Forthnet

ANNUAL

FINANCIAL REPORT

for the year

ended December 31, 2016

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
Scientific Technological Park of Crete
Vassilika Vouton, Iraklion Crete 71003
http://www.forthnetgroup.gr

Index to the Financial Statements

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, 2016 to December 31, 2016, 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 26, 2017

Deepak Srinivas Padmanabhan	Panos 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, 2016

1. PERFORMANCE AND KEY FINANCIAL DATA

Highlights

- EBITDA increased by 8.6%, despite the decline in revenues that reached € 325 million.
- The Convertible Bond issued by the Company fulfilled the requirements for the refinancing of existing bank debt.
- The subscriber base declined as a result of the cautious commercial policy, the imposition of a 10% tax on Pay-TV and the underperformance of Superleague.
- Advertising revenue increased by 11.4%.
- Following an auction by NRA, Forthnet was awarded the tender to become the universal service provider for fixed telephony services in Greece.

	12M 2016	12M 2015	Δ
Total Subscriptions	1,021,143	1,135,332	-10.1%
Unique Households	719,591	789,010	-8.8%
Households with 3play/Bundled Services	301,552	346,322	-12.9%
Broadband subscribers	581,739	640,689	-9.2%
Pay TV Customers in Greece	439,404	494,643	-11.2%

(.000€)	12M 2016	12M 2015	Δ
Revenue (including other income)	324,710	352,049	-7.8%
Revenue (normalized)[1]	325,115	352,488	-7.8%
Reported EBITDA	54,836	48,225	13.7%
Adjusted EBITDA[2]	54,836	50,475	8.6%

According to **CEO, Mr. Panos Papadopoulos:**
"The continuing recession has decreased the purchasing power of Greek consumers in 2016, while the imposition of a new 10% tax on pay-TV and Superleague's underperformance, have affected our subscriber base. In this adverse macroeconomic environment, we maintained a cautious commercial policy and focused on improving the company's costbase. As a result, the company achieved an improvement in EBITDA, in spite of the decline in total revenues. Following the Convertible Bond issuance that fulfilled the requirements for the refinancing of existing bank debt, the Company is focusing on its operating plans and on innovative services that improve the customer experience.¨

[1] *Normalization relates to a reclassification in business revenues which presented in expenses, based on accounting policy.*
[2] *One-off and Non cash adjustments. In 12M 2015 there was a provision of € 2.25M for a legal case.*

OPERATING PERFORMANCE

Bundling/3Play

At the end of December 2016, Forthnet served 301.6K households with Nova 3play/bundled services. The share of Nova 3Play subscriptions in Forthnet's customer base is over 41.9%.

	12M 2016	12M 2015	Δ
Households with 3play/Bundled Services	301,552	346,322	-12.9%
Households with 3play/Bundled Services as % of Total	41.91%	43.89%	-1.99pp

Telco

Mostly due to the conservative commercial approach in 2016, LLU customers decreased to 565.1K.

	12M 2016	12M 2015	Δ
Broadband subscribers[3]	581,739	640,689	-9.2%
Active LLU customers	**565,051**	**620,494**	**-8.9%**
Unbundling Ratio	97.1%	96.8%	0.28pp
LLU market share	27.1%	30.2%	-3.10pp

Pay TV

The Pay TV subscriber base reached 439.4 households as a result of our conservative commercial approach. Pay TV market continues to be dominated by bundled/3play services.

	12M 2016	12M 2015	Δ
Pay TV customers in Greece	439,404	494,643	-11.2%

[3] *Active and pending activation customers*

FINANCIAL HIGHLIGHTS

Consolidated normalized Revenue for 2016 reached €325.1M, decreased compared to 2015, due to a decline in consumer spending and a more conservative commercial approach by the company. The advertising revenue increased by 11.4% as a result of constantly upgraded content.

