greek Legislation and shall be deemed to reside permanently at Company headquarters where the shareholder shall appoint an attorney and shall inform the Company of such appointment and d) shareholders, general successors or their creditors and the legal holders of Company shares (trustees, depositories, pledgers, lenders etc.) shall not be entitled for any reason to cause seizure or sealing of Company books and any other property of the Company or to endeavour to distribute or liquidate the Company.

Minority rights
According to C.L. 2190/1920 as valid, the minority rights are the following ones:

1. The Board of Directors is obliged, following a request from shareholders representing at least one twentieth (1/20) of the paid-up share capital, to call an extraordinary General Assembly of shareholders on a specific date no later than forty-five

(45) days from the date the request was submitted to the Chairman of the Board of Directors. The request includes the items of the agenda. If the Board of Directors does not convene a General Assembly within twenty (20) days from the delivery of the request, the relevant convocation is made by the shareholders requested the Assembly at the Company's expense, by a decision of the court of first instance of the Company's seat, issued during the interim measures process. The decision shall specify the venue and date of the meeting, as well as the agenda.

2. The Board of Directors is obliged, following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, to include additional items on the agenda of the General Assembly convened, if the relevant application is received by the Board of Directors at least fifteen (15) days prior to the General Assembly. Any such additional items shall be published or announced, at the Board of Directors' responsibility, at least seven (7) days prior to the General Assembly. The application for the inclusion of additional items in the agenda is accompanied by a justification or by a draft decision for approval by the General Assembly and the revised agenda is published as the last agenda, thirteen (13) days prior to the date of the General Assembly and at the same time becomes available to the shareholders on the webpage of the Company, along with the justification or the draft decision that has been submitted by the shareholders.

2a. Following a request from a shareholder or shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall make available to the shareholders, at least six (6) days prior to the date of the General Assembly, draft decisions for items that have been included in the initial or the revised agenda, if the relevant request comes to the Board of Directors at least seven (7) days prior to the date of the General Assembly.

2b. The Board of Directors is not obliged to proceed with the inclusion of items in the agenda or their publication or notification along with a justification and draft decisions submitted by the shareholders according to the aforementioned paragraphs 2 and 2a respectively, if their content is obviously against the law and the moral ethics.

3. The Chairman of the General Assembly is obliged, following a request from a shareholder or shareholders representing one twentieth (1/20) of the paid-up share capital, to postpone for only one time the resolution process regarding all or specified items on the agenda, during an ordinary or extraordinary General Assembly. Moreover, the Chairman shall determine the date of the shareholders' request as the date of the Assembly to be continued, provided that this date will be no more than thirty (30) days from the postponement date.

4. The Board of Directors s is obliged, following a request from any shareholder submitted to the Company five (5) full days prior to the General Assembly, to provide the General Assembly with information on corporate matters as requested, to the extent that such information is useful for the real assessment of the items on the agenda. The Board of Directors may uniformly reply to requests of shareholders with the same content. No obligation for the provision of information exists, when the relevant information is already available on the webpage of the Company, particularly in the form of questions and answers.

Furthermore, the Board of Directors is obliged, following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, to disclose only to the ordinary General Assembly all amounts paid to the members of the Board or the managers of the Company, as well as any other benefit given for any reason or contracted to the them the last two years.

5. In all the above cases, the Board of Directors may refuse to provide such information on serious, reasonable grounds, which shall be recorded in the minutes. The Board of Directors is obliged, following a request from the shareholders representing one fifth (1/5) of the paid-up share capital, to provide to the General Assembly information about the progress of corporate matters and the Company's assets. The above request should be made within the time frame described in the previous paragraph.

6. Following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, the resolution process regarding any item on the agenda may be implemented by nominal ballot.

7. In all of the cases of the present article, the applicant shareholders shall prove that they are shareholders and the number of shares they hold when exercising the relevant right.

8. Shareholders of the Company representing at least one twentieth (1/20) of the paid-up share capital may request the audit of the Company from the competent court, in case the relevant resolutions are not implemented or in the event of the law or Articles of Association violation.

9. Shareholders of the Company representing one fifth (1/5) of the paid-up share capital may ask for a legal audit of the Company in case the Corporate affairs are not managed prudently.

10. The Board of Directors of the Company is obliged, ten (10) days prior to the Ordinary General Assembly, to provide each shareholder that requests so, with a copy of the financial statements and analysis of income statement account, as well as a with a copy of the report of the Board of Directors and the report of the auditors.

F) COMPOSITION AND OPERATION OF THE BOARD OF DIRECTORS ANY OTHER BODIES / COMMITTEES OF THE COMPANY

1. Composition of the Board of Directors
The Board of Directors of the Company, according to its Articles of Association, consists of five (5) up to (9) members. The one third of the Board of Directors of the Company shall at least be non-executive members and includes at least two (2) independent non-executive members.

As soon as it is appointed, the Board of Directors shall be incorporated into a Body and appoint the Chairman, the Vice-chairman, the Chief Executive Officer and the Members. The current Board of Directors of the Company was appointed by the General Assembly dated June 30, 2016 with a five-year term ending on 30.06.2021 and extended until the end of the period within which the next Ordinary General Assembly must be held. The Members of the Board of Directors are the following:

1. Deepak Srinivas Padmanabhan, Chairman (non-executive member)
2. Panayiotis Papadopoulos, Vice Chairman and Chief Executive Officer (executive member)
3. Konstantinos Stefanidis, non-executive member
4. Edwin Lloyd, independent non-executive member
5. Mohsin Majid, non-executive member
6. Bhavneet Singh, independent non-executive member
7. Michael Warrington, Independent non-executive member
8. Yiannos Michailides, non-executive member

2. Operation of the Board of Directors
The Chairman of the Board of Directors shall chair the meetings of the Board of Directors and manage its activities. When the Chairman is absent or prevented from attending, he/she shall be substituted, for the entire scope of his/her competences, by the Vice-chairman, who in turn shall be substituted by the Chief Executive Officer.

The executive member of the Board of Directors should deal with the daily management of the Company. Any other member is considered non-executive member. The capacity of a member as an executive or non-executive shall be defined by the Board of Directors and validated by the General Assembly of the shareholders.

The independent members are non-executive members of the B.o.D that meet at least the independency criteria defined by law and are appointed by the General Assembly of the shareholders according to law 3016/2002.

3. Replacement of a member of the Board of Directors
In the event of a vacancy occurring in the Board prior to the end of tenure due to death, resignation or loss of his/her membership by other way , the remaining members, who may be no less than three, may appoint a temporary Board Member to fill the vacancy for the remainder of its term.

The appointment decision shall be submitted to the publicity formalities of article 7b, L. 2190/1920 as valid, and announced by the Board of Directors at the next General Assembly, which may replace the appointed parties, even if the relevant item has not been included in the agenda. However, the actions of the temporary Member, from the time of its appointment up to the time the General Assembly may reject such appointment, are considered valid

4. Convening the Board of Directors
a) The Board of Directors is convened by the Chairman or his/her substitute, each time it is required by the law or the Articles of Association of the Company. The Board of Directors shall convene at the Company's seat, but it may also meet validly, in any Municipality of the Region of Attica or at any other place in Greece or in other foreign country, provided that all the members are present and no one objects to the realization of meeting or the resolution process.
b) The meeting is announced by the Chairman or his/her substitute, through an invitation submitted to the members at least two (2) working days prior to the meeting, on a date, venue and time decided by the Chairman. The invitation shall clearly state the items on the agenda, otherwise decision-making shall be permitted only if all members of the Board of Directors are present or represented, and no member objects.
c) In the event a request (on the basis of a penalty may be imposed if rejected) for discussing specific items is submitted by at least two Members of the Board, the Chairman or his/her substitute is obliged to : a) include the issues mentioned by the request on the agenda of the first meeting of the Board of Directors after submission of the request; b) call a meeting of the Board of Directors, and set the date of the Meeting, no more than seven (7) days after submission of the request.

d) In the latter case, if the Chairman or his/her substitute refuses to call the Board of Directors, or calls it out of date, the members requesting the meeting can convoke the Board of Directors by themselves within five days from expiry of the seven-day deadline, sending the relevant invitation to the other members of the Board of Directors.
e) The Board of Directors may also convene by teleconference. In this case, invitations to the members of the board of directors shall include all necessary information for participation in the meeting

5. Board of Directors quorum and decision-making
a) Any member who is absent or prevented from attending may appoint another member as his/her representative in the Board of Directors. Any member attending the meeting may represent only one other member. The Board of Directors shall be considered to have a quorum and meet legally if at least half, plus one of the members are present or represented, with at least three (3) Members attending in person.
b) Each Member has one vote. No Member can be represented in the Board of Directors by a person who is not a member thereof.
c) Resolutions of the Board of Directors are made with an absolute majority of the members who are present and represented

6. Minutes of the Board of Directors
Minutes of the discussions and resolutions of the Board of Directors shall be kept in a special book, which is signed by the Chairman or his/her substitute. Drafting and signing off any minutes by all the members of the Board or their representatives is considered a resolution of the Board, even if no meeting has taken place.

7. Committees for the support of the Board of Directors
The work of the Board of Directors is supported by three Sub-Committees of the Board of Directors, the AuditCommittee, the Strategy Committee, the Human Resources Committee, as well as the Purchasing Committee.

<u>Audit Committee</u>

Composition of the Audit Committee
The Audit Committee is composed of three (3) non executive members of the Company's Board of Directors ("BoD") with the majority of them being independent according to the provisions of Law 3016/2002 on Corporate Governance.
The Chairman of the Committee is appointed by the members of the Committee and should be an independent member of the BoD. All Committee's members should have sufficient knowledge of the Company's service/activity industry, while, one of them should have sufficient and relevant knowledge on financial, audit and accounting matters. The Committee recognizes the member's expertise on financial issues by relevant resolution. The members of the Audit Committee are appointed by the General Assembly of Company's shareholders.

The evaluation of the nominee members of the Audit Committee shall be conducted by the BoD, following the recommendation submitted by the Company's HR Committee.

The Audit Committee's members are appointed every five years, as per the tenure of the BoD's members. The Board can review the composition of the Audit Committee at its discretion and recommend to the General Assembly any possible changes.

Audit Committee's meetings

1. The Audit Committee shall meet at least four (4) times annually or more frequently, upon the invitation of the Chairman of the Committee. The invitation may be sent via fax or e-mail. In addition, the Board of Directors may also ask the Committee to convene further meetings with a view to discuss, review and report on any matters which the Board may consider necessary to deal with.

2. A quorum is attained when two (2) or more members are present. Decisions will be taken by majority vote.

3. The Audit Committee may convene through teleconference upon the invitation of the Chairman containing all the necessary details for the realization of the teleconference. The invitation may be sent via fax or e-mail. The items on the agenda of the meeting are finalized by the Chairman of the Committee.

4. The Director of Internal Audit t participates in the meetings of the Audit Committee by the invitation of the Chairman. The Audit Committee members may request any other person of the Company to attend its meetings to assist it with its discussions and considerations on any particular matter, on the Chairman's relevant approval.

5. A member of the Company's Legal Department shall be the Secretary of the Audit Committee, and shall be responsible to keep records of the respective minutes. The minutes of the Audit Committee will be shared with the Board.

6. The Audit Committee reviews and assesses the adequacy of the Charter, also confirming that all of its responsibilities outlined in this Charter have been carried out, on an annual basis.

Audit Committee's Duties and Responsibilities

The Audit Committee serves as an independent and objective body responsible to review and appraise the auditing practices and performance of internal and external auditors. Its primary duty is to assist the Board of Directors in fulfilling its responsibilities by reviewing the Company's financial reporting processes, policies and internal control system.

The Audit Committee shall inter alia:

- Oversee the financial reporting process. The Audit Committee provides an open means of communication between the Internal Auditors, the External Auditors, Senior Management and the Board of Directors. The Audit Committee monitors the statutory audit of the annual and consolidated financial statements. It informs the BoD of the audited entity of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and the role of the audit committee in that process. It also monitors the financial reporting process and submits recommendations or proposals to ensure its integrity.
- Oversee selection, performance and independence of external auditors. The Audit Committee is responsible for the procedure of the selection of statutory auditor(s) or audit firm(s) and recommends the statutory auditor(s) or the audit firm(s). It reviews the performance of external auditors and monitors the independence of the statutory auditors or the audit firms and in particular the proper and due provision of non-audit services to the Company in accordance with Article 5 of the Regulation (EU) No 537/2014.
- Monitor the effectiveness of internal control, quality assurance and risk management systems. The Audit Committee monitors the processes used to control the operations and finances of the Company. The Audit Committee ensures that the Internal Auditors have the appropriate resources and access to required information to fulfil their duties. The Audit Committee reviews and approves the Internal Audit Charter.
- Oversee performance of Internal Audit. The Audit Committee monitors and reviews the effectiveness of Internal Audit. It reviews and approves the Annual Audit plan proposed by the Internal Audit department. The Audit Committee reviews the reports prepared by Internal Audit and authorizes it to investigate any matter brought to its attention within the scope of its duties.
- Review risk management. The Audit Committee reviews the risk management methodology in use at the Company. The Audit Committee reviews the major risks facing the Company, the mitigation plan and progress against the mitigation plan.
- Reviews significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understands impact on the financial statements.
- Complies with the relevant recommendations, instructions, decisions and orders of the Hellenic Capital Market Commission or any other competent supervising authority that may be issued from time to time, with relation to the proper implementation and interpretation of the legislation regulating the Audit Committee's operation, role and responsibilities.

Jurisdiction

In carrying out its responsibilities, the Audit Committee derives the respective authority from the Law, the present Audit Committee Charter, the resolutions of the General Assembly and the Board of Directors. In addition, the Audit Committee has unrestricted access to all Company's' resources and data needed to fulfil its mission.

Strategy Committee (SC)

Strategy Committee Membership

The Board of Directors appoints three (3) Members to sit on the Strategy Committee: two (2) non-executive members of the Board and the Chief Executive Officer. A non-voting Coordinator/Secretary is further being appointed. The Strategy Committee Members may, at their discretion, request additional persons to attend any particular Strategy Committee meeting.

Strategy Committee Role and Responsibilities
The Strategy Committee has the following responsibilities:
- provides oversight and guidance to the Company within the guidelines and framework set by the Board.
- acts instead of the Board in between regularly scheduled meetings of the Board, when authority in this regard is expressly delegated to it by the Board.
- monitors, reviews and makes recommendations on the strategic, business and financial direction and performance of the Company.
- makes recommendations on and monitors investments, acquisitions and disposals and business development activities of the Company.
- reviews and makes recommendations on the Company's financial reporting processes.
- reviews and makes recommendations on all contracts proposed to be entered into by the Company, as these contracts will be forwarded to it by the Purchasing Committee (in accordance with the Purchasing Committee Terms of Reference), and according to the thresholds defined in the Financial Authority Matrix.
- forwards to the Board of Directors proposed contracts that are referred to it by the Purchasing Committee and which imply financial implications exceeding the Strategy Committee's competence in terms of the Financial Authority Matrix.
- reviews and monitors the materialization of all TV rights agreements, and the agreements that are relevant to the telecommunications services provision, as well as any other agreement that the Board of Directors considers each time appropriate

Strategy Committee Meetings

The Strategy Committee shall meet at least once a month and may further meet on an ad hoc basis as necessary if a critical operational issue arises. All meetings are convened by invitation of the Chairman and any other person can participate after Chairman's invitation.

The invitation of each such Strategy Committee meeting, together with the relevant agenda and discussion documents, shall be circulated by the Strategy Committee Coordinator / Secretary to all Strategy Committee Members and any invited persons no less than seven (7) calendar days prior to the date of the meeting.

A quorum shall be achieved with the presence of one non-executive director and the Chief Executive Officer.

The Chief Executive Officer shall, in the course of each Strategy Committee meeting, declare his consent or not with regard to each recommendation made by the Strategy Committee in accordance with its above-indicated role and responsibilities. Such agreement or disagreement shall be duly minuted by the Strategy Committee Coordinator/Secretary in respect of each Strategy Committee recommendation.

In case that the Chief Executive Officer agrees with the Strategy Committee recommendation, a specific timeframe for its implementation shall be specified and duly minuted. An update report on the implementation status of all such recommendations agreed to by the Managing Director shall be presented at each Strategy Committee meeting subsequent to the one in which the particular recommendation will have been made.

In case that the Chief Executive Officer disagrees with a Strategy Committee recommendation, the matter shall be referred to the Board, for the latter's consideration and resolution during the subsequent Board meeting. The Board's resolution on each such matter shall be final and binding.

The Strategy Committee shall keep minutes of all its meetings, which minutes will, within seven (7) calendar days from the date of each Strategy Committee meeting, be circulated by round robin by the Strategy Committee Coordinator / Secretary to all the Strategy Committee Members. The minutes of the Strategy Committee shall be approved by the Board.

The language of all Strategy Committee meetings shall be English and minutes of all such meetings shall likewise be drafted in the English language.

Subject to the above, the Strategy Committee shall regulate its own procedure for its meetings.

The Human Resources (HR) Committee

Composition of the Human Resources (HR) Committee
The HR Committee is composed of four (4) Board members of which at least two (2) are non-executive and independent members of the Company's Board of Directors. The Board of Directors shall, by a majority vote, appoint the members of

the HR Committee ("Member/s") and shall further determine who of such Members shall chair such Committee. The Committee should be chaired by an independent non-executive Board Member.

The Board may, by a majority vote, change the composition of the HR Committee at any time and shall, in any event, review the composition of the HR Committee every three years. If any Member resigns or his appointment is terminated by the Board, the Board shall elect a replacement Member by a majority vote of the then current Board.

HR Committee's Purpose

The HR Committee is created by the Board of Directors of the Company to:

- oversee the Company's compensation and benefits policies generally;
- oversee and set compensation of the Company's CEO and c-level executive officers;
- evaluate performance of the Company's CEO and c-level executives, executive officers and approve changes proposed by the CEO in c-level management;
- propose executive, non- executive and non-executive independent Board Members to the Board after discussion among non-executive members of the Board of Directors that participate in the HR Committee;
- recommend the compensation policy applicable to the members of the Board of Directors, having regard to the Corporate Governance Code, international best practice and the specific circumstances, prior to the recommendation submitted by the Board to the General Assembly of the Company Shareholders on the same issue;
- review the Company's management succession plan;
- oversee the Company's compliance with its Corporate Governance Code regarding the issues of the Committee's responsibility and
- review any other matters as may be requested of it by the Board from time to time.

HR Committee meetings

The HR Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter. The Chairman, in consultation with the other Committee Members, shall determine the frequency of the Committee meetings and shall set meeting agendas consistent with this charter. No executive officer should attend that portion of any meeting where such executive's performance or compensation is discussed, unless specifically invited by the HR Committee.

Whenever it is deemed necessary to discuss and resolve on issues relevant to the nomination of executive, independent non-executive and non-executive Board members, the meetings will be held with the participation of non-executive members only, with a separate agenda. Such meetings will be minuted separately and the resolutions will be forwarded to the Board as defined herein under. A quorum exists only when all members of the HR Committee, excluding the executive members (that may not participate in said meetings) are present and resolve on the items of the agenda. In such instances, the HR Committee will convene under the title HR Nomination Committee.

The HR Committee will establish the communication process from and to the Board of Directors that will apply for the purpose of determining the convocation and agenda of the HR Nomination Committee and communicate such process to the Board of Directors, so as to facilitate their cooperation.

The HR Committee may convene through teleconference upon the invitation of the Chairman containing all the necessary details for the realization of the call. The invitation may be sent via fax or e-mail.

The HR Committee may further take decisions by written resolution, in which case such decisions shall be effective as if they were taken at a meeting of the HR Committee provided that such written resolution is signed by all Members of the HR Committee.

A quorum is attained when three (3) Members are present. No business may be transacted at a meeting of this Committee unless a quorum is achieved. Decisions will be taken by majority vote of the Members present. In the event of a tie, the vote of the Chairman shall prevail for the purpose of resolving such tie. Only Members of the Committee, any person invited by them, and the Secretary to the Committee shall have the right to attend meetings of the Committee. Only Members of the Committee shall have voting rights; with all other invitees, including the Secretary, attend on a non-voting basis.

The HR Committee may invite the Company's CEO (in the event that the CEO is not a Committee member) and/or the Head of Human Resources to join its meetings. The Committee may request any other officer of the Company to attend its meetings to assist it with its discussions on any particular matter.

If a matter under consideration is one where a Member of the Committee, either directly or indirectly has a personal interest, that Member shall not be permitted to vote at the meeting.

The recommendations of the HR Committee must be approved by the Board before they can be implemented.

The Secretary to the Committee, who shall be appointed by the HR Committee, shall be responsible for:

- confirming at the beginning of each meeting whether a quorum is present;
- keeping a written record of the minutes of the proceedings, and resolutions at all meetings of the Committee, including recording the names of those present and in attendance;
- circulating draft minutes of meetings of the Committee within seven (7)days of each such meeting to the Members of the Committee;
- circulating approved minutes of every HR Committee meeting to all Board members, at the first Board meeting occurring after the Committee meeting to which such minutes relate.
- circulating approved minutes of every meeting held in relation to the independent members of the Board responsibilities of the committee to all Board members, at the first Board meeting occurring after the Committee meeting where the specific agenda items are resolved.

HR Committee's Duties and Responsibilities:
In addition to any other responsibilities that may be assigned from time to time by the Board, the HR Committee is responsible for the following matters in fulfilment of its purpose as outlined above. In order to fulfil its mission, the HR Committee shall have (i) unrestricted access to all resources and data of the Company; and (ii) the authority to obtain, at the Company's expense, any external professional advice (including the advice of independent remuneration consultants), as the HR Committee may deem necessary, after informing the Chairman of the Board of Directors and subject to regular reporting back to the Board thereon.

Compensation Policies
The HR Committee shall review and approve the Company's compensation and benefits policies generally, including reviewing and approving any incentive- compensation plans and equity-based plans of the Company. In reviewing such compensation and benefits policies, the HR Committee may consider the recruitment, development, promotion, retention and compensation of employees, the financial and operating circumstances of the Company and any other factors that it deems appropriate.

Executive Compensation
The HR Committee shall review and approve for the CEO and each c-level executive (defined as direct reports to the CEO), his or her (i) annual base salary level, (ii) annual incentive compensation, (iii) long-term incentive compensation, (iv) employment, severance and change-in-control agreements, if any, and (v) any other compensation or special benefit items.

Nomination of executive, independent non-executive and non-executive Board Members
The HR Nomination Committee, consisting solely of non-executive officers participating in the same, shall nominate and present to the Board for approval executive, independent non-executive and non-executive Board Members at such instances when a nomination is necessary for the appointment or replacement of any individual board member or the Board as a whole, under the policy for nominating candidates for the Board of Directors approved by the Board.

The HR Nomination Committee is responsible to examine the independence status of all the nominated members and report to the Board accordingly. The relevant procedure also includes the completion of the "statement of the independence status of the members of the Board" by the nominated members, in which they verify their independence according to the criteria of the law.

Executive Performance and Changes in Executive Management
The HR Committee shall annually review the performance of the CEO and each c-level executive. In reviewing such executive performance, the HR Committee may consider the identified goals and objectives of the Company and goals and targets set for each executive. Furthermore, the CEO will present any proposed changes to the c-level executive team to the Committee.

Succession Plan
The HR Committee shall, in consultation with the Company's CEO, periodically review the Company's management succession planning, including policies for CEO, CFO and CCO selection and succession in the event of the incapacitation, retirement or removal of the executive.

The Purchasing Committee (PC)
Purchasing Committee Membership
The Board of Directors shall appoint not less than three (3) Members and not more than four (4) Members to sit on the Purchasing Committee, as well as a non-voting expert advisor. A non-voting Secretary shall further be appointed. The

Purchasing Committee Members may, at their discretion, request additional persons to attend any particular Purchasing Committee meeting and assist the Purchasing Committee in the accomplishment of its obligations.

Purchasing Committee Duties and Responsibilities
The Purchasing Committee shall have the following functions:

To review and approve every purchase and procurement transaction made by the Company according to the financial authority matrix;
- To review existing purchasing and procurement policies and procedures of the Company and ensure consistency in their application;
- To approve major purchasing/partnership decisions in such a way as to ensure a link with the Company's strategic partners and to encourage the creation of synergies in the purchasing decision-making process;
- To review key risks and business implications of key contracts, including framework contracts, renewals, or annual support contracts (that is, all contracts with value over €50,000 excluding VAT) to be entered into by the Company;
- To ensure optimization of capital and operational expenditure;
- To participate in the annual evaluation procedure of all suppliers, to suspend, reinstate and exclude the cooperation with suppliers for performance-related reasons when necessary;
- To serve as the first reference point to which all contract proposals are to be referred and approved, provided that the financial implication in respect thereof is more than €50,000 excluding VAT;
- To review the contract proposals referred to it in terms of the preceding point and to make recommendations in regard to the same, as well as to assign competencies according to the Financial Authority Matrix, on condition that the proposed agreements the value of which is higher than the competency that has been assigned to the Management are referred by the Purchasing Committee to the Strategy Committee and the Strategy Committee, in its turn, will finally refer to the Board of Directors, all those proposed agreements that exceed the limit of its competency;
- To ensure the suitable materialization of all expenses approved according to the following Financial Authority Matrix;
- To approve the initial formation, as well as any change in the formation of the list of the preferable suppliers.

Purchasing Committee Meetings

The Purchasing Committee shall meet at least once a month and may further meet on an ad hoc basis according to the needs or if it is considered necessary by the members. The meetings of the Committee may also take place via teleconference.

Any invitation of each such Purchasing Committee meeting, together with the relevant agenda and discussion documents, shall be circulated by the Purchasing Committee Secretary to all Purchasing Committee Members, to the expert advisor and any invited persons no less than two (2) days prior to the date of the meeting.

A quorum shall be achieved with the presence of three members of the Purchasing Committee

All Purchasing Committee approvals and recommendations made at each Purchasing Committee meeting shall be duly minuted by the Purchasing Committee Secretary at each such meeting and will be circulated within 7 days from the date of each meeting of the Purchasing Committee to all the members of the Purchasing Committee as well as to the expert advisor. In the event that the expert advisor is absent from any meeting of the Purchasing Committee, he should receive in this case too, a copy of the minutes of the said meeting (these minutes should record all approvals, proposals and resolutions that are taken in such meeting).

In order the Purchasing Committee to be facilitated so as to accomplish its work, ensuring the proper approval of all the expenses according to the Financial Authority Matrix, an updated report on them should be presented by the Chief Executive Officer (or by any other person to whom he assigns this competency) in each Purchasing Committee meeting. The minutes of each Purchasing Committee meeting will be approved at the following meeting.

The language of all Purchasing Committee meetings shall be English and minutes of all such meetings shall likewise be drafted in the English language.
Subject to the above, the Purchasing Committee shall regulate its own procedure for its meetings.

Diversity policy applied to the Company's administrative, managerial and supervisory bodies.
Diversity regarding specific characteristics such as age, sex, level of education, personal skills, professional experience and culture is one of the criteria for the candidacy and final selection of the members of the Board of Directors of the Company. The HR Nomination Committee for Board members is composed exclusively of non-executive members and is responsible for assessing the needs and correspondingly implementing a diversity policy in relation to the above characteristics.

As regards the diversity of the Board of Directors on 31 December 2017, the ages of Board members range from 42 to 61. As regards their level of education, all Board members hold a combination of University degrees, post-graduate degrees, professional certifications and doctoral theses in a broad range of subjects, such as computer science, business administration, accounting, economics, etc. As regards their professional experience and culture, the Company's Board of Directors is composed of both Greek nationals and third country citizens of various nationalities who have served in various positions of responsibility at companies involved in major sectors of the market (whether in Greece or abroad), such as telecommunications, television, banking, etc., while one member has a distinguished academic and research career.

8. RELATED PARTIES

The Company and the Group purchase goods and services from and provides services to certain related parties in the normal course of business. These related parties consist of companies that have a significant influence over the Group (shareholders) or are associates of the Group.

The Group's transactions and account balances with related companies are as follows:

Related Party	**Relation with the Group**	**Year ended at**	**Sales to related parties**	**Purchases from related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2017	1,571,881	3,247,594	340,203	602,645
		31.12.2016	1,400,169	3,324,072	540,141	649,846
Vodafone S.A.	Shareholder	31.12.2017	2,903,471	2,484,352	267,468	511,692
		31.12.2016	937,295	2,658,060	252,164	495,557
Technology and Research Foundation	Shareholder	31.12.2017	51,505	10,590	34,267	3,500
		31.12.2016	60,117	40,529	47,752	4,762
Lumiere Productions S.A.	Shareholder	31.12.2017	-	-	-	6,378
		31.12.2016	-	-	-	6,378
Lumiere Cosmos Communications	Shareholder	31.12.2017	-	-	-	10
		31.12.2016	-	-	-	10
ALPHA BANK SA	Shareholder	31.12.2017	101,479	142,341	41,709	15,264
		31.12.2016	-	-	-	-
NATIONAL BANK OF GREECE SA	Shareholder	31.12.2017	29,757	170,777	23,061	247,458
		31.12.2016	-	-	-	-
PIRAEUS BANK SA	Shareholder	31.12.2017	1,240,333	-	65,717	-
		31.12.2016	-	-	-	-
ATTICA BANK SA	Shareholder	31.12.2017	1,217	-	1,223	-
		31.12.2016	-	-	-	-
Telemedicine Technologies S.A.	Associate	31.12.2017	-	-	3,734	-
		31.12.2016	-	-	3,734	-
Athlonet S.A.	Associate	31.12.2017	-	-	11,502	8,060
		31.12.2016	-	-	11,502	8,060
Vodafone Ltd.	Related Party	31.12.2017	1,306,094	1,437,214	112,690	-
		31.12.2016	2,099,756	2,113,108	587,260	530,563
Hellas Online	Related Party	31.12.2017	-	-	11	117
		31.12.2016	-	-	11	117
Cablenet Ltd	Related Party	31.12.2017	5,875	62,850	1,020	4,600
		31.12.2016	2,285	33,197	1,265	15,250
Emirates International Telecommunications	Related Party	31.12.2017	-	-	-	-
		31.12.2016	-	500,000	-	598,544
Total		31.12.2017	**7,211,612**	**7,555,718**	**902,605**	**1,399,724**
Total		31.12.2016	**4,499,622**	**8,668,966**	**1,443,829**	**2,309,087**

- The Company's revenues and costs from Wind Hellas Telecommunications S.A. are related to interconnection fees, swaps of fiber optic network and leased lines.
- The Company's revenues and costs from Vodafone Ltd, Vodafone – Panafon S.A. and its subsidiary Hellas Online S.A. are related to interconnection fees and leased lines. The revenue increase in the current year is primarily attributed to the agreement reached in September 2017 between Forthnet Media S.A. and Vodafone-Panafon S.A. for the wholesale distribution to the latter of Forthnet Media's Pay TV "Novasports" branded channels.

- The costs from Alpha Bank and National Bank of Greece relate to commissions for collection from customers. The revenues from Alpha Bank, National Bank of Greece, Piraeus Bank and Bank of Attika relates to provision of services (leased lines, etc).
- Emirates International Telecommunications LLC, a related part up until the year ended 31.12.2016, provided technical and other services to support various operations and functions of the Forthnet Group's business.
- The cost from Cablenet Ltd is related to interconnection leased lines services to customers.

The Company's transactions and account balances with related companies are as follows:

Related Party	Relation with Forthnet	Year ended at	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2017	1,571,881	3,176,230	340,184	599,279
		31.12.2016	1,400,169	3,244,496	540,123	644,375
Vodafone S.A.	Shareholder	31.12.2017	1,100,236	2,481,331	267,468	511,586
		31.12.2016	893,474	2,655,292	238,637	495,451
Technology and Research Foundation	Shareholder	31.12.2017	56,797	10,590	33,787	3,534
		31.12.2016	60,117	40,529	41,979	4,796
Lumiere Productions S.A.	Shareholder	31.12.2017	-	-	-	-
		31.12.2016	-	-	-	-
Lumiere Cosmos Communications	Shareholder	31.12.2017	-	-	-	-
		31.12.2016	-	-	-	-
ALPHA BANK SA	Shareholder	31.12.2017	101,479	141,590	41,705	15,606
		31.12.2016	-	-	-	-
NATIONAL BANK OF GREECE SA	Shareholder	31.12.2017	29,351	110,555	22,894	247,459
		31.12.2016	-	-	-	-
PIRAEUS BANK SA	Shareholder	31.12.2017	1,239,586	-	65,607	-
		31.12.2016	-	-	-	-
ATTICA BANK SA	Shareholder	31.12.2017	540	-	299	-
		31.12.2016	-	-	-	-
Telemedicine Technologies S.A.	Associate	31.12.2017	-	-	3,734	-
		31.12.2016	-	-	3,734	-
Athlonet S.A.	Associate	31.12.2017	-	-	11,502	8,060
		31.12.2016	-	-	11,502	8,060
Vodafone Ltd.	Related Party	31.12.2017	1,306,094	1,437,214	112,690	-
		31.12.2016	2,099,756	2,113,108	587,260	530,563
Hellas Online	Related Party	31.12.2017	-	-	-	-
		31.12.2016	-	-	-	-
Cablenet Ltd	Related Party	31.12.2017	5,875	62,850	1,019	4,602
		31.12.2016	2,285	33,197	1,265	15,250
Emirates International Telecommunications	Related Party	31.12.2017	-	-	-	-
		31.12.2016	-	500,000	-	598,544
Forth CRS S.A.	Subsidiary	31.12.2017	103,643	117,561	-	52,804
		31.12.2016	113,752	216,984	-	64,387
Forth CRS Italia	Subsidiary	31.12.2017	-	-	-	-
		31.12.2016	-	-	-	-
Forthnet Media S.A.	Subsidiary	31.12.2017	7,136,310	899,056	99,925,647	3,775,095
		31.12.2016	8,137,269	1,567,903	94,230,374	2,589,725
NetMed S.A.	Subsidiary	31.12.2017	98,713	(1)	866,721	16,014
		31.12.2016	103,013	-	744,316	42,394
Intervision Services BV	Subsidiary	31.12.2017	184,131	-	278,094	-
		31.12.2016	93,963	-	93,963	-
Total		31.12.2017	**12,934,637**	**8,436,975**	**101,971,352**	**5,234,038**
Total		31.12.2016	**12,903,798**	**10,371,509**	**96,493,153**	**4,993,545**

- Revenues and receivables from Forthnet Media S.A. are mainly related to the 3 play commission re-charged to the subsidiary by the Company, as well as, charges for the re-sale of the Super league and UEFA football rights.
- The Company's payable towards Forthnet Media S.A. is mainly related to cash collected by its stores on behalf of Forthnet Media S.A.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the years ended 2017 and 2016 are analyzed as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Salaries and fees for executive members of the BoD	508,814	316,505	508,814	316,505
Salaries and fees for non-executive members of the BoD	238,659	221,028	238,659	221,028
Salaries and fees for senior managers	2,202,662	1,972,487	1,370,220	1,270,470
Total	**2,950,135**	**2,510,020**	**2,117,693**	**1,808,003**

Furthermore, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Management relating to social security amounted to € 157,091 for the Group and € 108,450 for the Company respectively (December 31, 2016: € 167,097 for the Group and € 123,009 for the Company respectively), whereas benefits relating to leaving indemnities amounted to € 211,465 for both the Group and the Company (December 31, 2016: € 227,201 for both the Group and the Company). Moreover, it is noted that the captions “Salaries and fees for executive member of the BOD” and “Salaries and fees for directors / general managers” include a performance bonus relating to years 2015 and 2016. The amounts owed to the members of the BOD for the Group and the Company as of December 31, 2017 are € 64,912 (December 31, 2016: €74,707).

9. BOARD OF DIRECTORS’ EXPLANATORY REPORT (according to Article 4(7)&(8) of Law 3556/2007)

The present Explanatory Report of the Board of Directors to the Ordinary General Assembly of the Shareholders includes additional detailed information in accordance with **paragraphs 7 & 8 of Article 4 of Law 3556/2007** and constitutes a unified and integral part of the Annual Board of Directors’ Report.

(a) Structure of the Company’s share capital

The Company’s share capital on 31.12.2017 amounts to forty nine million one hundred forty-four thousand seven hundred forty-two Euros and ten cents (€ 49,144,742.10) and is divided into one hundred sixty-three million eight hundred fifteen thousand eight hundred seven (163,815,807) common registered shares with a nominal value of thirty cents (EUR 0.30) each.

The Company’s shares are dematerialised, common, registered, with voting rights, freely negotiable and transferable and listed for trading on the Athens Exchange and as of 25 November 2011 in the “Under Surveillance” segment as, according to the financial statement of 31/12/2010, the loss was larger than 30% of the net worth of the Company whereas there was no provision for the completion of a share capital increase within the term for which the Company was bound.

The quality of shareholder implies the legal, ipso iure and unlimited exercise of all rights and the undertaking of all responsibilities arising from the legislation on Societes Anonymes, the provisions of the Articles of Association, the decisions of the General Assembly of Shareholders and the resolutions of the Board of Directors. Shareholders exercise their rights as regards to the management of the Company solely through the General Assembly and each share provides the right to one (1) vote at the General Assembly.

Moreover, each share provides:

- The right to a dividend from the Company’s annual profits, in accordance with the stipulations of legislation and the Articles of Association;
- the right to withdraw the contribution after the end of liquidation and the balance of the product of liquidation of company property, in accordance with their participation in the paid-up share capital;
- the pre-emptive right in each increase of the Company’s share capital with cash and new shares;
- the right to obtain a copy of the financial statements and the reports issued by the auditors and the Company’s Board of Directors;
- the right to participate in the General Assembly, which includes the following rights: legitimacy, presence, participation in discussions, submission of proposals on items on the agenda, entry of views in the minutes and voting.

The General Assembly of Company shareholders reserves all its rights during liquidation.

Furthermore, any shareholder or shareholders representing 1/20th or 1/5th of the paid-up share capital enjoy minority rights, as stipulated by the Company's Articles of Association and the relevant legislation.

Additionally:
Following an approval resolution issued by the Board of Directors on 21 June 2016, pursuant to the relevant authorisation granted by the Ordinary General Assembly of the shareholders of the Company held on 28 June 2011, the Company issued a convertible bond loan up to the total amount of € 99,087,466.50 with a pre-emptive right for existing shareholders, in accordance with Article 3a of Codified Law 2190/1920, Law 3156/2003 and the other provisions of the applicable legislation (hereinafter referred to as the "CBL"). Through the CBL, the Company raised the sum of € 70,124,679.90 and certified its partial subscription on 11 October 2016, simultaneously issuing 233,748,933 convertible bonds, which were made available to beneficiaries. The convertible bonds issued have been listed for trading on the Stock Exchange, while their beneficiaries have the right to convert them into new shares, in accordance with the detailed provisions of the CBL Programme included in the Company's Prospectus dated 15 September 2016.

(b) Limitations on the transfer of Company shares
The transfer of Company shares takes place as stipulated by Law and there are no limitations on their transfer imposed by the Articles of Association, given that these are dematerialised shares listed on the Athens Exchange.

(c) Important direct or indirect holdings within the meaning of Law 3556/2007 (Articles 9 to 11)
I. Shareholders (natural or legal persons) who on 31 December 2016 hold directly or indirectly more than 5% of the total number of shares are presented in the following table:

CORPORATE NAME	SHARES	% SHARE
WIND HELLAS TELECOMMUNICATIONS S.A.	36,332,457	33.00%
GO PLC	24,887,737	22.61%
MASSAR INVESTMENTS LLC	24,887,736	22.61%
VODAFONE PANAFON HELLENIC TELECOMMUNICATIONS S.A.	7,162,751	6.51%

According to the notifications dispatched to the Company by 31/12/2016 pursuant to Law 3556/2007, voting rights in the Company are as follows:

(a) WIND HELLAS TELECOMMUNICATIONS S.A. is indirectly controlled by Largo Limited through Largo Intermediary Holdings Limited and Crystal Almond Sarl. It is noted that, in accordance with the notification dated 6 December 2013 received by the Company and disclosed on 9 December 2013, in compliance with Law 3556/2007, the percentage of voting rights directly held by WIND HELLAS TELECOMMUNICATIONS S.A. in the Company came to 32.26% on 5 December 2013.

(b) GO p.l.c. Is indirectly controlled by the Tunisian State through Tunisie Telecom and TT ML Limited. It is noted that, in accordance with the notification dated 25 August 2016 received by the Company and disclosed on 26 August 2016, in compliance with Law 3556/2007, the percentage of voting rights directly held by GO p.l.c. in the Company came to 22.605% on 23 August 2016.

(c) MASSAR INVESTMENTS LLC is directly controlled by Mr. ABDULAZIZ AL GHURAIR. It is noted that, in accordance with the notification dated 15 August 2016 received by the Company and disclosed on 16 August 2016, in compliance with Law 3556/2007, the percentage of voting rights directly held by MASSAR INVESTMENTS LLC in the Company came to 20.636% on 10 August 2016.

II. Shareholders (natural or legal persons) who on 31 December 2017 hold directly or indirectly more than 5% of the total number of shares are presented in the following table:

	SHARES	PERCENTAGE
WIND HELLAS TELECOMMUNICATIONS S.A.	36,332,457	22.17%
GO PLC	24,887,737	15.19%
MASSAR INVESTMENTS LLC	24,887,736	15.19%
PIRAEUS BANK S.A.	22,430,025	13.69%
NATIONAL BANK OF GREECE S.A.	18,039,387	11.01%
ALPHA BANK S.A.	12,592,500	7.69%

According to the notifications dispatched to the Company pursuant to Law 3556/2007, voting rights in the Company on 31.12.2017 are as follows:

(a) WIND HELLAS ELECOMMUNICATIONS S.A. is indirectly controlled by Crystal Almond Holdings Limited (former Largo Limited) through Crystal Almond Intermediary Holdings Limited and Crystal Almond Sarl. It is noted that, in accordance with the notification dated 10th January 2017 received by the Company and disclosed on 11th January 2018 in compliance with Law 3556/2007, the percentage of voting rights directly held by WIND HELLAS ELECOMMUNICATIONS S.A. in the Company came to 22.17% on 19th December 2017.

(b) GO p.l.c. Is indirectly controlled by the Tunisian State through Tunisia Telecom and TT ML Limited. It is noted that, in accordance with the notification dated 10th January 2017 received by the Company from the Tunisian State and disclosed on 11th January 2017, in compliance with Law 3556/2007, the percentage of voting rights directly held by GO p.l.c. in the Company came to 15.19% on 21st December 2017.

(c) MASSAR INVESTMENTS LLC is directly controlled by Mr. ABDULAZIZ AL GHURAIR. It is noted that, in accordance with the notification dated 22nd January 2018 received by the Company and disclosed on 22nd January 2018, in compliance with Law 3556/2007, the percentage of voting rights directly held by MASSAR INVESTMENTS LLC in the Company came to 15.19% on 27th December 2017. It is noted that the Company has received the notification dated 14th January 2018 by Mr. ABDULAZIZ AL GHURAIR with the same content and disclosed on 15th January 2018.

(d) Piraeus Bank S.A., in accordance with the notification dated 27th December 2017 in compliance with Law 3556/2007 and disclosed on 27th December 2017, held in the Company a percentage of voting rights which came to 13.6929% on 21st December 2017.

(e) National Bank of Greece S.A., in accordance with the notification dated 22nd December 2017 in compliance with Law 3556/2007 and disclosed on 27th December 2017, held in the Company a percentage of voting rights which came to 11.01% on 21st December 2017.

(f) Alpha Bank S.A., in accordance with the notification dated 22nd December 2017 in compliance with Law 3556/2007 and disclosed on 27th December 2017, held in the Company a percentage of voting rights which came to 7.69% on 22nd December 2017.

(d) Shares providing special control rights
There are no Company shares providing special control rights to their holders.

(e) Limitations on voting rights
The Company's Articles of Association do not provide for any limitations on voting rights arising from its shares.

(f) Company shareholders' agreements
1. Within the framework of the Company's share capital increase which was decided by the Extraordinary General Assembly held on 14 May 2008 and in order to facilitate the participation and exercise of the respective pre-emptive rights by the Company's Senior Executives and personnel, Agreements for the Pledging of Shares were concluded on 31 July 2008 between the Company's Shareholder Forgendo Ltd on the one hand, and the Managing Directors, certain Higher Management Executives and certain employees of the Company on the other, who already participated in the Company's

share capital and had, according to the Decision of the Extraordinary General Assembly held on 14 May 2008, a pre-emptive right in the share capital increase. In particular, the aforementioned Agreements provide for the pledging of shares acquired by the aforementioned persons during the share capital increase of the Company decided on 14 May 2008, which were concluded as guarantee for the loans received by the aforementioned management executives and personnel of the Company for the exercise of the respective pre-emptive right for the acquisition of company shares. These Agreements provide for limitations to the right to transfer pledged shares. Following a relevant notification (assignment announcement) to the Company, on 20 July 2016, Forgendo Ltd assigned all its rights and claims deriving from the above pledging contracts and loan contracts to the company 'Emirates International Telecommunications (Malta) Ltd, which, according to the notifications dispatched to the Company by 31 December 2017, pursuant to Law 3556/2007, has no voting rights in the Company.

2. According to the notifications dated 10 June 2014 dispatched to the Company by WIND HELLAS TELECOMMUNICATIONS SA (hereinafter "WIND"), VODAFONE PANAFON HELLENIC TELECOMMUNICATIONS S.A. (hereinafter "Vodafone Greece") and VODAFONE GROUP PLC (hereinafter "VODAFONE"), the latter, both on its own account and on behalf of companies controlled by VODAFONE (hereinafter "Vodafone Subsidiaries"): a) Under the terms of the agreement concluded on 04 June 2014 between Vodafone Greece and WIND, Vodafone Greece acquired an option of 14,584,853 common shares of the Company, which belong to WIND and account for 13.25 % of the total share capital and voting rights. This option could be exercised upon the completion of one year from the date of conclusion of the above agreement. Following successive extensions to the deadline for the exercise of the above right, which were notified to the Company on 18 June 2015, 18 November 2015, 3 June 2016 and 31 August 2016 and were announced by the Company on 19 June 2015, 19 November 2015, 6 June 2016 and 2 September 2016, in compliance with Law 3556/2007, this right could then be exercised upon the completion of thirty (30) months from the date of conclusion of the above agreement. b) According to the regulated information announcement of 16 December 2016 under Law 3556/2007, following a relevant notification dispatched to the Company, the deadline for the exercise of the option right acquired by VODAFONE Hellas was 24 February 2017. (c) According to the announcement of regulated information of Law 3556/2007 dated 5 April 2017, following a notification to the Company dated April 2017 by VODAFONE Hellas both on behalf of the latter as well as of the parent Company VODAFONE GROUP PLC, the option was not exercised until 24 February 2017, which was the last day of its potential exercise. Thus the above option does not longer exist.

(g) Rules applicable to the appointment and replacement of members of the BoD and amendment of the Articles of Association

The rules set out in the Company's Articles of Association as regards the appointment and the replacement of members of the Board of Directors and amendments to the provisions of its Articles of Association do not differ from those provided for under Codified Law 2190/1920, as amended by Law 3604/2007, other than those referred to below:

1. **Article 15(6)** of the Company's Articles of Association, regarding the amendment of Article 32 of the Articles of Association, stipulates, by way of exception, that in order for a decision to be made by the General Assembly, a 3/4 majority of the paid-up share capital is required, while in Article 31(2) of Codified Law 2190/1920 stipulates that such a decision is taken with a 2/3 majority of the votes represented in the General Assembly. It is noted that the increased majority of Article 15(6) of the Articles of Association is legally provided since Article 29(6), in combination with Article 31(3) of Codified Law C.L. 2190/1920, allow for the Articles of Association to provide for increased percentages of quorum and majority for certain issues. Article 32 of the Articles of Association concerns the power of the Board of Directors to subsidise the Institute of Information of FORTH in view of the Institute's contribution towards the development of the telecommunications market and the creation of the Company.

2. **Article 15(1)(j)** of the Company's Articles of Association stipulates that the decisions made with an increased quorum and majority include decisions concerning the amendment of Article 20(24) of the Company's Articles of Association, where the powers of the Managing Director are provided for.

3. **Article 15(2)(b)** of the Company's Articles of Association ("Exceptional quorum and majority of the General Assembly) stipulates that "The first repetitive General Assembly shall be considered to achieve a quorum and convene validly on the items of the agenda, when at least fifty-one percent (51%) of the paid-up share capital is represented thereat". According to Article 29(4) of the CL 2190/1920, "The first repetitive General Assembly shall be considered to achieve a quorum and convene validly on the items of the agenda, when at least ½ of the paid-up share capital is represented thereat". However, the increased majority of Article 15(2)(b) of the Articles of Association is legally provided for since Article 29(6), in combination with Article 31(3) of Codified Law C.L. 2190/1920, allow for the Articles of Association to provide for higher percentages of quorum and majority for all or specific issues than those set out by law.

(h) Responsibilities of the BoD or certain members of the BoD as regards the issuance of new shares or the purchase of own shares in accordance with Article 16 of Codified Law 2190/1920.

In accordance with the provisions of **Article 13(1)(b)&(c) of Codified Law 2190/1920**, in combination with the provisions of **Article 5 of the Company's Articles of Association**, the Company's Board of Directors has the right, following the relevant decision made by the General Assembly of the shareholders, subject to the disclosure formalities of Article 7b of Codified Law 2190/1920, to increase the Company's share capital in part or in whole by issuing new shares or a bond loan with convertible bonds, following a resolution adopted by a majority of at least two thirds (2/3) of its total number of members. In this case, the share capital may be increased up to the amount of capital paid up on the date this power was granted to the Board of Directors by the General Assembly. The above power of the Board of Directors may be renewed by the General Assembly for a period that cannot exceed five years for each renewal, and its validity starts after the termination of each five-year period. This decision of the General Assembly is subject to the disclosure formalities of Article 7b of Codified Law 2190/1920.

Within the framework of the above legislative provisions, the Ordinary General Assembly of shareholders held on 28 June 2011 approved the renewal of the power of the Board of Directors, for a five-year period, to issue a resolution, passed with a two-thirds (2/3) majority of the total number of its members:

- to increase the Company's share capital in part or in whole by issuing new shares up to the amount of share capital paid up on the date of the General Assembly, in accordance with the Articles of Association and the law;

- to issue a bond loan, in accordance with Article 3a of Codified Law 2190/1920 and the Articles of Association, with the right to convert the bonds into shares up to the amount of share capital paid up on the date of the General Assembly in accordance with the Articles of Association and the law.

On the basis of the above authorisation, on 21 June 2016, the Board of Directors of the Company issued a CBL, in accordance with Chapter (a) of this Explanatory Report, up to the total amount of EUR 99.087.466,50, with a pre-emptive right for existing shareholders, in accordance with Article 3a of Codified Law 2190/1920, Law 3156/2003 and the other provisions of the applicable legislation. This authorisation expired upon the completion of five years from the date of its granting and was not renewed.

In accordance with the provisions of **Article 13(14) of Codified Law 2190/1920**, as in force following its amendment by Law 3604/2007, the General Assembly can decide, in accordance with the provisions of Article 29(3)&(4) and Article 31(2), subject to the disclosure formalities of Article 7b, to authorise the Board of Directors to establish a stock option plan in accordance with Article 13(13) of Codified Law 2190/1920, by increasing, if necessary, the share capital and by taking all relevant decisions. Such authorisation is valid for five (5) years, unless the General Assembly sets a shorter term of duration, and is independent of the powers of the Board of Directors as set out in Article 13(1). The resolution of the Board of Directors is adopted under the terms of par. 1 and with the limitations of Article 13(13). On 31 December 2017, no such authorisation was in force.

(i) Important agreements coming into force, being amended or expiring in the case of changes in control following a public offer.

There are no agreements coming into force, being amended or expiring in the case of a change in the control of the Company, following a public offer. However, the Company has concluded agreements that grant the counterparties termination rights in the case of a change in control.

(j) Agreements with members of the Board of Directors or Company's staff foreseeing payment of compensation especially in the case of resignation or dismissal without justified reasons or termination of their term or employment, due to a public offer.

The contracts of the Chief Executive Officer and certain management executives provide for payment of additional compensation in the case of contract termination for which the aforementioned persons are not liable or in case of forced resignation, while some of the above contracts especially provide for payment of additional compensation in the case of contract termination by the Company or at the latter's fault, following change of the Company's control or due to an imminent change of control. Such a change of control could also be the result of a public offer. As for the rest, there are no agreements between the Company and the members of the Board of Directors of the Company or its staff, providing for payment of compensation especially in the case of resignation or dismissal without justified reasons or termination of their term or employment, due to a public offer.