***Revenue Analysis** (€ '000)*	**12M 2016**	**12M 2015**	**Δ**
Total Retail	**248,422**	**277,151**	**-10.4%**
Telco Retail	131,003	142,673	-8.2%
Pay TV Retail	117,419	134,478	-12.7%
Total Business	53,451	54,698	-2.3%
Total Business (Normalized)[1]	**53,855**	**55,137**	**-2.3%**
Telco Business	35,568	35,647	-0.2%
Telco Business (Normalized)[1]	35,973	36,086	-0.3%
Pay TV Business	17,882	19,051	-6.1%
Advertising	7,179	6,442	11.4%
Other	15,659	13,758	13.8%
Total Revenue	324,710	352,049	-7.8%
Revenue (normalized)[1]	**325,115**	**352,489**	**-7.8%**

The cost optimization efforts increased EBITDA margin from 14,3% to 16,9%, Adjusted EBITDA of 2016 reached € 54,8M versus € 50,5M in 2015.

***EBITDA Analysis** (€ '000)*	**12M 2016**	**12M 2015**	**Δ**
Revenue (including other income)	324,710	352,049	-7.8%
Revenue (normalized)[1]	325,115	352,488	-7.8%
Reported EBITDA	54,836	48,225	13.7%
Adjusted EBITDA[2]	54,836	50,475	8.6%
Adjusted EBITDA margin	16.9%	14.3%	2.55pp

Total bank debt in Dec 2016 stood at €255m.

[1] *Normalization relates to a reclassification in business revenues which presented in expenses, based on accounting policy.*
[2] *One-off and Non cash adjustments. In 12M 2015 there was a provision of € 2.25M for a legal case.*

2. MAJOR EVENTS FOR THE CURRENT YEAR

Refinancing of the Group's loan obligations

1. Following negotiations with lending banks, the Group came to an agreement with regard to the key terms of refinancing of the Group's current loan obligations deriving from the contracts of existing ordinary bond loans issued by the Company and Forthnet Media S.A. ("F.M.") of a total amount of € 255 million, concluded by the Company and its subsidiary, with the lending banks ("Existing OBLs"). In particular, on 15.6.2016 lending banks sent the detailed refinancing key terms to the Company (hereafter referred to as the "Refinancing"), which were approved by the Company's BoD on 21.6.2016. According to the agreement on the key terms, refinancing is foreseen on the following:

(i) Forthnet's existing loan obligations, with the issue of a new ordinary, with collaterals in rem, bond loan, of a total amount of € 78,461,538, co-organised by the National Bank of Greece, Piraeus Bank and Attica Bank, following their binding proposal dated 15.06.2016. Said bond loan shall have an eight-year term, variable interest rate and shall be issued under the guarantee of the Company's subsidiary, Forthnet Media S.A., and

(ii) FM's existing loan obligations, with the issue o a new ordinary, with collaterals in rem, bond loan, of a total amount of € 176,538,462 co-organised by the National Bank of Greece, Piraeus Bank and Alpha Bank, following their binding proposal dated 15.06.2016. Said bond loan shall have an eight-year term, variable interest rate and shall be issued under the guarantee of the Company.

The issue of the above new ordinary bond loans ("New OBLs") and their coverage by concerned 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 million, in payment of their respective existing ordinary bond loans obligations of a total amount of € 325 million.

2. Subsequently, the Company, following a relevant resolution by its Board of Directors dated 21.6.2016 granting approval, and by virtue of relevant authorization granted by the Ordinary General Assembly of Company shareholders dated 28.06.2011, proceeded in the issue of a convertible bond loan of a total amount of up to €99,087,466.50 with pre-emption right in favor of its older bond holders, in accordance with C.L. 2190/1920 article 3a, L. 3156/2003 and other provisions of applicable Law (hereafter referred to as the "Convertible Bond Loan"). The Company, through the Convertible Bond Loan raised in total the amount of € 70,124,680 and certified partial coverage thereof. Following that, the minimum amount of €70,000,000 required and set as a key condition for the Refinancing was raised, and was paid to the lending banks. Consequently, the key condition for the Refinancing of the Existing OBLs was fulfilled.

3. The Group, having fulfilled the key obligation to repay the € 70 million, is currently in advanced discussions with the lending Banks with regard to the signing of relevant contracts and finalization of the Refinancing process of the Existing OBLs.