Iraklio, 25/04/2018

Deepak Srinivas Padmanabhan
President of the
Board of Directors

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INDEPENDENT AUDITOR'S REPORT

THIS IS A TRANSLATION FROM THE ORIGINAL VERSION IN THE GREEK LANGUAGE

To the Shareholders of FORTHNET S.A.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of the Hellenic Company for Telecommunications and Telematic Applications S.A. ''Forthnet S.A.'' (the "Company") and subsidiaries (the "Group"), which comprise the separate and consolidated statements of financial position as at December 31, 2017, the separate and consolidated statements of comprehensive income/(loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly in all material respects the financial position of the Company and the Group as at December 31, 2017 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in the Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report. We remained independent of the Company and the its subsidiaries throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in the Greek Law, together with the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 6 to the separate and consolidated financial statements which indicates that, at December 31, 2017, (a) the Company and the Group had not proceeded with the payment of scheduled loan installments of € 78.0 million and € 255.0 million, respectively, that were due and were classified as current as of that date and, (b) the Company's and Group's current liabilities exceeded their current assets. Accordingly, the Company and the Group may not be able to meet their contractual obligations under their bond loan agreements and all their working capital requirements. As further discussed in Note 6 (i), the Company's and Group's ability to complete the refinancing of their entire contractual obligations under their loan agreements and, (ii) the Company's and the Group's working capital sufficiency, cannot be assured, while an additional uncertainty exists associated with the current economic situation in Greece. Accordingly, these conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts, the amounts and classification of liabilities or any other adjustments that might result should the Company and the Group be unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters and the related risks of material misstatement, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition (separate and consolidated financial statements)	
The Company and the Group recognized total operating revenue of € 166.4 million and € 294.0 million, respectively during the year ended December 31, 2017, consisting primarily of Pay-TV, broadband and fixed line services contracts (analysis included in note 8 to the separate and consolidated financial statements). We have identified revenue recognition, and in particular the determination of accrued and deferred revenue, as a key audit matter due to the complexity of revenue contracts, which include bundling of services and tariff changes within the year; the variety of services, products and tariffs offered and the large volume of data handled by the Company and the Group; and also the inherent complexity of the telecommunications' billing systems and processes used to estimate and record revenue and the relevant accrued and deferred revenue. The Company's and the Group's disclosures relating to the accounting policy for revenue recognition can be found in note 4 (u) to the separate and consolidated financial statements.	The audit procedures that we performed, among others, are as follows: With the support of our information technology specialists, we tested the information technology ("IT") environment of systems supporting material revenue streams, covering the process of ordering, provision of services, rating and billing. Our procedures also included an assessment of the controls environment and the internal controls relating to change management and restricted access over these IT systems. We obtained an understanding of the IT and manual controls surrounding material revenue streams and we tested those controls in relation to transactions recorded and transferred across systems, from their initial capturing through their recording in the general ledger. We tested internal controls related to the calculation and recognition of accrued and deferred revenue. We performed an analysis of accrued and deferred revenue based on our industry knowledge, forming an expectation of revenue based on key performance indicators taking into consideration disconnections, installations, tariff changes and trends in deferred income days. Also, we assessed the sufficiency of the related disclosures in the separate and consolidated financial statements.

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Key Audit Matter	How our audit addressed the key audit matter
Capitalization of Subscriber Acquisition Costs (separate and consolidated financial statements)	
Capitalized subscriber acquisition costs at December 31, 2017, amounted to € 5.1 million for the Company and € 9.9 million for the Group. The Company and the Group capitalize the subscriber acquisition costs relating mainly to costs associated with activation services, one off dealer commissions and cost of equipment provided to subscribers when they have been committed with a contract for 12 months. Subscriber acquisition costs that are capitalized are amortized on a straight line over the life of the relevant binding contracts. We have identified the capitalization of subscriber acquisition costs as a key audit matter due to the judgment exercised in determining whether capitalized costs meet the capitalization criteria set out in IAS 38, the complexity of relevant calculations and estimations, and the risk that capitalized costs may no longer meet the relevant capitalization criteria due to disconnection/ cancellation of relevant subscribers. The Company's and the Group's disclosures relating to the amounts capitalized as subscriber acquisition costs, the accounting policy, the judgements, the estimates and the assumptions used during the assessment on whether subscriber acquisition costs have been properly capitalized and impaired can be found in notes 16, 4 (f) and 5 to the separate and consolidated financial statements.	The audit procedures that we performed, among others, are as follows: We obtained an understanding and evaluated the design of controls in respect of the process of capitalization of subscriber acquisition costs. We have tested each element of the capitalized costs by inspecting a sample of supporting evidence, understanding the nature of the capitalized costs and considering whether they meet capitalization criteria set out in IAS 38. We recalculated the amortization charge for the year ended December 31, 2017 by taking into consideration the current year subscribers activations and disconnections. We compared the number of subscriber activations which is considered part of the Group's key performance indicators and any changes in the costs associated with the activation services with the amount capitalized during the year as subscriber acquisition costs. Also, we assessed the sufficiency of the related disclosures in the separate and consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of investment in a subsidiary (separate financial statements)	
The investment in the subsidiary, Forthnet Media S.A., in the separate financial statements amounted to € 3.8 million at December 31, 2017, (€ 333.5 million initial cost less € 329.7 million accumulated impairment) and is accounted for at cost less any accumulated impairment. For the year ended December 31, 2017, an impairment charge of € 32.6 million was recognized relating to the investment in this subsidiary (note 18 to the accompanying separate and consolidated financial statements).	The audit procedures that we performed, among others, are as follows: We obtained the impairment test performed by management and assessed the judgements, estimates and assumptions used in this process with respect to future (forecasted) cash flows, the discount rate used, the growth rate to perpetuity, the market share during the forecasted period/year, and the EBITDA margin. In our assessment we also took into account historical information and available industry/market data.

Due to impairment indicators that existed as of December 31, 2017, the Company proceeded with an impairment test exercise of its investment in the subsidiary, Forthnet Media S.A.. The Company determined that the appropriate level at which the recoverable amount of the investment should be determined (cash- generating unit or CGU) is a single operating segment (the "Group"). Accordingly, for this exercise the Company used the business plans approved by the Group's management and management's estimates regarding key assumptions such as discount rate, market share during the forecasted period/year, growth rate to perpetuity and margin of earnings before interest, taxes, depreciation and amortization (EBITDA margin). Due to the judgment involved in the preparation of business plans and the aforementioned key assumptions, there are inherent uncertainties in the calculations and the actual results may differ from those forecasted by management. We have identified impairment of an investment in a subsidiary as a key audit matter, considering that it involves significant management judgement in determining the CGU at which the recoverable amount should be determined, in the preparation of business plans and the selection of key assumptions used for the impairment calculation exercise. Furthermore, the significant impairment losses recorded in prior years, the inadequacy of the subsidiary's working capital, its negative equity and the uncertainty concerning the sufficiency of the actions intended to remedy the working capital inadequacy together with the challenging economic conditions prevailing in the Greek market were additional considerations for considering impairment of an investment in a subsidiary as a key audit matter. The Company's disclosures relevant to the accounting policy, the judgements, the estimates and the assumptions used for the assessment on whether the investments in subsidiaries have been impaired can be found in notes 4, 5 and 18 to the separate and consolidated financial statements.	We assessed the consistency between periods by comparing the methods and the assumptions used. We assessed whether events of the period or changes in the environment or in the facts and circumstances have been taken into consideration in the assumptions used. Valuation specialists were included in our team to assist us in evaluating the assumptions and methodologies used by management in the impairment test exercise. We considered the adequacy of the related disclosures and assessed whether the disclosures concerning the sensitivity of the outcome of the impairment assessment to changes in key assumptions, properly reflect the risks inherent in the key assumptions and the disclosure requirements of the accounting standards.

Other information

Management is responsible for the other information of the Annual Financial Report. The other information, include the Board of Directors Report for which reference is also made in the section Report on Other Legal and Regulatory Requirements, the Statements of the Members of the Board of Directors, and other complementary information, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 in this regard.

Responsibilities of the management and those charged with governance for the separate and consolidated financial statements

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 L. 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, as incorporated in the Greek Law, 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 separate and consolidated financial statements.

As part of an audit in accordance with ISAs, as incorporated in the Greek Law, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 43bb of Codified Law 2190/1920.
b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A, and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2017.
c) Based on the knowledge and understanding concerning the Company and the Group and their environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. Additional Report to the Audit Committee

Our opinion on accompanying separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Company and its subsidiaries during the year ended December 31, 2017, are disclosed in note 41 to the separate and consolidated financial statements.

4. Appointment of the Auditor

We were first appointed as auditors of the Company by the General Assembly on June 30, 2005. Since then our appointment has been uninterruptedly renewed for a total period of 13 years based on the General Assembly decisions of each year.

Athens, April 25, 2018

Christos Pelendridis
SOEL R.N. 17831

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ANNUAL FINANCIAL STATEMENTS

for the year ended December 31, 2017

In accordance with the International Financial Reporting Standards as adopted by the European Union

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	The Group		The Company	
		01.01-31.12.2017	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Revenues	8	294,037,227	320,862,750	166,438,200	176,283,715
Telecommunications costs		(82,739,228)	(90,074,399)	(82,739,227)	(90,074,398)
Royalties and licenses		(77,298,773)	(77,647,730)	-	-
Cost of sales of inventory and consumables		(2,600,690)	(3,388,022)	(1,697,787)	(1,582,231)
Advertising and promotion costs		(6,423,097)	(7,396,789)	(1,081,620)	(1,655,135)
Payroll and related costs	9	(35,781,542)	(35,685,037)	(19,931,752)	(20,315,553)
Sundry expenses	10	(50,830,825)	(54,449,232)	(31,846,618)	(32,885,029)
Impairment of investments in subsidiaries	18	-	-	(32,608,371)	(45,339,199)
Other income		3,024,337	3,847,599	3,144,068	2,303,398
Depreciation and amortisation	11	(60,594,213)	(65,224,319)	(27,693,729)	(29,822,483)
Financial income	12	2,706,107	2,855,695	67,041	471,050
Financial expenses	12	(16,351,760)	(18,708,299)	(6,004,345)	(4,804,513)
Loss before income taxes		**(32,852,457)**	**(25,007,783)**	**(33,954,140)**	**(47,420,378)**
Income taxes	13	3,004,126	1,244,870	(979,916)	(1,281,727)
Loss after taxes		**(29,848,331)**	**(23,762,913)**	**(34,934,056)**	**(48,702,105)**
Loss for the period attributable to:					
Shareholders of the Parent Company		(29,569,720)	(23,485,744)	(34,934,056)	(48,702,105)
Non-controlling interests		(278,611)	(277,169)	-	-
		(29,848,331)	**(23,762,913)**	**(34,934,056)**	**(48,702,105)**
Loss per share (Basic and diluted)	14	**(0.2525)**	**(0.2133)**	**-**	**-**
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods					
Remeasurement gains/(losses) on defined benefit plans	33	172,758	(843,615)	(72,853)	(435,943)
Income tax effect		29,446	244,648	21,127	126,423
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		**202,204**	**(598,967)**	**(51,726)**	**(309,520)**
Attributable to :					
Shareholders of the Parent Company		199,408	(596,406)	(51,726)	(309,520)
Non-controlling interests		2,796	(2,561)	-	-
		202,204	**(598,967)**	**(51,726)**	**(309,520)**
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		**(29,646,127)**	**(24,361,880)**	**(34,985,782)**	**(49,011,625)**
Attributable to :					
Shareholders of the Parent Company		(29,370,312)	(24,082,150)	(34,985,782)	(49,011,625)
Non-controlling interests		(275,815)	(279,730)	-	-
		(29,646,127)	**(24,361,880)**	**(34,985,782)**	**(49,011,625)**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	Notes	The Group		The Company	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
ASSETS					
Non-current assets					
Property, plant and equipment	15	97,895,793	118,199,200	57,817,966	69,095,072
Intangible assets	16	96,071,870	105,943,344	15,847,920	14,042,278
Goodwill	17	83,168,812	83,168,812	512,569	512,569
Investments in subsidiaries	18	-	-	8,137,279	40,745,650
Other non-current assets	19	8,655,911	9,090,962	6,427,770	7,098,215
Available for sale financial assets	20	374,600	392,005	248,394	248,394
Deferred tax assets	13	10,039,539	8,296,236	2,731,208	1,889,479
Total non-current assets		**296,206,525**	**325,090,559**	**91,723,106**	**133,631,657**
Current assets					
Inventories	21	2,972,653	4,552,272	694,343	1,478,710
Programme and film rights	22	37,609,921	39,564,634	-	-
Trade accounts receivable	23	51,961,784	51,900,344	30,489,928	24,691,053
Prepayments and other receivables	24	6,434,390	7,587,906	4,152,196	3,687,530
Due from related companies	38	902,605	1,443,829	101,971,352	96,493,153
Cash and cash equivalents	25	2,603,540	4,922,740	1,750,073	1,741,988
Restricted cash	25	6,996,217	8,930,486	6,993,558	8,927,834
Total current assets		**109,481,110**	**118,902,211**	**146,051,450**	**137,020,268**
TOTAL ASSETS		**405,687,635**	**443,992,770**	**237,774,556**	**270,651,925**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	26	49,144,742	33,029,156	49,144,742	33,029,156
Share premium		300,499,045	300,499,045	300,499,045	300,499,045
Other reserves	27	192,145,413	195,611,216	191,960,308	194,914,684
Accumulated deficit		(730,781,218)	(701,385,093)	(510,699,925)	(475,714,143)
Total		**(188,992,018)**	**(172,245,676)**	**30,904,170**	**52,728,742**
Non-controlling interests		(2,928,377)	(2,652,562)	-	-
Total equity		**(191,920,395)**	**(174,898,238)**	**30,904,170**	**52,728,742**
Non current liabilities					
Long-term borrowings	29	41,071,527	51,038,984	41,071,527	51,038,984
Long-term transponder leases	30	41,092,076	52,819,897	-	-
Other long-term leases	31	254,773	469,727	254,773	469,727
Other long-term liabilities	32	26,843,153	29,199,725	7,226,183	7,998,938
Reserve for staff retirement indemnities	33	4,423,878	4,527,751	2,494,079	2,405,961
Government grants	34	4,402,077	5,572,026	4,402,077	5,572,026
Deferred tax liability	13	20,158,222	23,715,556	-	-
Total non-current liabilities		**138,245,706**	**167,343,666**	**55,448,639**	**67,485,636**
Current liabilities					
Trade accounts payable	35	96,099,702	96,318,531	34,760,912	36,820,396
Due to related companies	38	1,399,724	2,309,087	5,234,038	4,993,545
Short-term borrowings	29	1,198,566	1,298,566	-	-
Current portion of long-term borrowings	29	255,000,000	254,887,959	78,461,538	78,461,538
Deferred income		23,078,262	24,359,964	11,472,978	13,072,870
Current portion of transponder leases	30	11,727,821	9,399,194	-	-
Current portion of other leases	31	214,819	211,607	214,819	211,607
Current portion of programmes and film rights obligations	36	44,544,597	41,351,244	13,017,921	11,557,261
Income tax payable		1,738,338	2,065,441	551,738	784,160
Accrued and other current liabilities	37	24,360,495	19,345,749	7,707,803	4,536,170
Total current liabilities		**459,362,324**	**451,547,342**	**151,421,747**	**150,437,547**
Total liabilities		**597,608,030**	**618,891,008**	**206,870,386**	**217,923,183**
TOTAL EQUITY AND LIABILITIES		**405,687,635**	**443,992,770**	**237,774,556**	**270,651,925**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

	Attributable to equity holders of the parent company						
The Group	*Share Capital*	*Share Premium*	*Other Reserves*	*Accumulated deficit*	***Total***	***Non-controlling interests***	***Total Equity***
Total Equity beginning at January 1, 2016	33,029,156	300,499,045	182,093,575	(676,692,635)	**(161,070,859)**	(2,954,485)	**(164,025,344)**
Total comprehensive loss after income taxes of the year	-	-	-	(23,485,743)	**(23,485,743)**	(277,169)	**(23,762,912)**
Other comprehensive income (net of tax) that will not be reclassified to profit and loss in subsequent periods	-	-	-	(596,406)	**(596,406)**	(2,561)	**(598,967)**
Reserve from convertible bond loan (Note 29)	-	-	13,488,985	-	**13,488,985**	-	**13,488,985**
Legal reserve	-	-	28,656	(28,656)	**-**	-	**-**
Other movements	-	-	-	(581,653)	**(581,653)**	581,653	**-**
Total Equity at December 31, 2016	**33,029,156**	**300,499,045**	**195,611,216**	**(701,385,093)**	**(172,245,676)**	**(2,652,562)**	**(174,898,238)**
Total Equity beginning at January 1, 2017	33,029,156	300,499,045	195,611,216	(701,385,093)	**(172,245,676)**	(2,652,562)	**(174,898,238)**
Total comprehensive loss after income taxes of the year	-	-	-	(29,569,720)	**(29,569,720)**	(278,611)	**(29,848,331)**
Other comprehensive income (net of tax) that will not be reclassified to profit and loss in subsequent periods	-	-	-	199,408	**199,408**	2,796	**202,204**
Legal reserve	-	-	25,813	(25,813)	**-**	-	**-**
Share capital increase from bonds conversion to equity (Note 26, 27, 29)	16,115,586	-	(2,777,120)	-	**13,338,466**	-	**13,338,466**
Share capital increase costs	-	-	(714,496)	-	**(714,496)**	-	**(714,496)**
Total Equity at December 31, 2017	**49,144,742**	**300,499,045**	**192,145,413**	**(730,781,218)**	**(188,992,018)**	**(2,928,377)**	**(191,920,395)**

The Company	*Share Capital*	*Share Premium*	*Other Reserves*	*Accumulated deficit*	***Total***
Total Equity beginning at January 1, 2016	33,029,156	300,499,045	181,425,699	(426,702,518)	**88,251,382**
Total comprehensive loss after income taxes of the year	-	-	-	(48,702,105)	**(48,702,105)**
Convertible bond loan (net of tax)	-	-	13,488,985	-	**13,488,985**
Other comprehensive income (net of tax) that will not be reclassified to profit and loss in subsequent periods	-	-	-	(309,520)	**(309,520)**
Total Equity at December 31, 2016	**33,029,156**	**300,499,045**	**194,914,684**	**(475,714,143)**	**52,728,742**
Total Equity beginning at January 1, 2017	33,029,156	300,499,045	194,914,684	(475,714,143)	**52,728,742**
Total Equity beginning at January 1, 2017	-	-	-	(34,934,056)	**(34,934,056)**
Total comprehensive loss after income taxes of the year	-	-	-	(51,726)	**(51,726)**
Share capital increase from bonds conversion to equity (Note 26, 27, 29)	16,115,586	-	(2,777,120)	-	**13,338,466**
Share capital increase costs	-	-	(177,256)	-	**(177,256)**
Total Equity at December 31, 2017	**49,144,742**	**300,499,045**	**191,960,308**	**(510,699,925)**	**30,904,170**

The accompanying notes are an integral part of the Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	The Group		The Company	
		01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Cash flows from Operating Activities					
Loss before income taxes		(32,852,457)	(25,007,783)	(33,954,140)	(47,420,378)
Adjustments for:					
Depreciation and amortization	11	60,594,213	65,224,319	27,693,729	29,822,483
Amortization of subsidies	34	(1,169,949)	(1,232,964)	(1,169,949)	(1,232,964)
Loss from the sale of tangible and intangible assets		(7,383)	-	(202,264)	-
Financial (income)/expenses	12	13,645,653	15,852,604	5,937,304	4,333,463
Impairment of goodwill		-	-	-	-
Impairment of investments in subsidiaries	18	17,405	-	32,608,371	45,339,199
Share of profits of associates accounted for under the equity method		-	-	-	-
Allowance for doubtful accounts receivable	23.24	6,186,114	8,155,707	3,119,910	3,120,041
Provision for staff retirement indemnities	9	1,693,104	1,141,491	1,204,730	697,738
Other provisions		(241,760)	348,844	(22,648)	130,931
Operating profit before working capital changes		47,864,940	64,482,218	35,215,043	34,790,513
(Increase)/Decrease in:					
Inventories		1,821,379	1,995,369	807,015	(711,010)
Trade accounts receivable & amounts due from related companies		(5,742,267)	(1,023,747)	(13,098,513)	23,399,368
Programme and film rights		1,954,713	(1,478,239)	1,460,660	-
Prepayments and other receivables		1,087,658	(666,131)	(1,381,278)	325,890
Decrease in other non-current assets		435,051	665,894	670,445	894,856
(Increase)/Decrease in:					
Trade accounts payable and amounts due from related companies		4,703,869	(14,337,893)	(1,801,565)	(29,733,301)
Deferred income		(1,281,702)	(2,050,533)	(1,599,892)	(1,079,934)
Accrued and other current liabilities		217,304	6,416,329	2,369,525	(1,053,932)
Income taxes paid		(1,376,046)	(99,129)	-	-
Payment of staff retirement indemnities		(1,624,219)	(930,976)	(1,189,465)	(574,639)
Decrease in other long-term liabilities		(3,193,878)	4,956,388	(772,755)	(1,165,957)
Net cash from Operating Activities		44,866,802	57,929,550	20,679,220	25,091,854
Cash flow from Investing activities					
Capital expenditure for property, plant and equipment and intangible assets	15.16	(30,642,566)	(27,803,699)	(19,318,475)	(17,225,949)
Sale of tangible and intangible assets		230,618	-	-	-
Investment in subsidiaries		-	-	-	(48,461,538)
Interest and related income received		23,355	25,600	23,000	25,054
Restricted cash	25	1,934,269	(5,886,175)	1,934,276	(5,886,166)
Net cash used in Investing Activities		(28,454,324)	(33,664,274)	(17,361,199)	(71,548,599)
Cash flows from financing activities					
Share Capital increase related costs		(714,495)	-	(177,255)	-
Repayment of long-term borrowings		-	(70,000,000)	-	(21,538,462)
Convertible bond loan		-	70,124,680	-	70,124,680
Net change in short -term borrowings		-	(119,434)	-	-
Interest rate swap paid		(215,981)	(731,664)	-	-
Interest and other finance costs paid		(3,940,694)	(16,398,617)	(2,912,172)	(4,068,386)
Net change in leases	30,31	(13,860,508)	(8,937,170)	(220,509)	(208,330)
Net cash used in financing activities		(18,731,678)	(26,062,205)	(3,309,936)	44,309,502
Net decrease in cash and cash equivalents		**(2,319,200)**	**(1,796,929)**	**8,085**	**(2,147,243)**
Cash and cash equivalents at the beginning of the year	25	4,922,740	6,719,669	1,741,988	3,889,231
Cash and cash equivalents at the end of the year	**25**	**2,603,540**	**4,922,740**	**1,750,073**	**1,741,988**

The accompanying notes are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. CORPORATE INFORMATION:

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. (hereinafter referred to as the "Company" or "Forthnet"), was incorporated in Greece in November 1995 (Government Gazette 6718/27.11.1995) as a société anonyme by the "Technology and Research Foundation" and "Minoan Lines S.A.".

The Company's registered office is at Vassilika Vouton, Iraklion, Crete, while its administrative headquarters are in Pallini, Attica at Manis Street, 153 51 Kantza. The life of the Company, according to its Articles of Incorporation, has been determined to be 40 years from the date of its incorporation with a possible extension permitted following a decision of the General Meeting of the Company's Shareholders.
Effective from October 2000, Forthnet's shares were listed on the Athens Exchange S.A.

The Company's principal activities, in accordance with article 3 of its Articles of Incorporation are the provision of telecommunications services and electronic information systems, the development and use of any telecommunications and network technique and infrastructure in Greece and overseas, the provision of digital radio-television and/or audiovisual services, by any technical mean, median or method, the operation of which requires or does not require frequencies and the development of any other associated activity.

The Company is licensed under a regime of general licenses, by the National Telecommunications and Post Commission (EETT), by virtue of the "General Licenses Regulation" (No. 390/3/13.6.2006 EETT Resolution) for the operation of a fixed public telephone network, a fixed network of wireless access, a fixed network of electronic communications consisting of cordless micro-links, a fiber optics network and for the provision of services regarding Broadband Access, Data Transfer, Value Added Data, Telematic /Telemetry-radiolocation, audiotex, voice and data integration for intrabusiness networks and closed user groups, telephone services as well as Voice services through IP Protocol and via the internet.

Companies participating directly (by more than 5%) in the share capital of the Company at December 31, 2017 and December 31, 2016 are as follows:

	% Participation 31.12.2017	**% Participation 31.12.2016**
WIND HELLAS TELECOMMUNICATIONS AEBE	22.17%	33.00%
GO PLC	15.19%	22.61%
MASSAR INVESTMENTS LLC	15.19%	22.61%
VODAFONE PANAFON AEET	4.37%	6.51%
NATIONAL BANK OF GREECE	11.01%	-
PIRAEUS BANK	13.69%	-
ALPHA BANK	7.69%	-

The Group's number of employees at December 31, 2017, amounted to 1,142, while that of the Company to 678. At December 31, 2016, the respective number of employees was 1,185 for the Group and 702 for the Company. It is clarified that the above figures refer to Full Time Equivalent (FTEs) and not to the absolute number of staff (Head Count) as at 31.12.17.

The consolidated financial statements for the year 2017, as well as the financial statements for the year 2016, except for Forthnet A.E., include the following subsidiaries and affiliates in which Forthnet directly or indirectly exercises control:

Entity's name	Date of incorporation	Operating activities	Country of incorporation	Participation	
				31.12.2017	31.12.2016
Forth-CRS A.E.	18-02-00	Electronic ticketing services	Greece	99.31%	99.31%
Forth-CRS ITALIA S.R.L.	29-09-15	Electronic ticketing services	Italy	100%	100%
Forthnet Media A.E.	23-04-08	Pay TV services	Greece	98.97%	98.97%
NetMed N.V.	12-01-96	Holding company	Netherlands	100%	100%
NetMed A.E.	12-01-96	Customer support services	Greece	100%	100%
Intervision Services B.V.	12-01-96	Content acquisition services	Netherlands	100%	100%
Dimoko Investment Sarl	12-01-96	Holding company (under liquidation)	Luxembourg	100%	100%
Tiledrasi S.A	18-06-03	Holding company (under liquidation)	Luxembourg	100%	100%

Forth CRS S.A.’s principle activities are to provide integrated tourism services through the research, development, use and sale of modern, high convergent technological electronic products and services for the distribution and management of tourism material, such as reservations, ticketing and other related material, produced by entities such as shipping companies, airlines and other transportation enterprises, hotel enterprises, promotion and entertainment enterprises, enterprises relating to sports, hospitals and all other electronic reservation organizations. At September 29, 2015 the company established to Italy a subsidiary under the name “Forth-CRS ITALIA SRL.”, with the same scope of work.

Forthnet Media S.A. was incorporated in April 2008. Its principal activities is the acquisition, administration and exploitation of holdings in enterprises of any nature, which are activated in the field of the electronic communications and the media, the provision of administrative, supportive and other services to these enterprises, as well as to other members of the Company’s group, the provision of satellite services to any natural or legal person of private or public law, for the transfer of radio and television signals and data or of any combination or texts or/and images or/and sounds or/and data, with the exception of voice telephony services, from ground satellite stations to the space part (uplink) and from the space part to ground satellite stations (downlink) or reception terminal devices of any kind, the production and exploitation in any manner, of codified TV programs that are destined for pay TV operation and the cooperation with legal entities for the broadcast of codified programs, as well as the acquisition and management of investments in other legal entities that are engaged in the electronic communications and media sectors

In 2014 Forthnet Media S.A. received by the Greek authorities authorization for pay television and radio services and signed the Concession Agreement with the Greek State, according to Law 2644/1988. Under this license, and for a period of 15 years, the Company was authorized to provide directly to the subscribers radio and television broadcasting services via satellite, in processing digital TV signal.

The Board of Directors of Forthnet approved the separate and consolidated financial statements for the year ended at December 31, 2017, on 25/04/2018.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) anf adopted by the European Union (E.U.).

These financial statements have been prepared on a historical cost basis except for the valuation of available for sale financial assets and financial assets at fair value through profit or loss (including derivative financial instruments), which are measured at fair value.

3.BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Forthnet and all subsidiaries where Forthnet has the power to control. All subsidiaries (companies in which the Group has direct or indirect ownership of 50% or more voting interest or has the power to control the Board of the investees) have been consolidated. At each reporting period, the Group reassesses whether it exercises effective control over the investments, in case there are events and circumstances indicating a change in effective control's indications. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

Gain or Losses of subsidiaries, along with other income, are attributed to the non-controlling interest even if that results in a deficit balance.

All intra-group balances transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full in the consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the GroupA change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parents' share of components previously recognised in other comprehensive income to profit or loss

Investments in subsidiaries in the separate financial statements are accounted for at cost less any accumulated impairment.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business Combinations and Goodwill: Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (previously minority interests) in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit and loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.
Where goodwill forms part of a cash-generating unit and part of the operation of this unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Investments in Associates: The Group's investments in other entities in which it exercises significant influence are accounted for using the equity method. Under this method the investment in associates is recognised at cost and subsequently increased or decreased to recognize the investor's share of the profit or loss of the associate, changes in the investor's share of other changes in the associate's equity, distributions received and any impairment in value. The consolidated statements of comprehensive income reflect the Group's share of the results of operations of the associate. The consolidated statements of other comprehensive income reflect the Group's share of the Company's other comprehensive income. Investments in associates in the separate financial statements are accounted for at cost less any accumulated impairment.

(c) Foreign Currency Translation: The Group's measurement as well as reporting currency is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates, which were in effect at the time of the transactions. At the financial position date, monetary assets and liabilities which are denominated in other currencies are adjusted to reflect the current exchange rates.
Gains or losses of the period ended resulting from foreign currency re-measurements are reflected in the accompanying statement of comprehensive income. Gains or losses resulting from transactions are also reflected in the accompanying statement of comprehensive income.

(d) Property, Plant and Equipment: Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are expensed as incurred. Significant improvements are capitalised to the cost of the related asset if such improvements increase the life of the asset, increase its production capacity or improve its efficiency. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the statement of comprehensive income. Profit and losses arising from the write-off of assets are included in the statement of comprehensive income this asset is written-off.

(e) Depreciation: Depreciation is computed based on the straight-line method at rates, which approximate average useful lives. The rates used are as follows:

Classification of tangible asset	Annual Rates
Buildings	2,5%
Installations on buildings	11,11%-20%
Network equipment (Internet and Fixed Telephony)	12,5%
Network support equipment (LMDS)	8%-16%
Network equipment LLU	12,5%-33%
Fibre-optic network	7,14%
Transportation assets	10%-20%
Computer hardware	10%-33%
Transmission equipment	6,67% - 20%
Furniture and other equipment	10%-20%

Residual values and useful lives of tangible assets are reviewed and adjusted at each year end, if appropriate. When the net book value of an asset is greater than the recoverable value, then the value of the asset is adjusted up to the amount of the recoverable value.

(f) Intangible Assets: Intangible assets include costs of purchased and internally generated software and various licences. Purchased intangible assets acquired separately are capitalised at cost while those acquired from a business combination are capitalised at fair value at the date of acquisition. Such acquired intangible assets are patents, brand names, trademarks, title rights, concession rights, software and other similar intangible assets. Internally generated software includes costs such as payroll, materials and services used and any other expenditure directly incurred in developing computer software which meets the capitalisation criteria and brings the software into its intended use. No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to the statement of comprehensive income in the period in which they are incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses.
The Group capitalises the subscriber acquisition costs for which the subscribers have been committed with a contract for 12 months. In case the contract is terminated before the lapse of the 12 months, then the net book value of the customer acquisition costs is recognised as an expense in the statement of comprehensive income.

Intangible assets with indefinite useful lives are not amortised, but tested annually for impairment and carried at cost less accumulated impairment losses. Such intangible assets are adjusted for impairment when the carrying amount exceeds the recoverable amount. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. Intangible assets with finite useful lives are being amortised using the straight-line method over their estimated useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives and residual values of intangible assets are reassessed on an annual basis. Amortisation periods for intangible assets with finite useful lives vary in accordance with the conditions in the relevant industries, but are subject to the following maximum limits:

Classification of intangible asset	Years
Software	5
Fixed wireless access license	13
Pay TV license	15
Subscriber acquisition cost	1-1,5
Reputation and customer base	2-5
Brand name	15
Customer relationships	15
Intellectual property rights and patents	15

(g) Programme and Film Rights: Purchased programme and film rights are stated at acquisition costs less the amounts recognised in the statements of comprehensive income (current asset). The Group has certain programme and film rights liabilities that are classified as financial liabilities in terms of IAS 39, measured at amortised cost using the effective interest method. Licenses are recorded as assets and liabilities for rights acquired, and obligations incurred under license agreements when the license period begins and the cost of each programme is known or reasonably determinable.

Rights for single sporting events are recognised on initial broadcasting of the event whereas sports rights acquired for an entire sporting season are amortised on a straight line basis over the duration of the season.

Rights for general entertainment and films are amortised either on a straight-line basis over the duration of the license or based on broadcasts where the number of screenings are restricted.

The expenses of programme and film rights are included in the cost of providing services and sale of goods. The costs of in house programmes are expensed as incurred.

(h) Research and Development Costs: Research costs are expensed as incurred. Development expenditure is mainly incurred for developing software. Costs incurred for the development of an individual project are recognised as an intangible asset only when the requirements of IAS 38 “Intangible Assets” are met. Following initial recognition, development expenditure is carried at cost until the asset is ready for its intended use at which time all costs incurred for that asset are transferred to intangible assets or machinery and are amortised over their average useful lives.

(i) Impairment of Non-Current Assets: With the exception of goodwill and other intangible assets with indefinite usefullife which are tested for impairment on an annual basis, the carrying values of other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the statement of comprehensive income. The recoverable amount is measured as the higher of fair value less cost to sell and value in use. Fair value less cost is the amount for which the asset could be exchanged in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses which were accounted for in prior years are reversed only when there is sufficient evidence that the assumptions used in determining the recoverable amount have changed. In these circumstances, the related reversal is recognised as income. The carrying amount of a non current asset after the reversal of the impairment loss, cannot exceed the carrying amount of the asset, if the impairment loss had not been recognised. Probable impairment of goodwill is not reversed.

(j) Financial Assets: Financial assets which fall within the scope of IAS 39 are classified based on their nature and characteristics in the following four categories:

- Financial assets at fair value through profit or loss,
- Loans and receivables,
- Available-for-sale financial assets,
- Held-to-maturity investments.

Financial assets are initially recognised at acquisition cost which represents the fair value and, in certain circumstances, plus directly attributable transaction costs. The purchase and sale of investments is recognised on the date of the transaction which is the date on which the Group commits to purchase or sell the related financial asset.

The classification of the above mentioned financial assets is determined at initial recognition and, where allowed the designation is re-assessed periodically.

(i) Financial assets at fair value through profit or loss:
Financial assets at fair value through profit or loss include financial assets held for trading if they are acquired for the purpose of selling in the near term and financial assets designated upon initial recognition at fair value through profit or loss. Gains or losses on investments held for trading are recognised in profit and loss.

(ii) Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade accounts receivable, which generally have 30-360 day payment terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Accounts receivable for pay-tv are collected at the beginning of each month. An estimate for doubtful debts is made when collection is no longer probable. The provision for doubtful debts is charged to the statement of comprehensive income. Bad debts are written-off against the established reserve when identified.

(iii) Available-for-sale financial assets:
Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in any of the two preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the financial position date. For investments where there is no active market, fair value is determined using valuation techniques.
(iv) Held-to-maturity investments:

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment.

The financial assets, for which the fair value cannot be measured reliably, are valued at cost less any impairment in accordance with the provisions of IAS 39.

(k) Financial Liabilities: Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in the statement of comprehensive income either through the amortisation process or where the liabilities are written-off.

(l) De-recognition of Financial Assets and Liabilities:

(i) Financial assets: A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired.

- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement. The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities: A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Inventories: Inventories are valued at the lower of cost or net realisable value. Cost is determined based on a first-in, first-out method and the monthly weighted average price for a specific category (ADSL in a box). Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. A reserve is established when such items are determined to be obsolete or slow moving.

(n) Cash and Cash Equivalents: The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents. For the purpose of the cash flow statement, cash and cash equivalents consist of cash at hand and in banks and of cash and cash equivalents as defined above.

(o) Borrowing Costs: All borrowing costs incurred during the construction period of a qualifying asset are capitalizedas part of the cost of these assets. All other borrowing costs are recognised as an expense in the statement of comprehensive income when incurred.

(p) Leases: Finance leases, that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, at the fair value of the leased item, or if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised equally as an expense during the lease agreement in the statement of comprehensive income.

(q) Government Grants*:* The Group obtains grants from the European Union (E.U.) in order to fund specific projects for the acquisition of tangible and intangible assets.

Grants, which are related to the subsidization of intangible and tangible fixed assets, are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants relating to assets are recognised as deferred income and amortised in accordance with the useful life of the related asset. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(r) Provisions and Contingencies: Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

(s) Income Taxes (Current and Deferred): Current and deferred income taxes are computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which entities operate.

Income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns, additional income taxes resulting from the audits of the tax authorities and deferred income taxes, using substantively enacted tax rates.

Deferred income taxes are provided using the liability method for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized.

• Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
• In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and there will be available taxable profit which will be used against temporary differences.

Deferred tax assets are reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial position date.

For transactions recognised directly in equity, any related tax effects are also recognised directly in equity and not in the statement of comprehensive income.

(t) Derivatives: The Group uses derivatives to reduce its exposure to variations in foreign currency exchange rates and interest rates. It is the Group’s policy not to deal with derivatives for speculative purposes.

Derivatives are recognised on the statement of financial position at fair value.

Although the forward exchange contracts offer effective financial hedging according to the Group’s policy regarding risk management, they do not meet with the accounting standards for effective hedging. Accordingly the changes in fair value are recognised in the statement of comprehensive income immediately.

(u) Revenue Recognition: Revenue is accounted for on an accrual basis and is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues mainly consist of fixed telephony usage charges, internet access services, internet data services and pay-tv services.

Unbilled revenues from the billing cycle dating to the end of each month are estimated based on airtime and are accrued at the end of the month.

Revenues from internet services (Internet Access, Internet Leased Lines, Data Connectivity Services, LMDS etc.) are recognised at the time such services are provided to subscribers – customers.

Revenues from pay-tv are recognised during the period the service is provided. Revenues from subscription come from the monthly charge of the subscribers of the pay-tv services provided by the Group. Any other revenue from subscription services received in advance before the service is provided is registered as deferred revenue and it is recognised when the service is provided.

Revenues from advertisement come from advertisement transmission from pay-tv platforms. Revenues from advertisement from pay-tv are recognised with the transmission.

Revenues from services provided to subscribers managed by the Group on behalf of content providers (mainly premium rate numbers) are accounted for gross, or net of the content providers' fees depending on whether the Group acts as a principal or as an agent based on the relevant agreements signed with the content providers. The Group is considered to act as an agent when the provider is responsible for the content and for setting the price payable by subscribers and the Group does not bear the customer's credit risk for the amount receivable from the subscribers.

(v) Earnings/(Loss) per Share: Basic earnings/(loss) per share are computed by dividing net income/(loss) attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding during each year, excluding the average number of shares purchased as treasury shares.

Diluted earnings/(loss) per share amounts are calculated by dividing the net income/(loss) attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding each year as adjusted for the impact on the convertible redeemable preference shares (i.e. stock option plan).

(w) Reserve for Staff Retirement Indemnities: Staff retirement obligations are calculated at the present value of the future retirement benefits deemed to have accrued, based on the employees earning retirement benefit rights steadily throughout the working period. The reserve for retirement obligations is calculated on the basis of financial and actuarial assumptions and are determined using the projected unit credit actuarial valuation method (Project United Credit Method). Actuarial gains and losses are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised.

(x) Operating Segment Reporting: The Group mainly provides telecommunication services and pay-tv services and operates in Greece. The two segments of telecommunication and pay-tv services are presented as a single reportable segment. This resulted from business changes undertaken to integrate the steering of these services. The previous reported telecommunication and pay-tv operating segments are combined into a single reportable segment because they are steered and monitored together and they relate to one single service provided by the Group to its customers. The Group's new business approach is to review the telecommunication and pay-tv services as a whole considering that the whole business philosophy is focusing on triple play services.

(y) Dividend Distribution: Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s financial statements in the period in which the dividends are approved by the General Meeting of the Company’s Shareholders.

(z) Share Capital: Share capital represents the value of the Parent company’s shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as the “Share premium” in shareholders’ equity. Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.

(aa) Convertible bond loan: Convertible bond loan is separated into liability and equity component based on the terms of the contract. On issuance of the convertible bond loan, the fair value of the liability component is determined by discounting the contractual cash flows with a fair interest market rate for a similar liability. This amount is classified as a financial liability and is subsequently measured at amortised cost (net of the corresponding transaction costs) until it is extinguished on conversion or redemption. The remainder from the total proceeds is recognised and included in other reserves in equity. Transaction costs corresponding to the amount recorded in equity are deducted from equity, net of associated income tax. The carrying amount of the amount recorded in equity is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bond loan, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Reclassification of figures: Reclassifications have been made in the comparative financial statements in order to make them comparable to the presentation of the financial statements in the financial statements for the current year. For reasons of comparability also, reclassifications were made in the notes. All the above reclassifications have had no impact on the Company's equity and the income statement of the Group and the Company.
More specifically, in the Consolidated Statement of Changes in Equity, an amount of Euro 28,656 has been reclassified from the "Losses" to "Other Reserves". Also, in the note "27 Other Reserves", and more specifically the amounts relating to the Group, there have been reclassifications between the items "Legal Reserve", "Tax Free reserves" and "Other".

Changes in accounting policies and disclosures

A) Standards issued and effective for the current year

The accounting policies adopted in the preparation of the annual financial statements, are consistent with those followed for the year ended December 31, 201, except for the adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2017. However, those standards have either no significant effect on the Financial Statement of the Group and the Company, or no application for the Group and the Company.

IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)
The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment.

IAS 7: Disclosure Initiative (Amendments)
The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes.

The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The following annual improvement has not yet been endorsed by the EU.
IFRS 12 Disclosure of Interests in Other Entities: The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

B) Standards issued but not yet effective and not early adopted

IFRS 9 Financial Instruments: Classification and Measurement
The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The Management of the Company / Group intends to apply the new standard on the required date without adjusting the comparative information and the current estimate for the effect of the new standard is as follows:
- As regards the financial instruments held by the Company and the Group, they will continue to be measured on the same basis in accordance with IFRS 9 (amortized cost), therefore no significant effect is expected on the classification and measurement of financial assets by applying of the new standard.
- As regards the financial liabilities of the Company and the Group, these are not expected to be significantly affected as the new provisions of IFRS 9 refer mainly to those liabilities measured at fair value through profit or loss and the Company / Group does not have such obligations.
- With regard to the new provisions of IFRS 9 for the application of hedge accounting, they are not applicable to the Company / Group due to the non-use of hedge accounting.
- With regard to the new model of impairment provision based on expected credit losses, the Company and the Group will apply the simplified approach and recognize credit losses for their trade receivables. Based on the current assessment of the Company's and the Group's management, no significant increase in expected impairment losses is expected from the application of the new provisions.

IFRS 15 Revenue from Contracts with Customers
The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

IFRS 15: Revenue from Contracts with Customers (Clarifications)
The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the

"separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach.

The Group will adopt the new standard on the required date (1 January 2018) recognizing the cumulative effect of applying IFRS 15 to its retained earnings for all contracts in effect on 1 January 2018 (hence no re-presentation of the comparative information).

In 2017, the Group carried out an initial assessment of the impact of IFRS 15 and then conducted a detailed breakdown of differences between the new standard and the existing accounting policies, per revenue category. Based on the above analysis, it appears that in the case of service contracts, there is no significant difference in the timing and method of recognition as well as in the presentation / classification of income in the financial statements. In the case of contracts for Internet access services with subsidized equipment that will be treated as a discrete performance obligation with revenue recognition when delivering the equipment, IFRS 15 will lead to higher revenue being allocated to the value of the equipment sold (delivered in advance) and recognized earlier, in relation to the revenue allocated to the provision of the relevant service (delivered during the contractual commitment of the client). However, since a large proportion of the subsidized devices (especially those related to pay-TV service) will not be treated as a separate performance obligation because it is considered to be directly related and interdependent on the provision of the service, the overall effect from the earlier recognition of the revenue of the devices sold at Group level is not expected to be significant. It is noted that IFRS 15 will not result in any change in the total income that the Group recognizes during the contractual engagement of the customers, nor in the relevant cash flows. Also, the standard will not apply to contracts with customers that are outside of a contractual commitment.

Overall, since the Group's assessment so far, the application of IFRS 15 is not expected to have a significant impact on the Group's results and equity both during the initial and subsequent periods.

Furthermore, it is noted that in the context of the transition to IFRS 15, the Group examines whether it should change the amortization policy for subscription acquisition costs (for unbundled access to the local loop and for pay-TV services for which the customer is contract-bound) from the period of the contractual commitment to the average estimated subscriber's life.

IFRS 16: Leases
The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements by recognizing a right-of-use asset and lease liabilities for all lease contracts. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Management of the Company / Group is in the process of evaluating the impact of the new standard on its financial statements. Future liabilities from operating leases of the Group and the Company are disclosed in note 39 of these financial statements. The Group's and the Company's lease commitments are disclosed in notes 30 and 31.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)
The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature

for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

IAS 40: Transfers to Investment Property (Amendments)
The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

IFRS 9: Prepayment features with negative compensation (Amendment)
The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)
The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration
The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

- ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters
- ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- ***IAS 19: Changes, Cuts or Settlement of a Defined Benefit Scheme (Amendments):*** amendments are effective for annual periods beginning on or after 1 January 2019, while earlier application is permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a change, curtailment or settlement of the defined benefit plan is made. The amendments also clarify how the application of asset asset ceiling requirements is affected by the accounting treatment of a change, curtailment or settlement of the defined benefit plan. The amendments have not yet been adopted by the European Union.

IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments
The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. The Group / Company Management estimates that the amendment will not have a material effect on its financial statements.

- ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- ***IAS 12 Income Taxes*:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- ***IAS 23 Borrowing Costs*:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

5.SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements, in accordance with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as, revenue and expenses as of the reporting period. Actual results may differ from those estimates.

The Group makes accounting estimates, assumptions and judgments in order to apply the most appropriate accounting principles in relation to the future development of events and transactions. These estimates, assumptions and judgments are periodically reviewed to reflect current data and reflect current risks and are based on management's previous experience of the level / volume of related transactions or events. The key estimates and judgments that refer to data the evolution of which could affect the items of the financial statements in the next 12 months are as follows:

(a) Allowance for doubtful accounts receivables: The Group's Management periodically reassess the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal department, which are prepared following the processing of historical data and recent developments of the cases they are handling (Notes 23 and 24).

(b) Provision for income taxes: According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits (Note 13). The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.

(c) Depreciation: The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs (Note 15 and 16).

(d) Impairment of property, plant and equipment: Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

(e) Impairment of goodwill and intangible assets: The Group tests annually (or more frequently if there are indications of impairment) whether goodwill has been impaired and reviews the events or the circumstances that make probable the existence of impairment, as for example a significant unfavourable change in the corporate atmosphere or a decision for sale or disposal of a unit or an operating segment (Note 17). In case of existence of such impairment indicators, the recoverable amount (which the higher of Fair Value and Value in Use) of the respective cash generating unit to which goodwill has been allocated, needs to be estimated. The Value in Use is assessed by using the discounted projected cash flows. The application of this methodology is based on the actual operating results, future business plans, as well as market data (statistic and non) which are estimated by the Group's management. If the recoverable amount is lower than the carrying amount, then the carrying amount needs to be reduced to the recoverable amount and such difference is changed to the statement of comprehensive income.

Moreover, other recognisable intangible assets of infinite useful lives not subject to amortisation are tested annually for any impairment by comparing the carrying amount with the recoverable amount. Intangible assets of finite useful lives are tested for impairment whenever an impairment indicator exists.

(f) Deferred tax assets: Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits together with future tax planning strategies.

(g) Capitalization of subscriber acquisition costs**:** The Group capitalises subscriber acquisition costs for which the related subscribers have been committed with a contract for at least 12 months, in licenses and other intangibles. Management's judgement is required in order to conclude as to whether such costs meet the criteria of IAS 38 (i.e. the asset it is separable, it arises from a contractual or other legal right and the Group expects that future economic benefits will arise from the assets).

(h) Finance vs. Operating Leases**:** Lease contracts are classified as operating or finance leases at the inception of the lease. Once determined, the classification is not subsequently changed. To a certain extent, the classification depends on estimates based on conditions in the contract. In the judgement, a "substance over form" approach is used. The value of assets held under finance leases recognised in the statement of financial position is based on the discounted value of the contractual lease payments. No conditional lease payments are included and the value can therefore be determined with relative certainty.

(i) Going Concern**:** The Group's management performs its going concern assessment based on the Group's approved business plans covering a five year period (Note 6). The estimates and associated assumptions used for the preparation of such business plans are based on historical experience and various other factors that are believed to be reasonable under the circumstances; and are reviewed on an ongoing basis considering the current and expected future market conditions. The preparation of the business plans also involves long-term assumptions for major economic factors and there is a high degree of reasoned judgment involved in establishing these assumptions. Should these judgements be proven through the passage of time to be incorrect management's assessment of going concern may be affected.

6. GOING CONCERN

As of December 31, 2017 and till the date of approval of the annual financial statements, the Company and the Group have not repaid the total of the matured loan instalments of € 78 million and € 255 respectively from the existing ordinary bond loans issued by the Company and Forthnet Media S.A. (hereinafter the "Existing OBL").

As of December 31.12.2017, as a result of the classification of the total matured loans instalments as current as well as the cash needs for working capital, the total current liabilities of the Group and the Company exceed the total current assets by approximately € 349.8 million and € 5.3 million respectively.

It is noted that in regard to the Existing OBLs and the related liabilities arising thereon, the following major developments have occurred:

1. After negotiating with the lending banks, the Group reached agreement on the key refinancing terms for the Existing OBLs. More specifically, on 15.6.2016 the lending banks sent to the Company the detailed key refinancing terms (hereinafter the "Refinancing") which the Company's Board of Directors approved on 21.6.2016. Under the agreement on key terms which was reached, there will be refinancing of:

   (i) Forthnet's existing loan obligations by issuing a new ordinary bond loan for € 78,461,538 secured with collateral in rem, arranged by National Bank of Greece, Piraeus Bank, Alpha Bank and Attica Bank, following a binding proposal they made on 15.6.2016. That bond loan will be for 8 years with a floating interest rate, and will be issued with a guarantee from the subsidiary Forthnet Media S.A. (hereinafter "FM") and

   (ii) FM's existing loan obligations by issuing a new ordinary bond loan for € 176,538,462 with collateral in rams, arranged by National Bank of Greece, Piraeus Bank and Alpha Bank, following a binding proposal they made on 15.6.2016. That bond loan will be for 8 years, with a floating interest rate and will be issued with a guarantee from the Company.

Those ordinary bond loans are to be issued and subscribed by the arranging banks under normal terms and conditions, plus Forthnet's obligation to repay € 21,538,462 and FM's obligation to repay € 48,461,538, or € 70 million in total, to pay off part of the existing loan obligations which amounts to € 325 million.

2. Following approval by the Board of Directors on 21.6.2016, relying on authorisation given to it by the Company's Ordinary General Meeting of Shareholders on 28.6.2011, the Company issued a convertible bond loan for up to € 99,087,466.50 with a pre-emptive right for existing shareholders in accordance with Article 3a of Codified Law 2190/1920, Law 3156/2003 and the other provisions of the applicable legislation (hereinafter the "CBL"). The Company raised through the CBL a total of € 70,124,680 and confirmed its partial coverage. That meant that the minimum sum of € 70 million, which was a key condition for refinancing, had been raised and that amount was paid over to the lending banks. Consequently, the key commitment the Company had assumed towards the lending banks to refinance the Existing OBLs was met.

3. Having fulfilled the key obligation to pay € 70 million, since July 2017, the Group and the lending banks have exchanged drafts of the refinancing agreement which are under further processing so as to be finalized and this way complete the refinancing of the Existing OBLs.

4. During the 4th conversion period which ended on 30.10.2017, conversion rights were exercised by the lending banks for 53,668,147 convertible bonds of the Company into shares. Said conversion rights were exercised separately from each of the following bond holders: Piraeus Bank, Attica Bank, National Bank of Greece and Alpha Bank. Following the exercise of those conversion rights the lending banks have acquired the following shareholdings in the Company's ordinary share capital: Alpha Bank (7.69%), National Bank of Greece (11.01%), Piraeus Bank (13.69%), Attika Bank (0.42%).

5. On 1.11.2017 the lending banks informed the Company that they have authorized Nomura International plc. to formally launch a process of inviting potential investors to submit offers in regard to their exposure (including shares and convertible bonds) to Forthnet S.A. and its subsidiary undertakings. This procedure is ongoing.

Group Management estimates that based on current circumstances and provided that the Refinancing of the existing OBLs is successfully completed, the working capital cash needs is for the next 12 months from the signing of these annual financial statements will amount to approximately € 50.9 million. Management will pursue to cover above cash needs through further Group's cost reduction, extension of suppliers credit terms, new sort term loans, capital increase and/or any interested third party investors.

If the above intended Management actions are not implemented or proved to be insufficient due to the instability and uncertainty which prevail in Greece and internationally as well as the implementation uncertainty of the above actions (especially those which don't exclusively depend on the management of the Group) with the result that the working capital cash needs of the Group are not covered, then the Group results, operations and prospects could be negatively affected.

Moreover, due to the current adverse and fluid economic situation in Greece, the Company and Group's operations are exposed to certain risks that could potentially have negative impacts on their activities. These are set out below:

- The economic crisis may adversely affect both the Company and Group's ability to raise capital, either through borrowing or through a share capital increase, and its borrowing costs.
- The uncertainty which springs from the Greek fiscal crisis could possibly have a negative impact on the Company and Group's business activity, operating results and financial situation to an extent which cannot be determined at this present time.
- Changes in consumer behaviour due to the recession, the implementation of austerity policies by the Greek government, the imposition of subscriber television levies and fixed telephony and internet levies, as well as rising unemployment could affect demand for the Company and Group's services, negatively impacting on their activities, financial situation, results and prospects.

In order to make sure that use of the 'going concern' assumption is suitable in the context of these developments in the Greek economy, Management examined a wide range of factors associated with the current and expected customer base, profitability and cash flows. Moreover, it took into account the repayment of € 70 million which fulfils a key requirement for completing the refinancing of the Group's loan obligations under the Existing OBL, the ability for attracting new potential investors through the above mentioned procedure initiated by Nomura International plc as well as the above mentioned intended Management actions to cover the working capital cash needs for the next 12 months. In light of the above, the annual separate and consolidated financial statements for the Company and Group have been prepared on a going concern basis. Consequently, the attached financial statements do not include adjustments relating to the recoverability and classification of assets, the amounts and classification of liabilities or other adjustments which would have been required if the Company and Group were not in a position to continue as a going concern.

However, the potential failure to complete the process for the refinancing of the Existing OBLs, the uncertainty about the adequacy and effectiveness of the intended Management actions to cover the Company's and Group's working capital cash needs as well as the uncertainty associated with the current economic situation in Greece, indicate the existence of a material uncertainty which may raise significant doubt about the ability of the Company and the Group to continue as a going concern.