Content Rights

During 2016, Nova's digital platform:

- Renewed and extended for the 2017/18, 2018/19 and 2019/20 seasons the agreement for the broadcasting of the top European basketball league "Euroleague Basketball" matches, in which OLYMPIACOS and PANATHINAIKOS clubs will assuredly participate. The agreement covers the exclusive broadcast of the entirety of Euroleague Basketball matches, in each of the above seasons in the geographical area of Greece and Cyprus.
- Acquired exclusively the rights of the new european "Basketball Champions League", organized by the International Basketball Federation - FIBA, for the three (3) 2016/17, 2017/18 and 2018/19 seasons in the geographical areas of Greece and Cyprus. Three (3) popular greek clubs, AEK, PAOK and ARIS participate in said League.
- Renewed for an additional three (3) years (2017, 2018 and 2019) its agreement to exclusively broadcast in Greece the most historic and renowned tennis tournament the "Wimbledon Championships".

- Concluded an agreement with AEK FC, whereby the UEFA Champions League and / or UEFA Europa League qualifying home matches of the club in question, as well as its home friendly matches, shall be exclusively broadcast by Nova in the 2016-2017 and 2017-2018 seasons. These rights were granted to Nova on a worldwide basis.
- Extended for one (1) additional season (up to the 2016-2017 season) its cooperation with the organizing authority of the Men's 1st Division Volleyball Championship [ESAP], through which it will be entitled to broadcast on an exclusive basis all the Championship's matches.
- Renewed its exclusive broadcasting rights to the French Football Championship in Greece and Cyprus for two (2) more seasons (2016-2017 and 2017-2018), while further enhancing the sports content of Novasports Channels, acquiring on an exclusive basis up until 2018, the broadcasting rights of: (a) the English FA Cup, (b) the Coppa Italia (Italian Football Cup) and the Super Cup of Italy, (c) the German Football Cup (DFB) and (d) the Spanish Football Cup Finals (Copa del Rey) and the Super Cup of Spain.
- Renewed its longstanding exclusive partnership with two of America's largest film studios, "Columbia" and "Warner" that each year produce films and series that stand out at the US and greek Box Office, providing subscribers with a rich program of films and series, airing after a short while after their US premiere.
- Secured TV rights for a bundle of great blockbusters from "Universal Studios" (also one of the largest studios in America), while also concluding agreements for the rights of brand new first projection series by Universal, Beta Film, CBS / Paramount, etc.
- Nova has renewed its exclusive multi-year partnership with HBO, the largest independent production studio that has created most successful series, such as "Game of Thrones", "Westworld", and others.
- At the same time, it renewed for another 2 years its exclusive partnership with "Odeon", the greek film content distribution company, offering its subscribers a number of first screen films from the american & european cinema. In addition to content partnership, there is close cooperation between the two companies at many levels (movie theatre sponsorship, co-productions, etc.)
- Moreover, it also secured for 2017 & 2018 the live exclusive broadcast of the "Golden Globe Awards" & "Screen Actors Guild Awards", which it has been bringing with great success to NOVA subscribers in Greece and Cyprus for many years now. Additionally, for the first time, an agreement was signed for the exclusive live broadcast of the "Bafta Awards" ceremony for NOVA subscribers in Greece and Cyprus for 2017 & 2018.
- Furthermore, it also renewed its partnership with the internationally renowned children's channels, "Disney Channel" & "DXD, Boomerang", thus continuing to offer its subscribers the best program for children of all ages.
- At the same time, it renewed its partnership with "History Channel" and "Madgreekz", "MTV", "Nickelodeon", "VH1" channels, ensuring uninterrupted entertainment for its subscribers, while also enriching its bouquet with 2 new music channels, "MTV Hits" & "MTV Live HD".
- One of the platform's most important milestones in 2016 was the significant upgrade of a large number of its channels to high-definition. The upgraded channels are Novacinema3 HD, Novacinema4 HD, Novalife HD, Novasports3 HD, Novasports4 HD, Novasports5 HD, Boomerang HD, Motors TV HD and the entertainment channels FOX HD, FOX life HD and E! Entertainment HD.
- NOVA has entered into agreements to provide content of the Novacinema and Novasports channels to Cypriot Platforms.