7. GROUP SEGMENT INFORMATION

The Group's business approach is to review the telecommunication and pay-tv services as a whole considering that the whole business philosophy is focusing on triple play services. As the financial information obtained by the chief operating decision makers ("CODM") for this single segment is in line with the IFRS figures, no separate disclosures are made in this note. Note 8 discloses the Company's and the Group's turnover by category / type of service provided as well as turnover per customer category (retail / business).

8. REVENUES

Revenues are analysed as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Operating Revenues				
Direct Retail Services	**236,214,596**	**270,508,972**	**114,750,636**	**129,491,554**
Bundled services (2play)	43,023,337	46,887,696	43,023,337	46,887,696
Bundled services (3play)	54,511,400	61,697,741	54,511,400	61,697,741
Telephony	4,740,142	6,718,541	4,753,278	6,733,608
ADSL	9,355,450	10,561,183	9,472,636	11,041,156
Pay-TV Revenues	121,594,282	141,512,458	-	-
Other	2,989,985	3,131,353	2,989,985	3,131,353
Indirect Retail Services	**1,411,686**	**2,006,671**	**1,411,686**	**2,006,671**
Telephony	210,600	352,757	210,600	352,757
ADSL	973,455	1,376,025	973,455	1,376,025
Other	227,631	277,889	227,631	277,889
Direct Business Services	**35,763,538**	**34,537,425**	**35,763,538**	**34,537,425**
E-business	**1,113,073**	**1,030,664**	**1,113,073**	**1,030,664**
Pay-TV Advertising Revenue	**8,173,230**	**7,178,844**	**-**	**-**
Forth CRS services	**4,205,925**	**3,663,279**	**-**	**-**
Equipment	**1,522,913**	**866,168**	**374,797**	**275,798**
Other services	**5,632,266**	**1,070,727**	**13,024,470**	**8,941,603**
Total	**294,037,227**	**320,862,750**	**166,438,200**	**176,283,715**

Billed revenue which has been deferred and will be recognised as income in subsequent periods for the Group and the Company at December 31, 2017, amounted to € 29,825,916 and € 18,220,632 respectively, of which amount an amount of € 6,747,654 for both the Group and the Company relates to the long-term portion which has been included in to other long term liabilities (Note 32) while the short term portion is included in deferred revenue (at December 31, 2016: € 31,832,892 and € 20,545,797 and for the Group and the Company respectively of which € 7,524,509 for both the Group and the Company relates to the long-term portion).

Unbilled revenues amounted to € 7,485,797 for the Group and € 6,968,470 for the Company at December 31, 2017, (December 31, 2016: € 1,499,231 for the Group and € 1,354,757 for the Company respectively). The increase of unbilled revenues in the current year is attributed to the income of € 4.7 million which relates to the Company's compensation from being the universal service provider for fixed telephony services in Greece.

9. PAYROLL AND RELATED COSTS

Payroll and related costs are analysed as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Wages & Salaries	29,505,817	30,080,172	16,893,272	17,484,725
Social Security & Provident Fund (Note 33)	7,064,983	6,595,066	4,162,843	4,111,589
Staff retirement indemnities (Note 33)	1,693,104	1,141,491	1,204,730	697,738
Other staff costs	716,076	802,889	456,211	544,814
Total	**38,979,980**	**38,619,618**	**22,717,056**	**22,838,866**
Less: Amounts capitalised for internally generated assets	(3,198,438)	(2,934,581)	(2,785,304)	(2,523,313)
Total	**35,781,542**	**35,685,037**	**19,931,752**	**20,315,553**

10. SUNDRY EXPENSES

Sundry expenses are analysed as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Third party fees and services	18,734,355	20,653,946	12,067,531	12,527,850
Taxes and duties	967,455	1,070,662	860,630	961,454
Impairment of investments	17,405	-	-	-
Other sundry expenses	7,033,213	5,488,696	3,557,679	3,057,065
Allowance for doubtful accounts receivable	6,637,175	8,155,706	3,471,229	3,120,040
Repairs and maintenance	4,865,010	6,585,918	2,875,657	4,280,487
Rentals	2,290,247	2,333,467	836,983	853,764
Commissions	7,687,891	7,451,090	6,303,752	6,132,748
Office functional costs	2,598,074	2,709,747	1,873,157	1,951,621
Total	**50,830,825**	**54,449,232**	**31,846,618**	**32,885,029**

Other sundry expenses mainly include transportation, insurance, postage, travel , consumables and hosting costs.

11. DEPRECIATION AND AMORTISATION

Depreciation and amortisation are analysed as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Buildings	1,318,955	1,939,329	1,291,360	1,912,901
Network & transmission Equipment	23,059,996	24,795,598	13,401,867	15,335,760
Motor vehicles	3,218	7,610	2,903	6,062
Furniture & other equipment	1,089,514	1,371,298	401,296	559,969
Depreciation on property, plant & equipment (Note 15)	**25,471,683**	**28,113,835**	**15,097,426**	**17,814,692**
Software and other intangibles	22,855,863	24,843,817	12,596,303	12,007,791
Amortisation of intangibles from PPA exercise	12,266,667	12,266,667	-	-
Amortisation on intangible assets (Note 15)	**35,122,530**	**37,110,484**	**12,596,303**	**12,007,791**
Total	**60,594,213**	**65,224,319**	**27,693,729**	**29,822,483**

12. FINANCIAL INCOME / (EXPENSES)

Financial income/ (expenses) are analysed as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Long-term borrowings (Note 29)	(8,755,389)	(11,538,147)	(3,233,434)	(4,289,640)
Short-term borrowings (Note 29)	(86,343)	(102,096)	-	-
Finance leases (Note 30)	(4,249,572)	(4,923,220)	(8,767)	(12,059)
Bond loan cost	(112,041)	(112,656)	-	-
Other financial costs (Note 35, 29)	(3,148,415)	(2,032,180)	(2,762,144)	(502,814)
Total financial expenses	**(16,351,760)**	**(18,708,299)**	**(6,004,345)**	**(4,804,513)**
Interest earned on cash at banks (Note 25)	23,357	25,600	23,000	25,054
Other	2,682,750	2,830,095	44,041	445,996
Total financial income	**2,706,107**	**2,855,695**	**67,041**	**471,050**
Net finance result	**(13,645,653)**	**(15,852,604)**	**(5,937,304)**	**(4,333,463)**

The interest on the long-term loan of the Group and the Company for the year 2017 includes the interest of the convertible bond loan amounting to € 669,685 (2016: € 159,728).

Other financial income of the Group in the current year mainly include foreign exchange differences.

13. INCOME TAXES

Income taxes reflected in the accompanying statements of comprehensive income are analysed as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Current income taxes	1,143,419	1,187,200	696,715	584,160
Income taxes from prior years	7,318	8,518	(12,524)	-
Deferred income taxes	(4,154,863)	(2,440,588)	295,725	697,567
Income taxes debit/ (credit)reported in the statement of profit and loss	**(3,004,126)**	**(1,244,870)**	**979,916**	**1,281,727**
OCI				
Net (loss)/gain on actuarial gains and losses	(29,446)	(244,648)	(21,127)	(126,423)
Total income taxes debit/ (credit)reflected in the statements of income	**(3,033,572)**	**(1,489,518)**	**958,789**	**1,155,304**

According to the new Greek tax law L.4334/GG A' 80/16.07.2015, the tax rate for the Societies Anonymes in Greece is 29%.

The reconciliation of income taxes reflected in statements of comprehensive income and the amount of income taxes determined by the application of the Greek statutory tax rate to pre-tax income is summarized as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Loss before tax	**(32,852,457)**	**(25,007,783)**	**(33,954,140)**	**(47,420,378)**
Income tax calculated at the nominal applicable tax rate (2016: 29%, 2015: 29%)	(9,527,213)	(7,252,257)	(9,846,701)	(13,751,910)
Tax effect of non tax deductible expenses and non-taxable income	5,143,200	4,314,678	1,382,713	2,055,611
Tax losses for which no deferred tax asset was recognised	1,403,872	235,002	-	-
Impairment of deferred tax asset	-	1,653,000	-	-
Recognition of deferred tax asset on prior years' tax losses	-	(170,341)	-	(170,341)
Tax effect of different tax rates applicable to other countries where the Group operates	(23,986)	(27,221)	-	-
Income taxes from prior years	-	2,269	(12,524)	-
Tax effect of non-tax deductible impairment of investments in subsidiaries	-	-	9,456,428	13,148,368
Income tax reported in the statements of comprehensive income	**(3,004,126)**	**(1,244,870)**	**979,916**	**1,281,728**

Greek tax laws and regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

Tax Compliance certificate

From the financial year 2011 and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to have their statutory financial statements audited must in addition obtain an "Annual Tax Certificate" as provided for by par. 5, article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days from the date of approval of the financial statements by the General Meeting of Shareholders.

Unaudited Tax Years

Forthnet has not been audited for the fiscal years 2007 through to 2010. After a decision of the Directorate-General for Tax Administration in Greece, a tax audit for the financial years' 2007 through 2010 is in process. Also, an order for a tax audit has been issued by the Directorate-General for Tax Administration in Greece in relation to year 2012.

Forthnet' subsidiaries have not been audited for the following fiscal years:

Subsidiaries	Unaudited tax years/periods	
	From	To
Forthnet Media A.E.	01-01-10	31-12-10
Forth-Crs A.E.	01-01-10	31-12-10
NetMed A.E.	01-01-10	31-12-10
Syned A.E. (absorbed by Forthnet Media)	01-01-10	30-09-10
Multichoice Hellas A.E.E. (absorbed by Forthnet Media)	01-01-10	31-12-10

A decision of the Directorate-General for Tax Administration in Greece regarding a tax audit for the absorbed (by Forthnet Media) company Multichoice Hellas S.A for the financial year 2010 has been issued.
For the subsidiaries which are located abroad there is no mandatory tax audit. Tax audits are performed exceptionally, if deemed necessary by the tax authorities based on specific criteria. The tax liabilities of the companies remain open to be audited by the tax authorities for a certain period of time according to each country's applicable tax legislation.

For the Greek companies of the Group, the tax compliance certificate for the financial year 2016 was concluded by its auditors, based on the provisions of article 65[a] of L.4174/2013. No significant additional tax liabilities arose, in excess of those provided for and disclosed in the financial statements.

For the Greek companies of the Group, the tax compliance certificate for the financial year 2017 is still in progress based on the provisions of article 65[a] of L.4174/2013. No significant additional tax liabilities are expected to arose, in excess of those provided for and disclosed in the financial statements.

In a future tax audit of the unaudited tax fiscal years it is possible that additional taxes and penalties may be assessed to Forthnet and to its subsidiaries. The Group believes that they have provided adequate provision (€ 0.4 million for the Group and € 0.2 million for the Company) for probable future tax assessments based upon previous years' tax examinations and past interpretations of the tax laws.

Deferred Taxes

Deferred income tax is calculated using the liability method for all temporary differences that arise between the tax base of assets and liabilities and their value for financial reporting purposes. Deferred tax assets and liabilities are valued at the tax rates that are expected to apply to the period in which the asset will be incurred or the liability will be settled and are based on the tax rates that have been enacted or effectively enacted by the date of the financial position.

For the purpose of showing in the statement of financial position, deferred tax is analyzed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Deferred income tax asset	10,039,539	8,296,236	2,731,208	1,889,479
Deferred income tax liability	(20,158,222)	(23,715,556)	-	-
Deferred income tax asset/(liability)	**(10,118,683)**	**(15,419,320)**	**2,731,208**	**1,889,479**

The movement of the deferred tax asset/ (liability) is as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Beginning balance	**(15,419,320)**	**(12,845,308)**	**1,889,479**	**7,719,872**
Income taxes [(debit)/ credit]	4,154,863	2,440,589	(295,725)	(697,567)
Income taxes [(debit)/ credit] through OCI	29,446	244,648	21,127	126,423
Income taxes [(debit)/ credit] through equity	1,116,328	(5,259,249)	1,116,328	(5,259,249)
Ending balance	**(10,118,683)**	**(15,419,320)**	**2,731,209**	**1,889,479**

The movement in deferred tax assets/liabilities as at December 31, 2017 and 2016 is as follows:

The Group	01.01.2017	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	31.12.2017
Deferred income tax asset				
Accrued expenses	5,997,006	1,045,731	-	7,042,737
Staff retirement indemnities	815,094	62,657	-	877,751
Deferred revenues	20,864	(14,465)	-	6,399
Property, plant and equipment/intangible assets	5,567,753	(1,228,302)	-	4,339,451
Tax losses carried forward	79,272	(79,272)	-	-
Other	920,455	394,070	-	1,314,525
Total	**13,400,444**	**180,419**	**-**	**13,580,863**
Deferred income tax liability				
Property, plant and equipment/intangible assets	(23,715,569)	3,557,331	-	(20,158,238)
Convertible bond loan (Note 29)	(5,259,249)	601,613	1,116,328	(3,541,308)
Other	155,054	(155,054)	-	-
Total	**(28,819,764)**	**4,003,890**	**1,116,328**	**(23,699,546)**
Net deferred income tax asset/(liability)	**(15,419,320)**	**4,184,309**	**1,116,328**	**(10,118,683)**

The Group	01.01.2016	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	31.12.2016
Deferred income tax asset				
Accrued expenses	4,989,665	1,007,341	-	5,997,006
Staff retirement indemnities	612,667	202,427	-	815,094
Deferred revenues	61,342	(40,478)	-	20,864
Property, plant and equipment/intangible assets	6,064,119	(496,366)	-	5,567,753
Tax losses carried forward	1,732,272	(1,653,000)	-	79,272
Other	967,515	(47,060)	-	920,455
Total	**14,427,580**	**(1,027,136)**	**-**	**13,400,444**
Deferred income tax liability				
Property, plant and equipment/intangible assets	(27,272,888)	3,557,319	-	(23,715,569)
Convertible bond loan (Note 29)	-	-	(5,259,249)	(5,259,249)
Other	-	155,054	-	155,054
Total	**(27,272,888)**	**3,712,373**	**(5,259,249)**	**(28,819,764)**
Net deferred income tax asset/(liability)	**(12,845,308)**	**2,685,237**	**(5,259,249)**	**(15,419,320)**

The movement of the deferred tax asset/ (liability) of the Company is as follows:

The Company	01.01.2017	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	31.12.2017
Deferred income tax asset				
Accrued expenses	505,684	262,616	-	768,300
Staff retirement indemnities	697,728	25,553	-	723,281
Deferred revenues	20,866	(14,465)	-	6,401
Property, plant and equipment/intangible assets	5,560,649	(1,320,034)	-	4,240,615
Other	551,699	(17,780)	-	533,919
Total	**7,336,626**	**(1,064,110)**	**-**	**6,272,516**
Deferred income tax liability				
Convertible bond loan (Note 29)	(5,259,249)	601,613	1,116,328	(3,541,308)
Other	(187,898)	187,898	-	0
Total	**(5,447,147)**	**789,511**	**1,116,328**	**(3,541,308)**
Net deferred income tax asset/(liability)	**1,889,479**	**(274,599)**	**1,116,328**	**2,731,208**

The Company	01.01.2016	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	31.12.2016
Deferred income tax asset				
Accrued expenses	803,498	(297,814)	-	505,684
Staff retirement indemnities	542,208	155,520	-	697,728
Deferred revenues	61,344	(40,478)	-	20,866
Property, plant and equipment/intangible assets	6,057,015	(496,366)	-	5,560,649
Other	598,759	(47,060)	-	551,699
Total	**8,062,824**	**(726,198)**	**-**	**7,336,626**
Deferred income tax liability				
Convertible bond loan (Note 29)	-	-	(5,259,249)	(5,259,249)
Other	(342,952)	155,054	-	(187,898)
Total	**(342,952)**	**155,054**	**(5,259,249)**	**(5,447,147)**
Net deferred income tax asset/(liability)	**7,719,872**	**(571,144)**	**(5,259,249)**	**1,889,479**

The cumulative amount of tax losses for which no deferred tax was recognised as of December 31, 2017 amounted to € 91 million (December 31, 2016: € 98 million). The Group has not recognized a deferred tax asset on tax losses as management determines on the basis of its business plans on 31 December 2017 the criteria for recognition were not met, as unused tax losses are unlikely to be offset against future tax profits.

14. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the impact on the convertible redeemable preference shares (e.g. stock option plan).

The following reflects the net loss and share data used in the basic and diluted earnings per share computations as at December 31, 2017 and 2016:

	The Group	
	01.01-31.12.2017	**01.01-31.12.2016**
Net loss attributable to the shareholders of the parent	**(29,569,720)**	**(23,485,744)**
Total weighted average number of ordinary shares	117,127,905	110,097,185
Loss per share (basic)	**(0.2525)**	**(0.2133)**
Adjusted weighted average number of ordinary shares for diluted loss per share	117,127,905	110,097,185
	(0.2525)	**(0.2133)**

For the year ended December 31, 2017 and given that the Company incurred losses, the effect of including potential common shares in the denomination of diluted per share calculations would have been anti-diluted and therefore, basic and diluted losses per share are the same.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is analysed as follows:

The Group	Land	Buildings	Telecommu-nication Equipment	Transmission Equipment	Transpo-rtation Means	Furniture & Other Equipment	Total
COST							
At January 1, 2016	**1,672,789**	**59,065,038**	**318,109,441**	**131,689,370**	**390,465**	**31,967,135**	**542,894,238**
Additions	-	172,161	5,136,537	-	-	585,655	5,894,353
Disposals/ Write-offs	-	-	(64,890)	-	(27,749)	(79,241)	(171,880)
Transfers from CIP	-	-	-	-	-	(2,901)	(2,901)
At December 31, 2016	**1,672,789**	**59,237,199**	**323,181,088**	**131,689,370**	**362,716**	**32,470,648**	**548,613,810**
Additions	-	607,088	4,011,007	-	-	674,785	5,292,880
Disposals/ Write-offs	-	(806)	-	-	(59,776)	(113,184)	(173,766)
Transfers from CIP	-	-	1,431	-	-	-	1,431
At December 31, 2017	**1,672,789**	**59,843,481**	**327,193,526**	**131,689,370**	**302,940**	**33,032,249**	**553,734,355**
DEPRECIATION							
At January 1, 2016	**-**	**(49,442,478)**	**(245,557,247)**	**(75,149,124)**	**(354,932)**	**(31,967,135)**	**(402,470,916)**
Depreciation expense	-	(1,939,329)	(15,335,760)	(9,459,838)	(7,610)	(1,371,299)	(28,113,836)
Disposals/ Write-offs	-	-	64,890	-	27,467	74,956	167,313
Transfers from CIP	-	-	(789,925)	-	-	792,830	2,905
Other	-	-	-	-	(76)	-	(76)
At December 31, 2016	**-**	**(51,381,807)**	**(261,618,042)**	**(84,608,962)**	**(335,151)**	**(32,470,648)**	**(430,414,610)**
Depreciation expense	-	(1,318,955)	(13,628,343)	(9,431,652)	(3,218)	(1,089,514)	(25,471,682)
Disposals/ Write-offs	-	806	-	-	46,090	834	47,730
Transfers from CIP	-	-	(2,856,033)	-	-	2,856,033	-
At December 31, 2017	**-**	**(52,699,956)**	**(278,102,418)**	**(94,040,614)**	**(292,279)**	**(30,703,295)**	**(455,838,562)**
NET BOOK VALUE							
At January 1, 2016	**1,672,789**	**9,622,560**	**72,552,194**	**56,540,246**	**35,533**	**-**	**140,423,322**
At December 31, 2016	**1,672,789**	**7,855,392**	**61,563,046**	**47,080,408**	**27,565**	**-**	**118,199,200**
At December 31, 2017	**1,672,789**	**7,143,525**	**49,091,108**	**37,648,756**	**10,661**	**2,328,954**	**97,895,793**

Property, plant and equipment of the company is analysed as follows:

The Company	Land	Buildings	Telecommu-nication Equipment	Transpo-rtation Means	Furniture & Other Equipment	Total
COST						
At January 1, 2016	**1,672,789**	**57,044,991**	**292,872,471**	**56,359**	**17,325,683**	**368,972,293**
Additions	-	118,133	5,136,537	-	130,599	5,385,269
Disposals/ Write-offs	-	-	(64,890)	(354)	(75,289)	(140,534)
At December 31, 2016	**1,672,789**	**57,163,124**	**297,944,118**	**56,005**	**17,380,993**	**374,217,028**
Additions	-	607,088	3,991,007	-	146,718	4,744,813
Disposals/ Write-offs	-	(806)	(1,519,178)	(6,382)	(744)	(1,527,110)
Transfers from CIP	-	-	1,431	-	-	1,431
At December 31, 2017	**1,672,789**	**57,769,406**	**300,417,378**	**49,623**	**17,526,967**	**377,436,162**
DEPRECIATION						
At January 1, 2016	-	(47,510,226)	(223,966,269)	(33,576)	(15,937,110)	(287,447,181)
Depreciation expense	-	(1,912,901)	(15,335,760)	(6,062)	(559,970)	(17,814,693)
Disposals/ Write-offs	-	-	64,890	71	74,957	139,918
At December 31, 2016	**-**	**(49,423,127)**	**(239,237,139)**	**(39,567)**	**(16,422,123)**	**(305,121,956)**
Depreciation expense	-	(1,291,360)	(13,401,867)	(2,903)	(401,296)	(15,097,426)
Disposals/ Write-offs	-	806	598,255	1,711	414	601,186
At December 31, 2017	**-**	**(50,713,681)**	**(252,040,751)**	**(40,759)**	**(16,823,005)**	**(319,618,196)**
NET BOOK VALUE						
At January 1, 2016	**1,672,789**	**9,534,765**	**68,906,202**	**22,783**	**1,388,573**	**81,525,112**
At December 31, 2016	**1,672,789**	**7,739,997**	**58,706,979**	**16,438**	**958,870**	**69,095,072**
At December 31, 2017	**1,672,789**	**7,055,725**	**48,376,627**	**8,864**	**703,962**	**57,817,966**

It is noted that there are encumbrances on the privately owned building of the Company in Kallithea, Attica, in favor of Alpha Bank, National Bank of Greece SA and Piraeus Bank SA with a total value of € 6.5 million as collateral to the Banks claims' from corresponding open account credit agreements with Forthnet.

The title of the capitalised leased assets has been retained by the lessor. The net book value of the Company's capitalised leased assets at December 31, 2017 and 2016, is analysed as follows:

	The Group		**The Company**	
	01.01-31.12.2017	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Land	535,200	535,200	535,200	535,200
Buildings	1,533,707	1,587,054	1,533,707	1,587,054
Telecommunication and other equipment (transponders)	37,625,347	47,186,073	41,171	205,853
	39,694,254	**49,308,327**	**2,110,078**	**2,328,107**

16. INTANGIBLE ASSETS

Intangible assets are analysed as follows:

The Group	Software	Licenses & Other Intangibles	Intangibles Under Development	Total
COST				
At January 1, 2016	**51,715,507**	**465,912,602**	**1,919,015**	**519,547,124**
Additions	2,502,909	16,588,055	2,818,382	21,909,346
Disposals/ Write-offs	(28,202)	-	-	(28,202)
Transfers from CIP	2,710,104	-	(2,710,104)	-
At December 31, 2016	**56,900,318**	**482,500,657**	**2,027,293**	**541,428,268**
Additions	3,072,297	20,107,071	2,170,318	**25,349,686**
Disposals/ Write-offs	(106,278)	(5)	9,084	**(97,199)**
Transfers from CIP	918,304	-	(919,735)	**(1,431)**
At December 31, 2017	**60,784,641**	**502,607,723**	**3,286,960**	**566,679,324**
AMORTIZATION				
At January 1, 2016	**(39,625,866)**	**(358,749,162)**	**-**	**(398,375,028)**
Amortization expense	(5,581,395)	(19,262,422)	-	**(24,843,817)**
Amortization from purchased price allocation exercise	-	(12,266,667)	-	**(12,266,667)**
Disposals/ Write-offs	588	-	-	**588**
At December 31, 2016	**(45,206,673)**	**(390,278,251)**	**-**	**(435,484,924)**
Amortization expense	(5,354,246)	(17,501,617)	-	**(22,855,863)**
Amortization from purchased price allocation exercise	-	(12,266,667)	-	**(12,266,667)**
Disposals/ Write-offs	50,692	(50,692)	-	-
At December 31, 2017	**(50,510,227)**	**(420,097,227)**	**-**	**(470,607,454)**
NET BOOK VALUE				
At January 1, 2016	**12,089,641**	**107,163,440**	**1,919,015**	**121,172,096**
At December 31, 2016	**11,693,645**	**92,222,406**	**2,027,293**	**105,943,344**
At December 31, 2017	**10,274,414**	**82,510,496**	**3,286,960**	**96,071,870**

Intangible assets of the company are analysed as follows:

The Company	Software	Licenses & Other Intangibles	Intangibles Under Development	Total
COST				
At January 1, 2016	**33,675,010**	**136,687,742**	**975,916**	**171,338,668**
Additions	1,561,958	7,781,521	2,497,201	11,840,680
Disposals/ Write-offs	(28,202)	-	-	(28,202)
Transfers from CIP	2,445,845	-	(2,445,845)	-
At December 31, 2016	**37,654,611**	**144,469,263**	**1,027,272**	**183,151,146**
Additions	2,427,288	10,121,833	2,024,541	**14,573,662**
Disposals/ Write-offs	(50,692)	-	(170,286)	**(220,978)**
Transfers from CIP	791,230	-	(792,663)	**(1,433)**
At December 31, 2017	**40,822,437**	**154,591,096**	**2,088,864**	**197,502,397**
AMORTIZATION				
At January 1, 2016	(25,399,073)	(131,702,592)	-	**(157,101,665)**
Amortization expense	(3,881,204)	(8,126,587)	-	**(12,007,791)**
Disposals/ Write-offs	588	-	-	**588**
At December 31, 2016	**(29,279,689)**	**(139,829,179)**	**-**	**(169,108,868)**
Amortization expense	(4,118,597)	(8,477,706)	-	**(12,596,303)**
Disposals/ Write-offs	50,694	-	-	**50,694**
At December 31, 2017	**(33,347,592)**	**(148,306,885)**	**-**	**(181,654,477)**
NET BOOK VALUE				
At January 1, 2016	**8,275,937**	**4,985,150**	**975,916**	**14,237,003**
At December 31, 2016	**8,374,922**	**4,640,084**	**1,027,272**	**14,042,278**
At December 31, 2017	**7,474,845**	**6,284,211**	**2,088,864**	**15,847,920**

It is noted that the subscriber acquisition costs (SAC) that were capitalized as intangible assets in 2017 and 2016 were € 20.1 million and € 16.6 million respectively for the Group and € 10.1 and € 7.8 respectively for the Company. The net book value of SAC as at December 31, 2017 and 2016 was € 9.9 million and € 7.2 for the Group and € 5.1 and € 3.5 respectively for the Company.