Network Development and Investments

During 2016, Forthnet:

Upgraded its international link capacity, reaching a total of 160 Gbps at the end of 2016. Its capacity for Content Delivery Network (CDN) services in Athens and Thessaloniki (Google, Akamai, web-streaming) totaled 136Gbps

- It activated one (1) more collocation, achieving a total of 480 exchanges, at the end of 2016.
- It completed the transfer of all subscribers to the new IMS telephony platform. At the end of 2016, all home and business subscribers are served, without any problem whatsoever and without interruption, by the new telephony platform.
- It completed removal of the LMDS network, due to the expiry of the EETT broadcasting license (26GHz), and the transfer of its clients' LMDS services to other technologies (LLU, LL, PtP).

- It upgraded its Arbor security system's mitigation capacity from 2.5 Gbps to 5 Gbps in order to protect its network from DDoS cyber attacks.
- It completed the reorganization of its partners' network through the presence of two (2) partners per geographic area – in eight (8) geographic regions nationwide. It also provides more tools and applications to field technicians, so that they may better serve customers.
- It completed and implemented the single Corporate Crisis Management System ("Xenocratis") and completed the update of its Business Continuity Plan.

Innovation and New Services

During 2016, Forthnet:

- Concluded upgrade of the NovaGo platform (new version) and its applications for PC, iOS and Android devices. Thanks to the new version, new services are offered to subscribers, such as reminders in the Live TV program, My Nova Go, device management, as well as new upgraded user interface.
- Continued to highlight enriching the new on demand services. In particular, it enriched the high interest content of Nova GO service while launching the new Nova on demand service, thanks to which subscribers can watch blockbusters, 1st pay tv window series, as well as any other rich entertainment content, documentaries, children's programs, etc., on TV.
- Concluded the design and realization of the new "3play (professional) hotspot" service. This new service offers Wi-Fi access in points where Forthnet professional services operate.
- Concluded pilot testing for two (2) new router models (CPE) for use by business and SME customers.
- Concluded a Wi-Fi project for Piraeus Bank, activating in 2016 five hundred sixty-six (566) new offsite ATM and remote branches.
- Participated in the SEMEOTICONS European Project, in the framework of the FP7, which was successfully finalized in October 2016. In the context of this project, a smart mirror, called the "Wize Mirror" was constructed, consisting of a multi-sensory system and devices integrated into a hardware platform having the exterior aspect of a real mirror, which aims at collecting visual data that help detect risks of cardiovascular diseases. Thanks to the Wize Mirror, personalized guidance, as well as suggestions and recommendations are provided in a way to relate the user's lifestyle to their wellbeing and improve it. The smart mirror was designed to be easily integrated in the daily life of the modern man and to collect data via non interventional techniques. Forthnet participated in this project in terms of exploring the trends both in the IoT, as well as the value-added services in the field of well-being.

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:

- 129 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

3. CORPORATE GOVERNANCE DECLARATION 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 BASIC AUTHORITIES, AS WELL AS DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND OF THE MODE OF THEIR EXERCISE.

I. 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 is convened by the Board of Directors, shall meet regularly at the Company's registered seat or in the region of another municipality within the prefecture of the seat or in another municipality neighboring to the seat, or in the region of the municipality where the Stock Exchange is located, once a year, in the first semester after the end of the financial year. The Board of Directors may convene extraordinary General Assemblies as often it judges necessary.
2. The General Assemblies with the exception of repetitive General Assemblies and other similar 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 other similar to them, shall be posted on the website of the General Electronic commercial registry (ΓΕΜΗ) ten (10) days before the Assembly date, and on the Company's website twenty 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 said rights presupposes neither the binding of the rights holder's shares nor the observance of any other corresponding procedure that limits the ability of their sale and transfer during the time period that lapses between the Record Date as it is defined below, and the relevant General Assembly. The shareholder participates in the General Assembly and votes either in person or by proxy.
2. Anyone who appears as a shareholder in the registry of Dematerialized Securities System (managed by the Hellenic Exchanges S.A.), in which the shares of the Company are kept, is entitled to participate in the General Assembly. The proof of the shareholder's capacity is effected with the producing of a relevant written certification of the aforementioned entity, or alternatively, with a direct on-line connection of the Company with the records of the latter.
3. The shareholder's capacity should exist upon commencement of the fifth day prior to the day of the General Assembly's meeting (Record Date) and the relevant written certificate or electronic authentication regarding the shareholder's capacity should come to the Company the latest on the third day prior to the meeting of the General Assembly.
4. Shareholders under the same formal preconditions may participate in the repetitive General Assembly. The shareholder's capacity should exist upon commencement of the fourth day prior to the day of the repeat General Assembly (Record Date of repeat general assemblies), while the relevant written certificate or the electronic authentication regarding the shareholder's capacity should come to the Company the latest on the third day prior to the meeting of the General Assembly.
5. The list 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 General Assembly majority

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, 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. The resolutions of the General Assembly shall be made with an absolute majority of the votes represented at the Assembly.