17. GOODWILL

Goodwill in the accompanying consolidated financial statements arose from various business combinations as follows:

	The Group		The Company	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
MBA S.A.	512,569	512,569	512,569	512,569
Forth CRS S.A.	24,595	24,595	-	-
NetMed N.V. Group and Intervision B.V.	285,965,176	285,965,176	-	-
	286,502,340	**286,502,340**	**512,569**	**512,569**
Impairment of Goodwill -NetMed N.V. Group and Intervision B.V.	(203,333,528)	(203,333,528)	-	-
Total	**83,168,812**	**83,168,812**	**512,569**	**512,569**

At December 31, 2017 the Group performed its annual impairment test at Group level (a single cash generating unit "CGU").

The recoverable amount of the single operating segment (the Group) has been determined based on a value in use calculation using cash flow projections from financial forecasts covering an eight-year period, which were based on the, approved by the management, four-year financial budget. The use of more than a five-year period is justified by the fact that the expected normalization of the market and the consumption will take place throughout the eight year period. The pre-tax discount rate applied to cash flow projections is 10.49% (December 31, 2016: 10.74%), while growth rate to perpetuity used (beyond the eight-year period) was 2.0% (December 31, 2016: 2.25%) after taking into account the long-term prospective of the Group.

The carrying value of the Group was lower than its recoverable amount and consequently no impairment loss was recognized as at December 31, 2017 (December 31, 2016: no impairment loss was recognized).

Sensitivity to changes in assumptions
A sensitivity analysis was performed on positive or negative discount rate changes of 0.25%, on positive or negative growth rate to perpetuity changes of 0.25%. The carrying amount of the Group appears much lower than the estimated Value in Use and therefore, it is not probable that impairment issue will arise in case of a reasonably possible change in the above assumptions.

The calculation of value-in-use is most sensitive to the following assumptions:

Margin of earnings before interest, taxes, depreciation and amortization (EBITDA margin)
Margin of earnings before interest, taxes, depreciation and amortization based on past performance and estimations during the four year forecast period and is increased during the forecast period to incorporate future changes in the Group's profitability as anticipated by the management.

Discount rates
Discount rates reflect the current market assessment of the risks specific to the Group. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the cash generating unit for which future estimates of cash-flows have not been adjusted.

Market share during the forecast period
These assumptions are important as, except for using industry data for growth rates, management assesses how its market share, relative to its competitors, might change over the forecast period. Management expects pressure in the market it operates, while it expects to maintain its position relative to its competitors by making special offers of combined services in order to attract new customers.

Growth rate to perpetuity
Rates are based on long-term prospective of the Group and in line with industry expectations.

18. INVESTMENTS IN SUBSIDIARIES

Forthnet's subsidiaries which are included in the accompanying consolidated financial statements are as follows:

Entity	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest %		Carrying Value	
				30.06.2017	31.12.2016	30.06.2017	31.12.2016
Forth-CRS S.A.	Greece	Full	Direct	99.31%	99.31%	4,314,749	4,314,749
Forthnet Media S.A.	Greece	Full	Direct	98.97%	98.97%	3,822,530	36,430,901
						8,137,279	**40,745,650**

The other affiliate companies that are included in the consolidated financial statements are listed in Note 1 "General information about the Company and its investments"

As at June 30, 2017 the Company proceeded to the impairment of its investment in its subsidiary Forthnet Media S.A. due existence of impairment indicators. The carrying amount of the investment was higher than the recoverable amount by € 9,133,000 and consequently the Company recorded an impairment by the same amount.

As at December 31, 2017 the management concluded that there have been changes in the assumptions used in the last impairment testing carried out as at June 30, 2017, mainly due to the updated financial projections of the Group for a 4 year period. Therefore, the Company proceeded with the impairment testing of its investment in the subsidiary Forthnet Media S.A., as there were such indicators.

Company's carrying value of investment in the subsidiary was higher than the recoverable amount by € 23,475,371 and consequently an impairment loss was recognized by that amount as at December 31, 2017. The impairment was mainly due to the update of the financial budgets based on the actual results of the year 2017.

Concluding, the total amount of impairment of its investment for the year 2016 amounts to € 32,608,371 (December 31, 2016: € 45,339,199).

For the purpose of the impairment review on the investments balance, the recoverable amount has been determined based on a value in use calculation using cash flow projections from financial forecasts covering an eight-year period, which were based on the, approved by the management, four-year financial forecasts. The use of more than a five-year period is justified by the fact that the expected normalization of the market and the consumption will take place throughout the eight year period. The cash-generating unit (CGU) that is used for the purpose of the impairment review on the investment, is the Group and it's the same with the one used to perform the impairment test of goodwill and therefore the disclosed assumption used are the same as the disclosed below assumptions for the impairment test of goodwill (Note 17).

A sensitivity analysis was performed on positive or negative discount rate changes of 0.25% and on positive or negative growth rate to perpetuity changes of 0.25%. An increase of 0.25% in the discount rate (keeping the growth rate stable) would result in an additional impairment loss of approximately € 6.66 million, while a decrease in growth rate by 0.25% (keeping the discount rate stable) would result to an additional impairment loss of approximately € 8.90 million.

Further information on key assumptions used is provided in Note 17.

19. OTHER NON CURRENT ASSETS

Other non-current assets are analysed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Guarantees	2,076,528	2,085,619	203,942	201,206
Prepayments for optic fibre network capacity exchanges (Note 24)	5,878,067	6,551,248	5,878,067	6,551,248
Prepayments to suppliers	355,556	108,333	-	-
Other long term receivables	345,761	345,761	345,761	345,761
Total	**8,655,911**	**9,090,962**	**6,427,770**	**7,098,215**

20. AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets are analysed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Shares -unlisted	374,600	392,005	248,394	248,394
Total	**374,600**	**392,005**	**248,394**	**248,394**

Available for sale financial assets consist of investments in ordinary unlisted shares and, therefore, have no fixed maturity or coupon rate.

The above shares are stated at cost less any impairment as a reliable valuation at fair value is not feasible.

21. INVENTORIES

Inventories are analysed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Merchandise	4,182,444	6,002,685	1,302,473	2,109,488
Consumables	64,591	65,729	-	-
Obsolete & slow moving provision	(1,274,382)	(1,516,142)	(608,130)	(630,778)
Total	**2,972,653**	**4,552,272**	**694,343**	**1,478,710**

The movement in the provision for obsolete inventories is analysed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Beginning balance	1,516,142	1,167,298	630,778	499,847
Provision for the year	2,255	437,400	7,283	133,694
Less: Utilisation	(244,015)	(88,556)	(29,931)	(2,763)
Ending balance	**1,274,382**	**1,516,142**	**608,130**	**630,778**

The provision for the year is included in cost of sales of inventory and consumables in the accompanying financial statements.

22. PROGRAMME AND FILM RIGHTS

Programme and film rights receivable are analysed as follows:

	The Group	
	31.12.2017	31.12.2016
Cost		
Sports rights	87,656,762	86,235,719
Licensed film rights	6,628,048	6,690,694
Cost of Sports and Film Rights	**94,284,810**	**92,926,413**
Amortisation		
Sports rights	(53,027,659)	(49,738,951)
Licensed film rights	(3,647,230)	(3,622,828)
Sports and Film Rights Amortisation	**(56,674,889)**	**(53,361,779)**
Net Value		
Sports rights	34,629,103	36,496,768
Licensed film rights	2,980,818	3,067,866
Sports and Film Rights, net value	**37,609,921**	**39,564,634**

23. TRADE RECEIVABLES

Trade receivables are analysed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Domestic customers	112,298,014	109,928,688	64,034,368	60,812,481
Foreign customers	3,038,151	5,320,339	1,296,932	1,236,123
Receivables from Greek State	1,748,825	1,670,972	1,518,805	1,439,018
Cheques and notes receivable	2,360,808	2,228,875	1,275,540	1,332,952
Unbilled revenue (Note 8)	7,485,797	1,499,231	6,968,470	1,354,757
Total	**126,931,595**	**120,648,105**	**75,094,115**	**66,175,331**
Less: Allowance for doubtful accounts receivable	(74,969,811)	(68,747,761)	(44,604,188)	(41,484,278)
Total	**51,961,784**	**51,900,344**	**30,489,927**	**24,691,053**

The movement in the allowance for doubtful accounts receivable is analysed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Beginning balance	**68,747,760**	**61,053,453**	**41,484,278**	**38,542,590**
Provision for the period	6,673,111	7,890,245	3,468,809	3,118,258
Reclassification to related companies	(165,264)	-	(165,264)	-
Less: Utilization	(285,796)	(195,937)	(183,635)	(176,570)
Ending balance	**74,969,811**	**68,747,761**	**44,604,188**	**41,484,278**

The ageing analysis of trade receivables is as follows:

	The Group		The Company	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Neither past due nor impaired	39,810,372	38,611,360	24,558,151	19,752,499
Past due not impaired:				
60-90 days	3,208,736	3,401,588	1,383,103	1,464,807
90-180 days	3,688,204	6,301,418	1,853,088	1,766,285
181-365 days	2,898,246	1,043,913	1,959,593	367,296
>365 days	2,356,226	2,542,065	735,992	1,340,166
Ending balance	**51,961,784**	**51,900,344**	**30,489,927**	**24,691,053**

Trade receivables are non-interest bearing and are normally settled on Group and Company 30-360 days' terms.

The Company's and Group's trade accounts receivable are pledged as collateral for the related new bond loans for an amount equal to 50% of the outstanding balances of the related new bond loans (Note 29).

Included in the caption "Unbilled revenue" is a claim of the Company against the Greek State amounting to € 1,389,838 for the project of the Ministry of Internal Affairs "National Public Administration Network - SYZEFXIS". For this claim and specifically for the period 1.10.2016-31.3.2017 the Company has already filed an Application of Acknowledgment of Claim (No 182507/8.12.2017) against the State for the provision of electronic services for the aforementioned project (the claim is for an amount of € 625 thousands). Further, a second application (No 182511/8.12.2017) has also been filed for the period 1.4.2017-30.9.2017 (the claim is for an amount of € 625 thousands). The Company intends to file within 2018 a further application relating to the services provided to the Greek state for the period 1.10.2017-31.12.2017 (the claim will be for an amount of € 313 thousands). It is noted that the receivable recorded in the financial statements is reduced by 10% due to a discount that the Company has concurred to provide to the Greek state in relation to the above claims.

24. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables are analysed as follows:

	The Group		The Company	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Receivables due from the Greek State	1,253,956	1,563,288	362,386	500,046
Credit due from Dutch tax authorities	260,137	343,217	-	-
Prepaid expenses	3,129,410	4,523,523	1,492,317	1,533,542
Value Added Tax	4,816	80,445	-	74,982
Advances to suppliers	560,464	469,815	317,666	232,011
Other debtors	4,053,803	3,471,750	2,834,377	2,199,078
Total	**9,262,586**	**10,452,038**	**5,006,746**	**4,539,659**
Less: Allowance for doubtful accounts receivable	(2,828,196)	(2,864,132)	(854,550)	(852,129)
Total	**6,434,390**	**7,587,906**	**4,152,196**	**3,687,530**

Other debtors mainly include amounts due to the Group from partners and other third parties. The movement in the allowance for doubtful other receivables is analyzed as follows:

	The Group		The Company	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Beginning balance	**2,864,132**	**2,598,670**	**852,129**	**850,346**
Provision for the period	-	265,462	2,421	1,783
Less: Utilization	(35,936)	-	-	-
Ending balance	**2,828,196**	**2,864,132**	**854,550**	**852,129**

Following notification from the Dutch Tax authorities during the fiscal year 2014, Intervision Services B.V. recognised a tax credit for income taxes previously recognised for the fiscal year 2007 – 2013. This credit relates to the excess of Greek withholding taxes over the Dutch tax liability and has no expiry date.

The Company's and the Group's prepaid expenses include € 673,181 (December 31, 2016: € 889,182), relating to billings from other providers under a mutual concession for the use of optical fiber infrastructure for a period of 20 years (with various expiration dates ending up to June 17, 2035). An amount of € 5,878,067 (December 31, 2015: € 6,551,248) which relates to the invoiced amount for the period from January 1, 2018 until June 17, 2035 is included in other non-current assets (Note 19). Amounts billed by the Company to the other provider for the mutual concession for the use of its optical fibre infrastructure are reported as deferred income (December 31, 2017: € 767,608, December 31, 2016: € 1,138,351) and other long-term liabilities (December 31, 2017: € 6,735,770, December 31, 2016: € 7,503,378). Amounts billed by the Company to other providers are included in Note 8 and 32.

25. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents are analyzed as follows:

	The Group		The Company	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Cash in hand	59,048	31,340	26,690	15,076
Cash at banks	2,544,339	4,885,974	1,723,384	1,726,912
Time deposits	153	5,426	-	-
Total	**2,603,540**	**4,922,740**	**1,750,074**	**1,741,988**
Restricted cash	6,996,217	8,930,486	6,993,557	8,927,834
Total	**9,599,757**	**13,853,226**	**8,743,631**	**10,669,822**

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended December 31, 2017, amounted to € 23,357 and € 23,000 for the Group and the Company, respectively, (for the year ended December 31, 2016: € 25,600 and € 25,054 for the Group and the Company, respectively) and are included in financial income in the accompanying statements of comprehensive income (Note 12).

The restricted cash relates to pledged deposit contracts for the issuance of letters of guarantee to third parties (Note 39).

26. SHARE CAPITAL

The Company's share capital as at December 31, 2016, amounted to € 33,029,156, divided into 110,097,185 ordinary registered voting shares, each having a nominal value of € 0.30.

In accordance with the decisions of the Board of Directors dated 29 May 2017, 28 August 2017 and 14 November 2017, the Company increased its share capital by € 16,115,586 through the conversion of 53,718,622 bonds of a nominal value of € 0.30 each and with a conversion price of € 0.30 per bond from the existing convertible bond loan issued by the Company which has a total original value of € 70,124,679.

Based on the above, the Company's share capital amounts to € 49,144,742 and is divided into 163,815,807 common registered shares of a nominal value of thirty cents (€ 0.30) each. Similarly, the total number of voting rights of the Company amounts to 163,815,807.

27. OTHER RESERVES

Other reserves are analysed as follows:

	The Group		The Company	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Legal reserve	177,548	218,654	94,031	94,031
Tax-free reserves	1,752,963	1,686,043	1,686,042	1,686,042
Special reserves	683,310	683,310	122,446	122,446
Other	189,531,592	193,023,209	190,057,789	193,012,165
Total	**192,145,413**	**195,611,216**	**191,960,308**	**194,914,684**

Legal Reserve: Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the paid-in share capital. This reserve cannot be distributed through the life of the corporation.

Tax Free Reserve: Tax-free and specially taxed reserves represent interest income which is either free of tax or a 15% tax has been withheld at source. This income is not taxable, assuming there are adequate profits from which respective tax-free reserves can be established. According to the Greek tax regulations, this reserve is exempt from income tax, provided it is not distributed to shareholders. The Group has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax that would be required in the event the reserve is distributed.

Special Reserve: Under Greek corporate law, corporations may establish a special reserve without a particular purpose after the decision of the shareholders at their Annual General Meeting or if required by its Articles of Association. The special reserve has been created from non-distributed prior year after tax profits.

Other: Relates mainly to the formation of a special reserve of € 179,523,180, in accordance with the decision of the Company's Shareholders' Extraordinary General Assembly held on August 23, 2012, equal to the share capital decrease that took place through the decrease of the nominal value of the Company's existing shares according to art. 4 par.4a of the C.L. 2190/1920.This special reserve may be used in accordance with the provisions of law either for capitalization or for off-set against losses. According to the Greek tax regulations, the future capitalization or the off-set against losses are exempt from income tax. In addition is included the amount of € 10,711,865 relates to the difference of the present value from the issue value of the convertible bond, net of deferred tax (Note 29).

28. DIVIDENDS

No dividends were paid or proposed during the years ended December 31, 2017 and 2016.

29. LONG-TERM AND SHORT-TERM BORROWINGS

Long-term Loans:

Long-term loans for the Group and the Company at December 31, 2017 and 2016, are analysed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Convertible bond loan	41,071,527	51,038,984	41,071,527	51,038,984
Other bond loans	255,000,000	254,887,959	78,461,538	78,461,538
Total	**296,071,527**	**305,926,943**	**119,533,065**	**129,500,522**
Less short term portion:				
Other bond loans	255,000,000	254,887,959	78,461,538	78,461,538
Total short term portion	**255,000,000**	**254,887,959**	**78,461,538**	**78,461,538**
Long term portion	**41,071,527**	**51,038,984**	**41,071,527**	**51,038,984**

Convertible bond loan: Forthnet has issued a convertible bond loan and raised a total amount of € 70,124,680, with the issuance of 233,748,933 convertible bonds (CB) on 10.11.2016 and trading in the Securities Market (Main Market) of the Athens Exchange on 21.10.2016. The duration of the bond is nine years from the date of issue. The interest rate was set at one percent (1%) per annum and the interest payment period is quarterly, starting from the date of issue and payment of 31.03, to 30.06, the 30.09 and 31.12 each year from the date of issue. On the repayment date, Forthnet will pay to each bond holder, upon presentation of this certificate of nominal EL.K.A.T. amount € 0.33 per CB, namely 110% of the issue price and corresponding interest from the last interest payment until the expiration date. Furthermore, the bondholders have the option to convert one (1) bond note for one (1) 'new' share, at a nominal value of € 0.30 per convertible bond, four (4) times a year within 30 days from the end of a calendar quarter (other than the issue date) up to the date of maturity of the convertible bond loan.

The convertible bond was initially recognized at cost, being the fair value less attributable transaction costs mounted to € 840,267 and was split into two elements: a financial liability and an equity component. The financial liability was initially measured at fair value by discounting the future contractual cash flows with an equivalent market interest rate and subsequently was measured at amortized cost using the effective interest method. At initial recognition, the fair value of the financial liability of the convertible bond amounted to € 50,536,179 and the difference from the value of the issue, amounting to € 18,748,234, minus the deferred tax amounted to € 5,259,249, i.e € 13,488,985 has been included in other reserves (note 27).

During the year 2017 some bondholders exercised their conversion rights by converting 53,718,622 bonds into ordinary shares of the Company (Note 26). After the conversion the remaining bonds of the convertible bond amount to

180,030,311 and have a value of € 54,009,093. Furthermore, as a result of the aforementioned conversion and the corresponding share capital increase of the Company by € 16,115,586, the convertible bond loan financial liability was reduced by € 12,222,139 while the other reserves were reduced by € 3,893,447 less the relating deferred tax (€ 1,116,327) (Note 27).

Bond loans: Long-term bond loans of the Group are classified as short-term due to non-compliance with certain conditions and obligations under the existing loan agreements.
Existing Group bonds relate to two bond loans of the Company signed on June 29, 2007 and July 22, 2011 and two bond loans of Forthnet Media SA (FM), which were signed on 14 May 2008 and 22 July 2011. The terms and obligations under the loan agreements described in detail in the published financial statements of December 31, 2015.

The Group has submitted requests for waiver to the lending banks in order to further extend the repayment of capital installments. The lending banks have accepted the requested and granted a waiver up till 30 April 2018. The Group has submitted on 27 March 2018 a new request for further extension (waiver) to 30 June 2018.

The Group negotiated with the lending banks reaching an agreement on the basic terms of the refinancing of existing bonds, and received on 15/06/2016 a binding proposal which was approved on 21/06/2016 by the Company's Board of Directors. Specifically, the Board of Directors took the following decisions:

It approved term sheets for the refinancing (hereinafter the “Refinancing”) of:

(i) existing loan obligations of Forthnet, through the issue of a new common, with collaterals in rem, bond loan of a total amount of € 78,461,538 organized by the banks National Bank of Greece, Piraeus Bank, Alpha Bank and Attica Bank, following their binding proposal dated 15.06.2016. The said bond loan shall have an 8-year term, floating interest rate and shall be issued under the guarantee of the Company’s affiliate, Forthnet Media SA (hereinafter “FM”) and

(ii) existing loan obligations of FM, through the issue of a new common, with collaterals in rem, bond loan of a total amount of € 176,538,462 organized by the banks National Bank of Greece, Piraeus Bank and Alpha Bank, following their binding proposal dated 15.06.2016. The said bond loan shall have an 8-year term, floating interest rate and shall be issued under the guarantee of the Company. The issue of the above common bond loans and their coverage by the organizing banks are under the usual terms and conditions, plus Forthnet’s obligation to repay € 21,538,462 and FM’s obligation to repay € 48,461,538, thus in total € 70 mil., in partial payment of their respective aforementioned loan obligations.

The Group has issued a convertible bond (see below) and has fulfilled that obligation to repay loan obligations amounting € 70 million.
Having fulfilled the basic obligation of repaying the € 70 million, since July 2017, the Group and the lending banks have exchanged drafts of the refinancing agreement and those drafts are currently under processing in order to be finalized and this way complete the refinancing procedure of current bond loans.

Total interest expenses on long-term loans for the period ended December 31, 2017 and 2016, amounted to € 8,755,389 and € 11,538,147 respectively for the Group and € 3,233,434 and € 4,289,640 respectively for the Company and are included in financial expenses (Note 12), in the accompanying financial statements. The amount of interest due at December 31, 2017 amounting for the Group to € 5,517,247 (December 31, 2016: € 610,403) and for the Company to € 1,228,401 (December 31, 2016: 426,293) is included in accrued and other current liabilities (Note 37).

As at December 31, 2017 the Group has not made contractual payments of € 255.0 million (December 31, 2016: € 211.8 million) required by its bond loan agreements.

Short-term borrowings

Forth CRS has short-term borrowings with annual variable interest rate of Euribor plus interest margin of 6%. The table below presents the credit lines available to the Group as well as the utilized portion.

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Credit lines available	1,198,566	1,298,566	-	-
Unused portion	-	-	-	-
Used portion	**1,198,566**	**1,298,566**	**-**	**-**

30. FINANCE LEASE TRANSPONDER OBLIGATIONS

The Group leases transmission equipment of a total value of € 123,739,891, with duration of twelve years (which has been extended for one more year), repayable in equal monthly instalments bearing monthly interest at 0.671% since June 2013.

The finance lease transponders obligations are analyzed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Obligation under finance lease	**52,819,897**	**62,219,091**	**-**	**-**
Less: Current portion	(11,727,821)	(9,399,194)	-	-
Long-term portion	**41,092,076**	**52,819,897**	**-**	**-**

Future minimum lease payments under the finance lease of transponders in relation with the present value of the net minimum lease payments for the Group as at December 31, 2017 and 2016, is as follows:

The Group	31.12.2017		31.12.2016	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	15,200,000	11,727,821	13,640,000	9,399,194
After one year but no more than five years	45,904,000	41,092,076	61,104,001	52,819,897
Over five years	-	-	-	-
Total minimum lease payments	**61,104,000**	**52,819,897**	**74,744,001**	**62,219,091**
Less: amounts representing finance charges	(8,284,103)	-	(12,524,909)	-
Present value of minimum lease payments	**52,819,897**	**52,819,897**	**62,219,092**	**62,219,091**

31. OTHER FINANCE LEASE OBLIGATIONS

The other finance lease obligations relate to a leasing of a building at Antigonis 58, Peristeri, Attica, with a value of € 2,669,054 (including expenses, taxes, etc,) and is repayable in a hundred and seventy five (175) monthly instalments (from August 10, 2005 to February 10, 2020) bearing interest at the three month Euribor plus a margin of 1.5%.

The finance lease obligations are analyzed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Obligation under finance lease	**469,592**	**681,334**	**469,592**	**681,334**
Less: Current portion	(214,819)	(211,607)	(214,819)	(211,607)
Long-term portion	**254,773**	**469,727**	**254,773**	**469,727**

Future minimum lease payments under the finance lease in relation with the present value of the net minimum lease payments for the Group and the Company as at December 31, 2017 and 2016 are as follows:

The Group	**31.12.2017**		**31.12.2016**	
	Minimum payments	**Present value of payments**	**Minimum payments**	**Present value of payments**
Within one year	220,388	214,819	220,481	211,607
After one year but no more than five years	257,166	254,773	477,789	469,727
Over five years	-	-	-	-
Total minimum lease payments	**477,554**	**469,592**	**698,270**	**681,334**
Less: amounts representing finance charges	(7,965)	-	(16,936)	-
Present value of minimum lease payments	**469,589**	**469,592**	**681,334**	**681,334**

	31.12.2017		**31.12.2016**	
	Minimum payments	**Present value of payments**	**Minimum payments**	**Present value of payments**
Within one year	220,388	214,819	220,481	211,607
After one year but no more than five years	257,166	254,773	477,789	469,727
Over five years	-	-	-	-
Total minimum lease payments	**477,554**	**469,592**	**698,270**	**681,334**
Less: amounts representing finance charges	(7,965)	-	(16,936)	-
Present value of minimum lease payments	**469,589**	**469,592**	**681,334**	**681,334**

32.OTHER LONG TERM LIABILITIES

Other long term liabilities are analyzed as follows:

	The Group		**The Company**	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Long term portion of deferred income from optic fibre network capacity exchanges (Note 8)	6,735,770	7,503,378	6,735,770	7,503,378
Long term portion of settled liability relating to duty payable in accordance with Law 2644/1998 (Note 35)	9,494,084	11,343,554	-	-
Long term portion of settled liability to foreign supplier	8,693,263	9,180,902	-	-
Settled liability for pay tv tax				
Guarantees of shops	478,529	474,429	478,529	474,429
Duty payable in favour of blinds	713,803	676,330	-	-
Long term portion of other deferred income	11,884	21,131	11,884	21,131
Total	**26,843,153**	**29,199,725**	**7,226,183**	**7,998,938**

33. RESERVE FOR STAFF RETIREMENT INDEMNITIES

State Pension: The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan. The contributions to the pension funds for the years ended December 31, 2017 and 2016 amounted to € 7,064,983 and € 6,595,066 respectively for the Group and € 4,162,843 and € 4,111,589, for the Company respectively (Note 9).

Staff Retirement Indemnities: Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that those pension plans are not funded.

In accordance with this practice, the Group does not fund these plans. The Group charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.
An international firm of independent actuaries evaluated the Group's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial study as at December 31, 2017 and 2016 are as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Present value of unfunded obligations	4,423,878	4,527,751	2,494,079	2,405,961
Fair value of plan assets	-	-	-	-
Net Liability in statement of financial position	**4,423,878**	**4,527,751**	**2,494,079**	**2,405,961**
Components of net periodic pension cost				
Service cost	297,074	261,560	177,198	164,380
Interest cost	85,649	96,891	45,713	51,603
Regular charge to operations	**382,723**	**358,451**	**222,911**	**215,983**
Recognition of past service cost	38,722	-	16,879	-
Additional cost of extra benefits	1,271,659	863,169	964,940	561,884
Total charge in profit and loss (Note 9)	**1,693,104**	**1,221,620**	**1,204,730**	**777,867**
Reconciliation of benefit obligation				
Present value of liability at start of period	**4,527,751**	**3,529,229**	**2,405,961**	**1,869,684**
Service cost	297,074	261,560	177,198	164,380
Interest cost	85,649	96,891	45,713	51,603
Benefits paid	(1,624,219)	(1,066,713)	(1,189,465)	(677,533)
Extra payments or expenses	1,271,659	863,169	964,940	561,884
Recognition of past service cost	38,722	-	16,879	-
Actuarial gains/(loss) in other comprehensive income	(172,758)	843,615	72,853	435,943
	4,423,878	**4,527,751**	**2,494,079**	**2,405,961**

Discount Rate	1.80%	1.90%	1.80%	1.90%
Rate of compensation increase	0.0%	0.0%	0.0%	0.0%
Increase in consumer price index	1.75%	1.75%	1.75%	1.75%

The additional cost of extra benefits relates to benefits paid to employees who became redundant. Most of these benefits were not expected within the terms of this plan and, accordingly, the excess of benefit payments over existing reserves have been treated as an additional pension charge. The additional pension charge for the years ended December 31, 2017 and 2016 amounted to € 1,271,659 and € 863,169 respectively for the Group and € 964,940 and € 561,884 respectively for the Company. Actuarial gain / losses were recognized in other comprehensive income in the Income Statement.