Chairman-Secretary of the General Assembly

1. The Chairman of the Board of Directors or his/her substitute, when the former is not in the position, shall chair the General Assembly temporarily.
2. After the list of shareholders with voting rights has been finalised, the assembly shall appoint its Chairman and a Secretary who is responsible for the announcement of voting results.

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.

II. 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.

Exceptional competency of the General Assembly
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 cases, when the resolutions concern:

a) Extension of the term, merger, split, conversion, revival or dissolution of the Company;
b) change to the Company's nationality;
c) change to the business activity 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

III. Description of the rights of the shareholders and the mode 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.
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:
   a) 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.

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 above cases, 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.

IV. Composition and operation of the Board of Directors and 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. Panagiotis Papadopoulos, Vice Chairman and Chief Executive Officer (executive member)
3. Konstantinos Stefanidis, non-executive member, as a replacement of Mr. Vassilis Dougalis
4. Edwin Lloyd, independent non-executive member
5. Mohsin Majid, non-executive member
6. Bhavneet Sigh, independent non-executive member
7. Michael Warrington, Independent non-executive member
8. Giannos Michailidis, non-executive member

It is noted that until the appointment of the new Board of Directors by the ordinary General Assembly of the Company dated June 30, 2016, the Board of Directors was composed from 1/1/2016 until 30/6/2016 of the same members, with the exception of Mr Vasilios Dougalis, who served in the capacity of non-executive member and in whose position Mr Konstantinos Stefanidis was appointed.

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 replaced, for the entire scope of his/her competences, by the Vice-chairman, who in turn shall be replaced 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 departure of a board member prior to expiry of his/her term, due to death, resignation or loss of his/her capacity in any other manner, the remaining members, who may be no less than three, may appoint a temporary Board Member to replace the departing member 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 at a later date than required, 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 thereof in the meeting.

5. Board of Directors quorum and decision-making

a) Any member who is absent or prevented from attending may appoint a representative to 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. Each member may validly represent only one other Member of the Board.

c) Resolutions of the Board of Directors are made with an absolute majority of the members who are present or 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. 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 on an earlier stage.

7. Committees for the support of the Board of Directors

The work of the Board of Directors is supported by four Sub-Committees of the Board of Directors, the Audit Committee, the Strategy Committee, the Human Resources Committee, as well as the Purchasing Committee.

- **Audit Committee**

Composition of the Audit Committee

The Audit Committee is composed of three (3) non-executive members of the Board, with the majority of them being independent.

The Chairman of the Committee should be an independent member of the Board. In addition, one of the independent members should have sufficient and relevant knowledge on financial 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 Audit Committee's members are appointed every five years following the Board members tenure. The Board can review the composition of the Committee at its discretion and recommend to the General Assembly on 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) 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 items on the agenda of the meeting are finalized by the Chairman of the Committee.
4. The Director of Internal Audit department participates in the meetings of the Audit Committee. The Audit Committee 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 Legal Department shall be appointed as Secretary of the Audit Committee, responsible to keep records of the respective minutes. The minutes of the Audit Committee shall 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 party 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 Corporation'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, the senior management and the Board of Directors. The Audit Committee will monitor the statutory audit of the annual and consolidated accounts and Corporation's financial reporting processes.
- Oversee hiring, performance and independence of external auditors. The Audit Committee will recommend to the Board on the appointment of external auditors. It will review the performance of external auditors and monitor the provision of additional services by the external auditors' firm.
- Monitor the Company's internal audit process. The Audit Committee will monitor the processes used to control the operations and finances of the Company. The Audit Committee will ensure that the Internal Auditors have the appropriate resources and access to required information to fulfill their duties.
- Oversee performance of Internal Audit. The Audit Committee will monitor and review the effectiveness of Internal Audit. It will review and approve the Annual Audit plan proposed by the Internal Audit department. The Audit Committee will review reports prepared by Internal Audit and authorize Internal Audit to investigate any matter brought to its attention within the scope of its duties. The Audit Committee reviews and approves the Audit Committee Charter.
- Review risk management. The Audit Committee will review the risk management methodology in use at the Company. The Audit Committee will review the major risks facing the Company, the mitigation plan and progress against the mitigation plan.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.