A quantitative sensitivity analysis for significant assumption as at 31 December 2017 is shown below:

The Group		Discount rate		Future salary increases		Life expectancy of pensioners		Withdrawal rate
Sensitivity Level		0,5% increase	0,5% decrease	0,5% increase	0,5% decrease	Increase by 1 year	Decrease by 1 year	0%
Impact on defined benefit obligation	31.12.2017	(433,540)	460,083	380,454	(411,421)	48,663	(53,087)	783,026
	31.12.2016	(457,303)	488,997	380,331	(430,136)	49,805	(54,333)	457,303

The Company		Discount rate		Future salary increases		Life expectancy of pensioners		Withdrawal rate
Sensitivity Level		0,5% increase	0,5% decrease	0,5% increase	0,5% decrease	Increase by 1 year	Decrease by 1 year	0%
Impact on defined benefit obligation	31.12.2017	(244,420)	259,384	214,491	(231,949)	27,435	(29,929)	441,452
	31.12.2016	(243,002)	259,844	202,101	(228,566)	26,466	(28,872)	243,002

With regard to the mortality assumption the table used is called EVK2000 which is based on Swiss mortality.

The expected future payments arose from the defined benefit plans are analyzed as follows:

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
During the next 12 months	30,486	39,831	-	-
Within 2 to 5 years	26,235	23,724	-	-
Within 5 to 12 years	109,157	120,214	29,629	34,524
Above 10 years	9,491,743	10,404,482	5,738,508	5,983,335
Total expected payments	**9,657,621**	**10,588,251**	**5,768,137**	**6,017,859**

The average duration of the defined benefit plan obligation at the end of the reporting period is 21.5 years (2016: 22.1 years).

34. GOVERNMENT GRANTS

Government grants are analyzed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Government grant N. 3299/2004 (Note 34)	9,567,701	9,567,701	9,000,000	9,000,000
Subprojects 6 & 7 of the Operational Programme “Information Society” (Note 34)	19,532,612	19,532,612	19,532,612	19,532,612
Government Grants	**29,100,313**	**29,100,313**	**28,532,612**	**28,532,612**
Accumulated amortiszation	(23,528,287)	(22,295,323)	(22,960,586)	(21,727,622)
Amortization for the period	(1,169,949)	(1,232,964)	(1,169,949)	(1,232,964)
Ending balance	**4,402,077**	**5,572,026**	**4,402,077**	**5,572,026**

Subsidies amortization is included in other income in the accompanying statements of comprehensive income.

35. TRADE PAYABLES

Trade payables are analyzed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Domestic suppliers	66,973,428	65,984,368	29,288,682	32,514,793
Foreign suppliers	27,230,718	29,749,603	3,613,077	3,803,813
Post-dated cheques payable	1,895,555	584,560	1,859,152	501,790
Total	**96,099,701**	**96,318,531**	**34,760,911**	**36,820,396**

According to L.2644/1998, in order to provide subscription, radio and television services, Forthnet Media S.A. is obliged to give part of its subscription services. The Group, during the second quarter of 2015, received notice from the General Secretariat of Information and Communication for the payment of the part related to years 2011, 2012 and 2013, amounting to € 14,864,862, and which was set to be paid in 100 installments until the year 2023, under the L. 4321/2015. The present value of this obligation at December 31, 2017, amounted to € 11,343,554 (December 31, 2016: € 13,132,443).

The total long-term portion of € 9,494,084 (December 31, 2016: € 11,343,554) of the amount due has been transferred from the Domestic Suppliers in Other Long-Term Liabilities (Note 32, 38). The result from the present value adjustment of € 410,803 (December 31, 2016: € 469,400) was included in “other financial expenses” (Note 12).

Furthermore, in July 2016, a settlement agreement with an external supplier for an amount of € 12,250,000 was achieved by the Group. The present value of this obligation at December 31, 2017 is € 9,114,983 (December 31, 2016: 9,586,276). The long-term portion of € 8.693,263 (December 31, 2016: 9,180,902) has been transferred from the foreign suppliers in Other Long-Term Liabilities (Note 32).

36. PROGRAMME AND FILM RIGHTS OBLIGATIONS

Programme and film rights obligations are analyzed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	30.6.2017	31.12.2016
Programmes and Rights	44,544,597	41,351,244	13,017,921	11,557,261
Less: Current portion	(44,544,597)	(41,351,244)	(13,017,921)	(11,557,261)
Μακροπρόθεσμο μέρος	-	-	-	-

The obligations of programme and film rights concern the unpaid amount of the respective rights at at December 31, 2017 and December 31, 2016.

37. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities are analyzed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Social security payable	1,978,841	1,608,862	979,976	977,357
Value added tax	2,693,850	2,691,598	1,102,524	-
Other taxes and duties	6,041,446	6,077,485	2,626,026	1,212,070
Customer advances	43,731	46,310	-	-
Interest accrued (Note 23)	5,517,247	610,403	1,228,401	426,293
Other current liabilities	3,392,911	3,394,644	1,770,876	1,920,450
Liabilities from rights & licences	4,692,469	4,707,044	-	-
Interest rates swaps	-	209,403	-	-
Total	**24,360,495**	**19,345,749**	**7,707,803**	**4,536,170**

Other current liabilities mainly relates to personnel benefits payable (personnel bonus, accrual for untaken leave, payroll which is paid in the first days of the following month and balances payables from termination indemnities)

The change in other taxes and fees is due to changes in the legislation that took place in 2016, such as the increase in VAT and the recent pay-tv duty (pursuant to Article 54 of Law 4389/2016, on June 1, 2016 a duty of 10% was imposed on the monthly bill of each pay-tv connection). It is also noted that a duty of 5% on the monthly bill of each fixed telephony connection with access to voice and / or broadband (internet) services (has been imposed since January 1, 2017 pursuant to Article 5 of Law 4389/2016).

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps (“IRS”) agreements amounting to € 16.0 million (2016: € 16.0 million). The interest rate swap agreements are payments of fixed interest rate against receipts of floating rates.
The fair values of the interest rate swaps are based on market valuations (mark to market).

Gains from the valuation of the fair values of the swaps for the year ended December 31, 2017 for the Group, were € 209 thousand (at December 31, 2016: € 673 thousand) and are included in other financial income (Note 12), in the accompanying financial statements.

Realized losses from the interest rate swap transactions during the year ended December 31, 2017 for the Group were € 215 thousands and are included in other financial costs (Note 12), in the accompanying financial statements (at December 31, 2016: € 732 thousands).

The net loss amount of € 6 thousands for the year ended December 31, 2017, is included in other financial expenses (Note 12), in the accompanying consolidated statement of comprehensive income (December 31, 2016: loss € 59 thousands).

It is further noted that the Group had no swap agreement in force as of December 31, 2017.

38. RELATED PARTIES

The Company and the Group purchase goods and services from and provides services to certain related parties in the normal course of business. These related parties consist of companies that have a significant influence over the Group (shareholders), are subsidiaries or are associates of the Group.

The Group's transactions and account balances with related companies are as follows:

Related Party	Relation with the Group	Year ended at	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2017	1,571,881	3,247,594	340,203	602,645
		31.12.2016	1,400,169	3,324,072	540,141	649,846
Vodafone S.A.	Shareholder	31.12.2017	2,903,471	2,484,352	267,468	511,692
		31.12.2016	937,295	2,658,060	252,164	495,557
Technology and Research Foundation	Shareholder	31.12.2017	51,505	10,590	34,267	3,500
		31.12.2016	60,117	40,529	47,752	4,762
Lumiere Productions S.A.	Shareholder	31.12.2017	-	-	-	6,378
		31.12.2016	-	-	-	6,378
Lumiere Cosmos Communications	Shareholder	31.12.2017	-	-	-	10
		31.12.2016	-	-	-	10
ALPHA BANK SA	Shareholder	31.12.2017	101,479	142,341	41,709	15,264
		31.12.2016	-	-	-	-
NATIONAL BANK OF GREECE SA	Shareholder	31.12.2017	29,757	170,777	23,061	247,458
		31.12.2016	-	-	-	-
PIRAEUS BANK SA	Shareholder	31.12.2017	1,240,333	-	65,717	-
		31.12.2016	-	-	-	-
ATTICA BANK SA	Shareholder	31.12.2017	1,217	-	1,223	-
		31.12.2016	-	-	-	-
Telemedicine Technologies S.A.	Associate	31.12.2017	-	-	3,734	-
		31.12.2016	-	-	3,734	-
Athlonet S.A.	Associate	31.12.2017	-	-	11,502	8,060
		31.12.2016	-	-	11,502	8,060
Vodafone Ltd.	Related Party	31.12.2017	1,306,094	1,437,214	112,690	-
		31.12.2016	2,099,756	2,113,108	587,260	530,563
Hellas Online	Related Party	31.12.2017	-	-	11	117
		31.12.2016	-	-	11	117
Cablenet Ltd	Related Party	31.12.2017	5,875	62,850	1,020	4,600
		31.12.2016	2,285	33,197	1,265	15,250
Emirates International Telecommunications	Related Party	31.12.2017	-	-	-	-
		31.12.2016	-	500,000	-	598,544
Total		31.12.2017	**7,211,612**	**7,555,718**	**902,605**	**1,399,724**
Total		31.12.2016	**4,499,622**	**8,668,966**	**1,443,829**	**2,309,087**

- The Company's revenues and costs from Wind Hellas Telecommunications S.A. are related to interconnection fees, swaps of fiber optic network and leased lines.
- The Company's revenues and costs from Vodafone Ltd, Vodafone – Panafon S.A. and its subsidiary Hellas Online S.A. are related to interconnection fees and leased lines. The revenue increase in the current year is primarily attributed to the agreement reached in September 2017 between Forthnet Media S.A. and Vodafone-Panafon S.A. for the wholesale distribution to the latter of Forthnet Media's Pay TV "Novasports" branded channels.
- The costs from Alpha Bank and National Bank of Greece relate to commissions for collection from customers. The revenues from Alpha Bank, National Bank of Greece, Piraeus Bank and Bank of Attika relates to provision of services (leased lines, etc).
- Emirates International Telecommunications LLC, a related part up until the year ended 31.12.2016, provided technical and other services to support various operations and functions of the Forthnet Group's business.
- The cost from Cablenet Ltd. is related to interconnection leased lines services to customers.

The Company's transactions and account balances with related companies are as follows:

Related Party	**Relation with Forthnet**	**Year ended at**	**Sales to related parties**	**Purchases from related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2017	1,571,881	3,176,230	340,184	599,279
		31.12.2016	1,400,169	3,244,496	540,123	644,375
Vodafone S.A.	Shareholder	31.12.2017	1,100,236	2,481,331	267,468	511,586
		31.12.2016	893,474	2,655,292	238,637	495,451
Technology and Research Foundation	Shareholder	31.12.2017	56,797	10,590	33,787	3,534
		31.12.2016	60,117	40,529	41,979	4,796
Lumiere Productions S.A.	Shareholder	31.12.2017	-	-	-	-
		31.12.2016	-	-	-	-
Lumiere Cosmos Communications	Shareholder	31.12.2017	-	-	-	-
		31.12.2016	-	-	-	-
ALPHA BANK SA	Shareholder	31.12.2017	101,479	141,590	41,705	15,606
		31.12.2016	-	-	-	-
NATIONAL BANK OF GREECE SA	Shareholder	31.12.2017	29,351	110,555	22,894	247,459
		31.12.2016	-	-	-	-
PIRAEUS BANK SA	Shareholder	31.12.2017	1,239,586	-	65,607	-
		31.12.2016	-	-	-	-
ATTICA BANK SA	Shareholder	31.12.2017	540	-	299	-
		31.12.2016	-	-	-	-
Telemedicine Technologies S.A.	Associate	31.12.2017	-	-	3,734	-
		31.12.2016	-	-	3,734	-
Athlonet S.A.	Associate	31.12.2017	-	-	11,502	8,060
		31.12.2016	-	-	11,502	8,060
Vodafone Ltd.	Related Party	31.12.2017	1,306,094	1,437,214	112,690	-
		31.12.2016	2,099,756	2,113,108	587,260	530,563
Hellas Online	Related Party	31.12.2017	-	-	-	-
		31.12.2016	-	-	-	-
Cablenet Ltd	Related Party	31.12.2017	5,875	62,850	1,019	4,602
		31.12.2016	2,285	33,197	1,265	15,250
Emirates International Telecommunications	Related Party	31.12.2017	-	-	-	-
		31.12.2016	-	500,000	-	598,544
Forth CRS S.A.	Subsidiary	31.12.2017	103,643	117,561	-	52,804
		31.12.2016	113,752	216,984	-	64,387
Forth CRS Italia	Subsidiary	31.12.2017	-	-	-	-
		31.12.2016	-	-	-	-
Forthnet Media S.A.	Subsidiary	31.12.2017	7,136,310	899,056	99,925,647	3,775,095
		31.12.2016	8,137,269	1,567,903	94,230,374	2,589,725
NetMed S.A.	Subsidiary	31.12.2017	98,713	(1)	866,721	16,014
		31.12.2016	103,013	-	744,316	42,394
Intervision Services BV	Subsidiary	31.12.2017	184,131	-	278,094	-
		31.12.2016	93,963	-	93,963	-
Total		31.12.2017	**12,934,637**	**8,436,975**	**101,971,352**	**5,234,038**
Total		31.12.2016	**12,903,798**	**10,371,509**	**96,493,153**	**4,993,545**

- Revenues and receivables from Forthnet Media S.A. are mainly related to the 3 play commission re-charged to the subsidiary by the Company, as well as, charges for the re-sale of the Super league and UEFA football rights.
- The Company's payable towards Forthnet Media S.A. is mainly related to cash collected by its stores on behalf of Forthnet Media S.A.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the years ended 2017 and 2016 are analyzed as follows:

	The Group		The Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Salaries and fees for executive members of the BoD	508,814	316,505	508,814	316,505
Salaries and fees for non-executive members of the BoD	238,659	221,028	238,659	221,028
Salaries and fees for senior managers	2,202,662	1,972,487	1,370,220	1,270,470
Total	**2,950,135**	**2,510,020**	**2,117,693**	**1,808,003**

Furthermore, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Management relating to social security amounted to € 157,091 for the Group and € 108,450 for the Company respectively (December 31, 2016: € 167,097 for the Group and € 123,009 for the Company respectively), whereas benefits relating to leaving indemnities amounted to € 211,465 for both the Group and the Company (December 31, 2016: € 227,201 for both the Group and the Company). Moreover, it is noted that the captions “Salaries and fees for executive member of the BOD” and “Salaries and fees for directors / general managers” include a performance bonus relating to years 2015 and 2016. The amounts owed to the members of the BOD for the Group and the Company as of December 31, 2017 are € 64,912 (December 31, 2016: €74,707).

39. COMMITMENTS AND CONTINGENCIES

Contingencies

Litigation and Claims: The Group is currently involved in a number of legal proceedings and has various claims pending arising in the ordinary course of business. A provision for open legal claims against the Company and the Group is formed when it is probable that an outflow of economic resources will be necessary in order to settle the obligation and the amount can be determined reliably. Based on currently available information, management and its legal counsel believe that the outcome of these proceedings will not have a significant effect on the Group’s and Company’s operating results or financial position (refer to Note 42).

Compensation of Senior Executives: The contracts of the Chief Executive Officer and certain management executives provide for payment of additional compensation in the case of contract termination for which the aforementioned persons are not liable or in case of forced resignation, while some of the above contracts especially provide for payment of additional compensation in the case of contract termination by the Company or at the latter’s fault, following change of the Company’s control or due to an imminent change of control. Such a change of control could also be the result of a public offer. As for the rest, there are no agreements between the Company and the members of the Board of Directors of the Company or its staff, providing for payment of compensation especially in the case of resignation or dismissal without justified reasons or termination of their term or employment, due to a public offer.

The amount of the additional compensation amounted to approximately € 1.34 million for the Group and to approximately € 0.90 million for the Company at December 31, 2017 (approximately € 0.85 million at December 31, 2016 for the Group and approximately € 0.74 million for the Company).

Commitments

Rentals: The Group has entered into commercial operating lease agreements for the lease of a building, office space and offices used as points of presentation for dealers. These lease agreements have an average life of 5 to 10 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancellable operating leases as at December 31, 2017 and 2016, are as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Within one year	2,244,361	2,118,450	899,942	695,775
2-5 years	2,458,777	4,381,737	1,108,069	1,443,238
Over 5 years	19,209	192,018	18,071	90,953
Total	**4,722,347**	**6,692,205**	**2,026,082**	**2,229,966**

Guarantees: Letters of guarantee are issued and received by the Group to and from various beneficiaries and, as at December 31, 2017 and 2016, these are analysed as follows:

	The Group		The Company	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Good execution of agreements	5,117,688	5,405,600	110,164	398,076
Participation in bids	2,555,066	2,599,975	2,555,066	2,599,975
Guarantees for advance payments received	2,816,942	6,591,515	2,816,942	6,591,515
Σύνολο	**10,489,696**	**14,597,090**	**5,482,172**	**9,589,566**

Contractual Commitments from supplier contracts: The outstanding balance of the contractual commitments for the Group amounted to approximately € 82.0 million and for the Company amounted to approximately € 10.1 million at December 31, 2017 (December 31, 2016: € 167.2 million and € 48.1 million, respectively). Included in the aforementioned amounts is the outstanding balance of the contractual commitments relating to the maintenance of international capacity telecommunication lines (OA&M charges), which have been acquired through long-term lease (IRU), and which amounted to approximately € 10,1 million at December 31, 2017 (December 31, 2016: € 12,0 million) both for the Group and the Company.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair Value: The carrying amounts reflected in the accompanying statements of financial position for cash and cash equivalents, trade and other accounts receivable, prepayments, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The Group's management believes that the fair value of floating rate loans approximate their carrying amounts reflected in the statements of financial position. The fair values of interest bearing long term borrowings of the Group and the Company that are determined based on the discounted cash flows method by using a discount rate which reflects the interest rate of the issuer at the reporting date and it also takes into account the own non-performance risk as of December 31, 2017, have considered as approximating their carrying values.

The fair values of derivative financial instruments are based on the mark-to-market valuation.

The Group categorised its financial instruments carried at fair value in three categories, defined as follows:
Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non-market observable)

For assets and liabilities recognized in the financial statements on a recurring basis, the Group determines if there have been transfers between hierarchy levels, through the re-evaluation and classification (based on the lower level data that are important for the measurement of fair value as a whole) at the end of each reporting period. The Group establishes policies and procedures for repeated measures (Derivatives).

At each reporting date, the Group analyzes the changes in value of liabilities subject to recalculation and revaluation in accordance with its accounting policies. For this analysis, management verifies the major inputs applied in the later assessment, confirming the data used in the valuation, through contracts and other relevant documents.

During the year ended December 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at December 31, 2017 and 2016 the Group held the following financial instruments which are not measured at fair value (with the exception of the derivative financial instruments which existed as at 31 December 2016 which were measured at fair value). The following analysis of financial instruments is made merely for disclosure purposes. Also, it is estimated that the fair value of the below financial instruments approximates their carrying values as most of the financial liabilities are short-term, and as a result, the effect of discounting using the current market rate is not expected to be significant.

Fair Value - 31.12.2017	**The Group**			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swaps	-	-	-	-
Long term loans (Note 29)	-	296,071,527	-	**296,071,527**
Long-term financial liability towards the Greek Government	-	9,494,084	-	**9,494,084**
Short-term financial liability towards the Greek Government	-	1,849,471	-	**1,849,471**
Long-term financial liability towards foreign creditor	-	8,693,263	-	**8,693,263**
Short-term financial liability towards foreign creditor	-	421,720	-	**421,720**
Total	**-**	**316,530,065**	**-**	**316,530,065**

Fair Value - 31.12.2016	**The Group**			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swaps	-	209,403	-	**209,403**
Long term loans (Note 29)	-	305,926,943	-	**305,926,943**
Long-term financial liability towards the Greek Government (Law 2644/98)	-	11,343,554	-	**11,343,554**
Short-term financial liability towards the Greek Government (Law 2644/98)	-	3,157,369	-	**3,157,369**
Long-term financial liability towards foreign creditor	-	9,647,569	-	**9,647,569**
Short-term financial liability towards foreign creditor	-	405,374	-	**405,374**
Total	**-**	**330,690,212**	**-**	**330,690,212**

As at December 31, 2017 and 2016 the Company held the following financial instruments which are not measured at fair value (the following analysis is made merely for disclosure purposes). Also, it is estimated that the fair value of the below financial instruments approximates their carrying values as most of the financial liabilities are short-term, and as a result, the effect of discounting using the current market rate is not expected to be significant.

Fair Value - 30.06.2017	**The Company**			
	Level 1	**Level 2**	**Level 3**	**Total**
Long term loans (Note 29)	-	119,533,065	-	**119,533,065**
Total	**-**	**119,533,065**	**-**	**119,533,065**

Fair Value - 31.12.2016	**The Company**			
	Level 1	**Level 2**	**Level 3**	**Total**
Long term loans (Note 29)	-	129,500,522	-	**129,500,522**
Total	**-**	**129,500,522**	**-**	**129,500,522**

FINANCIAL RISKS

Credit Risk: Credit risk means that a counterparty may fail to meet its financial obligations towards the Group. The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2017, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying statements of financial position. The Group has no significant concentrations of credit risk with any single counter party.

Foreign Currency Risk: Foreign currency risk means that the fair value of the cash flows of a financial instrument may vary due to changes in the exchange rate of foreign currency. The Group is active internationally and is exposed to variations in foreign currency exchange rate which arises mainly from the US Dollar. This type of risk arises mainly from transactions in foreign currency. The financial assets and liabilities in foreign currency translated into Euros using the exchange rate at the financial position date, for the Group and the Company is analysed as follows:

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Nominal amounts in US$				
Financial assets	3,132,085	4,334,352	3,132,020	4,319,618
Financial liabilities	(27,353,913)	(29,214,722)	(130,671)	(189,320)
Short term exposure	**(24,221,828)**	**(24,880,370)**	**3,001,349**	**4,130,298**

The following table presents the sensitivity of the result for the year in regards to the financial assets and financial liabilities and the Euro/ US Dollar exchange rate. It assumes a 5% (2016: 5%) change of the Euro/US Dollar exchange rate for the year ended December 31, 2017. The sensitivity analysis is based on the Group's foreign currency financial instruments held at year end.

	The Group		The Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Sensitivity analysis on f.x rate +5%				
Result for the year	961,745	1,123,973	(119,171)	(186,587)
Sensitivity analysis on f.x rate -5%				
Result for the year	(1,062,981)	(1,242,286)	131,715	206,227

The above effect on the results, before tax, is based on the average foreign exchange rates for the related year.

The Group's foreign exchange rates exposure varies within the year depending on the volume of the transactions in foreign exchange. Although the analysis above is considered to be representative of the Group's currency risk exposure.

Interest Rate Risk: Interest rate risk means that the fair value of the future cash flows of a financial instrument may vary due to changes in market interest rates. The Group and the Company are primarily exposed to interest rate risk through its long-term borrowings. With respect to long-term borrowings, Management monitors on a constant basis the interest rate variances and evaluates the need for assuming certain positions for the hedging of such risks.
The following table demonstrates the sensitivity of the Group' profit before tax (through the impact on profits of the outstanding floating rate borrowings at the end of the year) to reasonable changes in interest rates, with all other variables held constant.

	31.12.2017		31.12.2016	
The Group	Interest Rate Variation	Effect on income	Interest Rate Variation	Effect on income
Euro	1.00%	(2,585,417)	1.00%	(3,113,473)
	-1.00%	-	-1.00%	86,026

The above table does not include the positive impact of interest received on deposits and any effect (positive or negative) on interest rate swaps.

Liquidity Risk: Liquidity risk means that the Group and the Company may not be able to fulfill their financial liabilities when due. The Group in its effort to manage the risks that may arise from the lack of sufficient liquidity has reached an agreement with banks in order to achieve the refinancing of existing loans.

The table below summarizes the maturity profile of the financial liabilities at December 31, 2017 and 2016 that arise from contractual agreements (amounts discounted):

The Group	On demand	Less than 6 months	6 to 12 months	2 to 5 years	>5 years	Total
Borrowings	44,789	255,262,930	1,453,941	1,795,773	38,557,851	297,115,284
Leases	-	7,710,195	7,710,195	46,161,166	-	61,581,556
Trade, programme and film rights and other payables (short & long term)	-	97,753,160	68,662,290	19,616,971	-	186,032,421
	44,789	**360,726,285**	**77,826,426**	**67,573,910**	**38,557,851**	**544,729,261**
Borrowings	212,000,186	46,757,891	1,628,026	2,324,561	48,002,227	310,712,891
Leases	-	6,930,240	6,930,240	61,581,790	-	75,442,270
Trade, programme and film rights and other payables (short & long term)	-	92,661,914	66,453,294	19,697,388	1,503,399	180,315,995
	212,000,186	**146,350,045**	**75,011,560**	**83,603,739**	**49,505,626**	**566,471,156**

The Company	On demand	Less than 6 months	6 to 12 months	2 to 5 years	>5 years	Total
Borrowings	44,789	78,724,468	255,374	1,795,773	38,557,851	119,378,255
Leases	-	110,195	110,195	257,166	-	477,556
Trade, programme and film rights and other payables (short & long term)	-	30,360,337	30,360,337	-	-	60,720,674
	44,789	**109,195,000**	**30,725,906**	**2,052,939**	**38,557,851**	**180,576,485**
Borrowings	78,615,417	1,454,188	329,460	2,324,561	48,002,227	130,725,853
Leases	-	110,240	110,240	477,789	-	698,269
Trade, programme and film rights and other payables (short & long term)	-	28,953,686	28,953,686	-	-	57,907,372
	78,615,417	**30,518,114**	**29,393,386**	**2,802,350**	**48,002,227**	**189,331,494**

Capital Management: The Group in order to maintain a strong internal calculation credit rating and healthy capital ratios , reached an agreement on the key refinancing terms for the existing loans with its lending banks. The Group monitors capital with one of the financial covenants of its bond loans: Net Debt/EBITDA. The Group includes within net indebtness, interest bearing loans and borrowings, less cash and cash equivalents. EBITDA is defined as earnings before interest taxes, depreciation and amortization (M€40.4) as well as any non-cash adjustments associated with impairment of goodwill charges and deducting transponder costs (M€13.6).

	The Group	
	31.12.2017	**31.12.2016**
Long-term borrowings	-41,071,527	-51,038,984
Short-term borrowings	-256,198,566	-256,186,525
Total Debt	**(297,270,093)**	**(307,225,509)**
Less: Cash and cash equivalents	2,603,540	4,922,740
Total net Debt	**(294,666,553)**	**(302,302,769)**
Adjusted EBITDA (non-cash adjustments)	**26,577,460**	**40,396,176**
Ratio Net Debt / EBITDA	**(11)**	**(7)**

41. AUDIT & OTHER FEES

The audit and other fees charged by ERNST & YOUNG are analyzed as follows:

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Audit fees	175,000	185,000	115,000	115,000
Tax certificate fees	105,000	110,000	55,000	55,000
Fees for other assurance services	-	37,000	-	27,000
Fees for other services	28,500	207,590	28,500	174,000
Σύνολο	**308,500**	**539,590**	**198,500**	**371,000**

42. LITIGATION – ARBITRATION

Contingent liabilities arising from open judicial claims

The contingent liabilities of the Group and the Company arising from open judicial claims are mentioned below:

A. JUDICIAL CLAIMS OF THIRD PARTIES AGAINST FORTHNET S.A.

Contingent liabilities (before any provision made) from judicial claims of third parties against Forthnet S.A. are totaling to € 5,1 mil approximately. Major cases are stated below:

i) The case of the inquiry of the Commission for the Protection of Competition of the Republic of Cyprus (C.P.C) against Forthnet Group companies (Forthnet Media Holdings S.A. and Multichoice Hellas S.A) and Cyprus Telecommunication Authority S.A. ("CYTA") for the ascertainment of reported violations of the provisions regarding the protection of the competition (articles 3 or/and 6 of the Cyprus Law no. 13(I) 2008 as well as articles 101 or/and 102 of the Treaty on the Functioning of the European Union [TFEU]), from the terms of the effective content supply agreement between the aforementioned contracting parties, was heard before the C.P.C. during the oral hearing of September 9th, 2014. During the hearing, the Company presented its pleas in law and pieces of evidence for the refutation of the objections set forth in the preliminary conclusion of C.P.C's inquiry, setting forth and extending all the points that had already notified to the C.P.C. through its written memo of August the 8th 2014. The C.P.C. notified its opinion, according which the alleged violations are ascertained.

The Company submitted its written attestation on the sanctions, further to the ascertainments of the C.P.C. CPC issued its no. 13/2015 decision, by which a fine of the amount of 2.25 million Euro was imposed only to Forthnet S.A., as a parent company of Forthnet Media S.A, for reported violations of the free competition in the Republic of Cyprus, which must be paid within nine months from the notification of the decision to the Company (June 2015). FORTHNET S.A. lodged an appeal before the Courts of Cassation of the Republic of Cyprus, aiming at the cassation of the issued decision and its hearing is expected. The outcome of the case cannot be foreseen.

For the above case a relative provision has been recorded in the financial statements of the Company in 2015

ii) Furthermore, fines of a total amount of approximately € 630 thousand have been imposed to the Company by the individual competent Independent Administrative Authorities, for several reasons. The Company has appealed before the competent administrative courts for the cancellation or otherwise modification (review) of the above imposed fines.

(iii) No. 653/11/22.05.2012 decision of EETT has been issued, regarding unwarranted charges of electricity on places of Natural Collocation, according to which OTE was obliged to liquidate invoices which have been issued against providers and related to electricity charges on that places for the period from February 2007 to August 2009, using the formula specified on that decision. In December 2012, OTE returned to the Company an amount of € 842 thousand. However, it has recourse to the competent administrative court against the decision of EETT.

The results of the above judicial claims cannot be foreseen, and thus no provision of expense has been made by the Company and the Group in its financial statements, except for case (i) for which the Company and the Group has formed an equal in amount provision during the first semester of 2015 as well as for cases under (ii) above for which the Group has formed a provision of € 70 thousand.

B. JUDICIAL CLAIMS OF THIRD PARTIES AGAINST FORTHNET MEDIA S.A.

The outstanding judicial claims of third parties against the subsidiary, Forthnet Media S.A. (hereinafter FM, which absorbed the companies NetMed Hellas S.A., SYNED S.A. and Multichoice Hellas S.A.) amount to € 15,0 million approximately, plus interest and legal expenses. From the abovementioned amount:

i) A claim of approximately € 0.81 million, plus interest and legal expenses concerns a lawsuit by the Cypriot based company LUMIERE TV PUBLIC COMPANY LIMITED, as a fee for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by TILEDRASI S.A. (prior to its absorption by FM) of 828 shares of Multichoice Hellas S.A., which LUMIERE TV PUBLIC COMPANY LIMITED holds. A judgment that dismissed the lawsuit as unsubstantiated was issued. The litigant party has lodged an appeal, the hearing of which took place on April the 30th 2015. It is mentioned that during the aforementioned trial date the litigant party submitted a request for postponement, due to third party intervention exercised by the company "CYPROMAN LTD", which asserts that it has acquired the shares of Forthnet Media, which, after the absorption of Multichoice Hellas S.A. due to merger, were held by LUMIERE. The request for postponement was rejected and the litigant submitted proposals, after due date, before the Court of Appeals. No. 5163/2015 judgment of the Court of Appeals of Athens was issued, which rejects the appeal of LUMIERE as unsubstantiated. Similarly, the third party intervention of CYPROMAN LTD was rejected as having no subject. Consequently, the first instance judgment 4200/2013 of the Multimember Court of First Instance of Athens, by which the lawsuit of LUMIERE was judged as rejected, has been rendered final, while LUMIERE is entitled to file a stay of default judgment or/and a cassation against the judgment of the Court of Appeals of Athens.

ii) An amount of € 7.7 million approximately (as it stood on March 9, 2006) plus interest relating to a claim of the Greek State (Athens FAEE) relating to differences resulting from tax audits of past years (of the company Multichoice Hellas S.A.). Appeals have been lodged against the above actions, which have been heard and court judgments have been issued, which partially accept the appeals and define the taxable income for the fiscal year 1998 to € 0.34 million, while for the fiscal year 1999 to €0.18 million and the due taxes will be computed on the said amounts. The total amount, amounts along with the interests to approximately € 832 thousand out of which the company has already paid in advance the amount of € 786 thousand as a precondition for the filing of the appeals. The Greek State filed appeals before the Supreme Court, the hearing date of which had been scheduled initially for 7.12.2016 when it was adjourned for 7.6.2017. For the final amount of tax that is going to be charged according to the above (i.e. € 832 thousand), a related provision of expense has been made by the Group in its financial statements.

iii) An amount of € 2.94 million approximately concerns a lawsuit filed by an attorney at law, by which it demands payment of the above amount, for legal fees (based on the Greek Code of Legal Practice) arising from the alleged legal handling of the judicial disputes between FM (arising by the absorbed Netmed Hellas S.A.)/Multichoice Hellas S.A.) and against the TV station "ALPHA" (during the period 2002-2006). The First-Instance Court dismissed the lawsuit as unsubstantiated, but the lawyer-plaintiff lodged an appeal, which was heard. The Court of Appeals dismissed the appeal, ratifying the First-Instance Court's judgment.
The lawyer-plaintiff has filed an appeal before the Supreme Court of Cassation (AriosPagos). The scheduling of the hearing date is expected. It is pointed out that the judgment of the Court of Appeals of Athens is sufficiently and properly substantiated (both legally and on its merits) and it does not seem to have been fallen into any substantial error in law.

iii) An amount of € 1.47 million concerns a civil lawsuit of the Greek State (in its capacity as successor of the abolished ERT who has substituted ERT in its rights and obligations as a whole) against the Company by virtue of which it claims the remittance of the above amount as minimum guaranteed financial remittance for the time period November 2011 – November 2012, according to the contract executed between ERT and the Company for the screening through ERT's frequencies of two analogue pay TV channels of the Company. The hearing of the case before the Multi Member Court of First Instance is still pending. The Company challenges the legality of the claim. Additionally, the Company has filed a related civil lawsuit against the Greek State requesting the readjustment of the agreed minimum guarantee according to the appropriate measures (based on article 288 and 388 of the Greek Civil Code) the hearing of which is still pending.

iv) An action of the company "EPENDITIKI PALLINIS REAL ESTATE S.A." (formerly "EKPEDEFTIRIA O PLATON S.A."), sub-lender of the property where the defendant tenants, Forthnet Media S.A. and Netmed S.A., are seated in Kantza, Attica, claiming the payment of a total amount of € 0.4 million approximately for the property's maintenance works' expenses, to which the sub-lender shall proceed due to non-fulfillment of the relevant maintenance obligation undertaken by the defendant tenants by power of the lease agreement. The outcome of the case cannot be predicted, since it depends on the proof that the Court shall take into consideration with regards to the existence, the extent, the amount and, mainly, the nature of the damages alleged by the sub-lender, since the defendant companies have already conducted a technical report based on which several of the alleged damages are owed to constructional defects of the property.

For the above case under B (ii), the Group's Management has made a sufficient provision of expense. For other cases of Forthnet Media S.A. the Group has made provision of € 110 thousand.

For the remaining cases the Group's Management estimates that they will not have a material impact on the financial statements or/and that they will have a positive outcome for the Company and therefore has not formed a provision of expense.

C. JUDICIAL CLAIMS OF THIRD PARTIES AGAINST NETMED N.V.

i) The outstanding judicial claims of third parties against the subsidiary Netmed N.V. amount to approximately € 3.45 million, plus interest and legal expenses. The Cypriot based company, LUMIERE TV PUBLIC COMPANY LIMITED is claiming via a lawsuit the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Myriad Development B.V. (before merging by Netmed NV) of 3,528 shares of Multichoice Hellas S.A., which LUMIERE TV PUBLIC COMPANY LIMITED holds. The First-Instance Court dismissed the lawsuit as unsubstantiated. The litigant lodged an appeal, the hearing of which has been scheduled for April 30, 2015. It is mentioned that during the aforementioned trial date the litigant party submitted a request for postponement, due to third party intervention exercised by the company "CYPROMAN LTD", which asserts that it has acquired the shares of Forthnet Media, which, after the absorption of Multichoice Hellas S.A. due to merger, were held by LUMIERE. The request for postponement was rejected and the litigant submitted proposals, after due date, before the Court of Appeals. No. 5163/2015 judgment of the Court of Appeals of Athens was issued, which, due to the default of LUMIERE, given the submission of its proposals after due date, rejects the appeal of LUMIERE as unsubstantiated.Similarly, the third party intervention of CYPROMAN LTD was rejected as having no subject. Consequently, the first instance judgment 4200/2013 of the Multimember Court of First Instance of Athens, by which the lawsuit of LUMIERE was judged as rejected, has been rendered final, while LUMIERE is entitled to file a stay of default judgment or/and a cassation against the judgment of the Court of Appeals of Athens.

ii) Furthermore, an extrajudicial notice of third party was served against the subsidiary Netmed NV, by which a claim of obligation nature of a third party is notified to the company, arising from a document that bears, according to the assertion of the third party/rights holder, a nature of a procedural guarantee of the company against the third party. The company disputes the validity, effect and binding nature of the specific document. Furthermore, the company, even if it is obliged to pay any amount, is entitled to turn against third parties and seek any paid amounts. Due to the complexity of the issue, we cannot predict whether a litigation will occur, and in the event of a judicial claim, the possible content of its.

D. JUDICIAL CLAIMS OF THIRD PARTIES AGAINST DIKOMO INVESTMENT SARL

The outstanding judicial claims of third parties against the subsidiary DIKOMO INVESTMENT SARL amount to approximately € 1.24 million, plus interest and legal expenses. The Cypriot based company LUMIERE TV PUBLIC COMPANY LIMITED is claiming via a lawsuit the abovementioned amount as a fee for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by DIKOMO INVESTMENT SARL of 1,272 shares of Multichoice Hellas S.A., which LUMIERE TV PUBLIC COMPANY LIMITED holds. The First-Instance Court dismissed the lawsuit as unsubstantiated. The litigant lodged an appeal, the hearing of which took place on April 30, 2015. It is mentioned that during the aforementioned trial date the litigant party submitted a request for postponement, due to third party intervention exercised by the company "CYPROMAN LTD", which asserts that it has acquired the shares of Forthnet Media, which, after the absorption of Multichoice Hellas S.A. due to merger, were held by LUMIERE. The request for postponement was rejected and the litigant submitted proposals, after due date, before the Court of Appeals. No. 5163/2015 judgment of the Court of Appeals of Athens was issued, which, due to the default of LUMIERE, given the submission of its proposals after due date, rejects the appeal of LUMIERE as unsubstantiated. Similarly, the third party intervention of CYPROMAN LTD was rejected as having no subject. Consequently, the first instance judgment 4200/2013 of the Multimember Court of First Instance of Athens, by which the lawsuit of LUMIERE was judged as rejected, has been rendered final, while LUMIERE is entitled to file a stay of default judgment or/and a cassation against the judgment of the Court of Appeals of Athens.

E. JUDICIAL CLAIMS OF THIRD PARTIES AGAINST TILEDRASI S.A.

The outstanding judicial claims of third parties against the subsidiary TILLEDRASI S.A. amount to approximately € 2.81 million, plus interest and legal expenses. The Cypriot based company LUMIERE TV PUBLIC COMPANY LIMITED is claiming via a lawsuit the abovementioned amount as a fee for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by TILEDRASI S.A. of 2,872 shares of Multichoice Hellas S.A., which LUMIERE TV PUBLIC COMPANY LIMITED holds. The First-Instance Court dismissed the lawsuit as unsubstantiated. The litigant lodged an appeal, which was heard on April 30, 2015. It is mentioned that during the aforementioned trial date the litigant party submitted a request for postponement, due to third party intervention exercised by the company "CYPROMAN LTD", which asserts that it has acquired the shares of Forthnet Media, which, after the absorption of Multichoice Hellas S.A. due to merger, were held by LUMIERE. The request for postponement was rejected and the litigant submitted proposals, after due date, before the Court of Appeals. No. 5163/2015 judgment of the Court of Appeals of Athens was issued, which, due to the default of LUMIERE, given the submission of its proposals after due date, rejects the appeal of LUMIERE as unsubstantiated. Similarly, the third party intervention of CYPROMAN LTD was rejected as having no subject. Consequently, the first instance judgment 4200/2013 of the Multimember Court of First Instance of Athens, by which the lawsuit of LUMIERE was judged as rejected, has been rendered final, while LUMIERE is entitled to file a stay of default judgment or/and a cassation against the judgment of the Court of Appeals of Athens.

For the above mentioned judicial claims no related provision of expense has been made by the Group in its financial statements as the outcome of these judicial claims cannot be estimated.

Contingent assets from pending judicial cases

The Group and the Company have the following contingent assets arising from open judicial cases:

JUDICIAL CLAIMS OF FORTHNED MEDIA AGAINST THIRD PARTIES

i) A lawsuit against the Greek state (as the successor to the abrogated ERT SA) by which it is requested to be recognised that the company does not owe (from 10 November 2008 otherwise from 10 November 2010 until the end of 2011) the minimum guaranteed financial minimum guarantee of € 2.9 million per year provided in the contract between the former ERT and the company for the transmission of the two (terrestrial) analogue subscriptions of the company via the analogue terrestrial frequencies of the former ERT. In the lawsuit, the company seeks to recognize as the fee for the former ERT only the percentage of subscriptions specified in the contract based on the actual number of its terrestrial analog subscribers (instead of the minimum guarrantee). The case was discussed and a decision is pending.

ii) An amount of totally € 5.57 million plus interest and expenses, concerns a claim of the Company (former Multichoice) against ERT S.A., with a lawsuit that has filed before the Multi-Member Court of First Instance of Athens, as a consideration for the provision, by Multichoice, of services related to the distribution and transmission –through satellite- of the signal of three TV (ET1, NET, ET3) and four radio (NET, ERA 2, ERA 3 and ERA SPORT) ERT channels within the entire Greek territory during the years 2008, 2009, 2010, 2011 and 2012. With the abolition of ERT, the Greek State replaced ERT in its rights and obligations; consequently it will be the litigant party in the specific case. The hearing of the lawsuit has been held and the decision of the Multi-Member Court of First Instance rejected the Company's claim but with a false premise. The Company will appeal.

ii) A lawsuit against "ALPHA DORYFORIKI TILEORASI", by which it is demanded that the defendant is prohibited to proceed to actions of unfair competition and infringe the absolute right of FM, as it arose by the TV Broadcasting Rights Assignment Agreement that FM had concluded with PAE AKRATITOS and the defendant is obliged to pay to FM the amount of € 0.5 million as a compensation for the non-material damage that has been caused to the latter by the unfair and tortuous conduct of "ALPHA DORYFORIKI TILEORASI". The hearing date for the aforementioned lawsuit had been scheduled for the 7th of June 2006, a date on which it was postponed for the 22nd of November 2006, where it was cancelled and rescheduled for April 2, 2008, when it was anew postponed for the 4th of June 2008. After successive postponements, the case was heard on December 12, 2012 and no. 6288/2013 judgment of the Multimember Court of First Instance of Athens was issued, which accepted the lawsuit, awarding in favor of the company the amount of € 0.3 million, including any statutory interest from the service of the lawsuit, as a non-material damage due to the illegitimate, insolvent and opposed to the moral ethics conduct of the defendant. The defendant has lodged an appeal. The hearing of the appeal has been held and the issuance of the decision is awaited.

iv) The Company has filed a recourse (ΠΡ1702/26.02.2018) before the Athens Administrative Court of First Instance against the decision no. E/105 of the General Secretariat of Information of the Ministry of Digital Policy, Telecommunications and Information, issued on 29/12/2017 regarding the fee that FORTHNET MEDIA is alleged to owe for the year 2016 as per the provisions of the Law 2644/1998 and the Concession Contract that FORTHNET MEDIA has signed with the Hellenic Public. Due to the wrong calculation of the fee owed by FORTHNET MEDIA, the latter is called to pay as an annual fee for 2016 – as per the Administration's wrong calculation – the amount of €1.451.750,34 instead of the correct amount of €1.017.824,47. This means that FORTHNET MEDIA is called to pay without any legal base an additional amount of €433.925,87. The hearing of the case is pending for determination by the Athens Administrative Court of First Instance. For the aforementioned amount the Company and the Group have made a provision for expenses for an amount of €433.925,87.

43. SUBSEQUENT EVENTS

In February 2018 the Group proceeded to the early termination of the Collective Agreements with SuperLeague for the football season 2018-2019 for 15 out of the 16 its member clubs (it is noted that for the football season 2018 – 2019 a bilateral agreement with PAOK FC is already in force). Taking advantage of the cost reduction arising from the early termination of the collective agreements, the Company shall pursue to further enhance the sports TV content offered to its subscribers for the new football season through concluding new commercial agreements.

Apart from the above mentioned, there are no other significant events subsequent to December 31, 2017 which would influence materially the Group's and the Company's financial position.

Iraklio, 25/4/2018

President of the Board of Directors	Vice President of the Board of Directors and Chief Executive Officer	
Deepak Srinivas Padmanabhan Passport No. Z 3839126	**Panagiotis Papadopoulos** I.D. Number Σ 676330	
Deputy Finance Director	**Group Financial Reporting Manager**	**Group Accounting Manager**
George Mantzoros ID Number AK 231579 License Number O.E.E. 0005375	**Grigoris Sandalidis** ID Number AE 135454	**Polychronis Katsaris** ID Number AK 012888

WEBSITE OF UPLOADED SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The annual separate and consolidated financial statements of the Company, the Auditor's report and the Reports of management are registered on the internet in the address www.forthnet.gr

The financial statements of the consolidated companies are registered on the internet in the address www.forthnet.gr

REPORT ON THE USE OF PROCEEDS FROM THE ISSUANCE OF AN INTEREST BEARING CONVERTIBLE BOND LOAN (CBL)

Hellenic Company of Telecommunications and Telematic Applications Societe Anonyme" and trade title "Forthnet S.A."
Registration No S.A. 34461/06/B/95/94
G.E.M.I. 77127927000
Scientific Technological Park of Crete
Vassilika Vouton, Iraklion Crete 71003

REPORT ON THE USE OF PROCEEDS FROM THE ISSUANCE OF AN INTEREST BEARING CONVERTIBLE BOND LOAN (CBL)

In accordance with the provisions of paragraph 4.1.2 of the Athens Stock Exchange Market Regulation, the decision No25/ 17-07-2008 of the Board of Directors of Hellenic Capital Markets Commission and the decision No 8/754/14-04-2016 of the Board of Directors of the Hellenic Capital Market Commission, it is hereby announced that from the issuance of an Interest Bearing Convertible Bond Loan (CBL) through a public offer with a pre-emptive right for existing shareholders, a total net amount of Euro 70,124,679.90 was raised. The costs of the issuance amounted to Euro 840,266.96 and were covered by Euro 830,266.96 from the Company's own funds, while extra expenses for a bank commission of Euro 10,000.00 were covered by the proceeds.

The issuance of convertible bonds was made in accordance with the decision of the Annual General Meeting of the Company's Shareholders dated 28.06.2011, the Board of Directors resolution dated 21.06.2016 and the approval of content of the Summary Notice of Prospectus from the meeting of the Board of Directors of the Securities and Exchange Commission (decision No 765/15.9.2016).
The issuance amounted to 233,748,933 bonds which can be converted into new shares with a nominal value of € 0.30 each.

The Board of Directors of the Company, taking into account its decisions dated 21.6.2016, 25.7.2016 and 13.9.2016 regarding the issuance by the Company of an Interest Bearing Convertible Bond Loan (CBL) of up to Euro 99,087,466.50, proceeded on 11.10.2016 to the certification of the partial fund raising due to the partial coverage of the Interest Bearing Convertible Bond Loan. In particular, the Board of Directors of the Company certified the funds raised of Euro 70,124,679.90, which corresponds to the nominal value and the issue price of the sum of 233,748,933 convertible bonds finally issued under the Interest Bearing Convertible Bond Loan.

Furthermore, the issued 233,748,933 nominal bonds convertible into new shares were admitted to trading on the Athens Stock Exchange (Main Market) on 21.10.2016.

The proceeds raised, in relation to what was mentioned in the Summary Notice E2b of Prospectus, were used until 31/12/2016 as follows:

Purpose of use of proceeds (amounts in €000)	**Use of proceed**	**Proceeds utilized**	**Remaining balance to be utilized**
Part repayment of the existing loan obligations arising from two common, collateralized syndicated bond loans	21,538	21,538	0
Paid amount of € 48,462 to subsidiary Forthnet Media A.E. intended to increase share capital in order to repay an equal amount of its existing loan liabilities arising from two common, collateralized, syndicated bond loans	48,462	48,462	0
Coverage of cash needs of the Group in working capital	115	115	0
Banking commission relating to support for the CBL issuance	10	10	0
Total Proceeds (Amounts in €000)	**70,125**	**70,125**	**0**

Iraklio, 25/4/2018

President of the Board of Directors	Vice President of the Board of Directors and Chief Executive Officer
Deepak Srinivas Padmanabhan Passport No. Z 3839126	**Panagiotis Papadopoulos** I.D. Number Σ 676330

Deputy Finance Director	Group Financial Reporting Manager	Group Accounting Manager
George Mantzoros ID Number AK 231579 License Number O.E.E. 0005375	**Grigoris Sandalidis** ID Number AE 135454	**Polychronis Katsaris** ID Number AK 012888

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Report on factual findings resulting from the Agreed Upon Procedures performed on the "Report on the Use of Proceeds from the issuance of an Interest Bearing Convertible Bond Loan (CBL)"

THIS IS A TRANSLATION FROM THE ORIGINAL VERSION IN THE GREEK LANGUAGE

To the Board of Directors of Forthnet S.A

We have performed the procedures agreed with the engagement letter dated January 8, 2018, as enumerated below, with respect to the Report on the Use of Proceeds from the issuance of an Interest Bearing Convertible Bond Loan (CBL) (hereafter the "Report"). The management of Forthnet S.A. (hereafter the "Company"), is responsible for the preparation of the Report in compliance with the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, regarding market abuse (Market Abuse Regulation) and the abolition of Directive No. 2003/6 / EC of the European Parliament and the Council and Commission Directives No. 2003/124 / EC, 2003/125 / EC and 2004/72 / EC (hereafter the "Decisions") and in accordance with what was requested in the Prospectus dated September 15, 2016, in the field Summary Notice E2b.

Our engagement was undertaken in accordance with the International Standard on Related Services 4400, applicable to agreed-upon-procedures engagements regarding Financial Information. Our responsibility is solely to perform the procedures described below and for reporting our findings to you.

Procedures performed

Our procedures are summarized as follows:

- We examined the content of the Report and its consistency with the above Decisions.
- We examined the content of the Report and its consistency with what is referred to in the Prospectus issued by the Company on September 15, 2016, as well as, with the relevant decisions and announcements made by the competent bodies of the Company.
- We compared the amounts reported as use of proceeds in the Report, with the amounts recognized in the books and records of the Company, from the date the funds were raised and up to December 31, 2016.
- We examined whether the amounts reported as use of proceeds from the CBL were allocated according to their intended use, in accordance with what is described in the Prospectus dated September 15, 2016, in the field Summary Notice E2b of the Prospectus, by examining on a sample basis documents that support the relevant accounting entries.

Findings

Based on the aforementioned procedures we noted the following:

1) We noted that the content of the Report is consistent with the above Decisions.
2) We noted that the content of the Report is consistent with the provisions of the Prospectus dated September 15, 2016, as well as, with the relevant decisions and announcements made by the competent

bodies of the Company. It is noted that an amount of Euro 10 thousand which was paid to Alpha Bank S.A. relating to support services for the issuance of the CBL, was directly covered by the funds from the bank account where the proceeds of the CBL were deposited and not from the Company's bank accounts as required by the Summary Notice E2b of the Prospectus dated September 15, 2016. The table of the attached "Report on the Use of Proceeds from the issuance of an Interest Bearing Convertible Bond Loan" includes the change in the use of funds of Euro 10 thousand which change, was approved by the Company's Board of Directors at the meeting held on April 25, 2018.

3) The amounts per category, as reported in the attached "Report on the Use of Proceeds from the issuance of an Interest Bearing Convertible Bond Loan" are in accordance with the amounts recognized in the books and records of the Company as at December 31, 2016.

4) Through examination of the relevant documents on a sample basis, we ensured that the amounts raised from the issuance of the CBL were allocated according to their intended use, in accordance with what is described in the Prospectus dated September 15, 2016, in the field Summary Notice E2b of the Prospectus.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance beyond what we have referred to above.

Had we performed additional procedures or had we perform an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Use Limitation

This report is addressed exclusively to the Company's Board of Directors, in compliance with its obligations to the current regulatory framework of the Athens Exchange. Therefore, this report is not to be used for any other purpose, since it is limited to what is referred above and does not extend to the financial statements prepared by the Company for the year ended December 31, 2017, for which we have issued a separate Auditor's Report, dated April 25, 2018.

Athens, April 25, 2018

Christos Pelendridis
SOEL R.N. 17831

ERNST & YOUNG (HELLAS)
Certified Auditors Accountants S.A.
8B Chimarras, Maroussi,
151 25, Greece
Company SOEL R.N. 107