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 Corporations' resources and data needed to fulfill its mission.

- **The Strategy Committee (SC)**

Strategy Committee Membership

The Board of Directors shall appoint 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 shall further be appointed. The Strategy Committee Members may, in their discretion, request additional persons to attend any particular Strategy Committee meeting.

Strategy Committee Role and Responsibilities

The Strategy Committee shall have the following competencies:

- To provide oversight and guidance to the Company within the guidelines and framework set by the Board.
- To act 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.
- To monitor, review and make recommendations on the strategic, business and financial direction and performance of the Company.
- To make recommendations on and monitor investments, acquisitions and disposals and business development activities of the Company.
- To review and make recommendations on the Company's financial reporting processes.
- To review and make 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.
- To forward 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.
- To review and monitor 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.

- **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
- consider such 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.

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 fulfillment of its purpose as outlined above. In order to fulfill 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.
The Committee shall be assisted in its work by an appointed expert advisor who will sit on the Purchasing Committee, and will be able to attend its meetings (without having any voting right) and an appointed Secretary.

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).
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n 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 in regard to 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 2016, the ages of Board members range from 41 to 60. 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.

4. RISKS AND UNCERTAINTIES FOR 2017

A. 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 FM, 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 3 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 33 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.
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  If the above actions by Management do not succeed or prove inadequate due to the instability and uncertainty prevailing 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 being impossible, then the results, operation and prospects of the Group may be adversely affected.

- The financial condition, prospects and the possibility 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 3 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 EUR 255 million in total. In order for the Refinancing to take place, the deposit of a necessary minimum sum of EUR 70 million is required, *inter alia*. Through the recently issued convertible bond loan, the Company raised the sum of EUR 70,124,680 in total (hereinafter "CBL", see also Note 3, Continuation of Activity), certified its partial subscription and paid the lending banks the necessary minimum sum of EUR 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 possibility 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-compliance with their requests to the Lending Banks in question concerning the adjustment or addressing 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 discharge 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 ending 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 Company'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 ordinary bond loans to be issued by the Company and FM in the context of the Refinancing. More specifically, the structure of the Refinancing consists of the following: (i) The issuance of an *in rem* secured ordinary bond loan by the Company for the total sum of EUR 78,461,538, jointly organised 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 instalment, bearing a floating six-month Euribor interest rate plus spread, to be issued with collateral security provided by FM; (ii) The issuance of an *in rem* secured ordinary bond loan by FB for the total sum of EUR 176,538,462, jointly organised 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 instalment, 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 current programme of the Group will have a substantially adverse impact on its financial situation, operating results and prospects.
  The Group maintains important collaborations for the acquisitions of exclusive television rights to broadcast appealing 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.

- Exposure to financial risks. 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. The analysis set out in note 35 herein is considered to be representative of the Group's exposure to exchange rate risk. 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.

- 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.

- 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.

- Major Shareholders may affect important decisions made 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 made 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 purpose, 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 utilises 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 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-effective 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 request 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 subscription television programming is broadcast to its customers via various satellite transmitters. The Group has concluded satellite capacity leasing contracts for the broadcast of its programming. 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 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-authorised access to its programme signals may result in a loss of customers and revenue.

- The Group is able to provides 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 unauthorised access. Furthermore, should 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. System failures, accidents, security breaches that cause the Group's work to cease and the loss or destruction of data or customer 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 unauthorised 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 unauthorised users. The provision of a subscription programme requires the use of encryption technology to prevent unauthorised access to the programme, i.e. 'piracy'. The Group uses encryption technology of high specifications for the secure transmission of its subscription TV signal. However, no technology can fully prevent piracy, and essentially all subscription TV markets are characterised - 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 unauthorised 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 Greek telecommunications and subscription television sector is characterised by intense competition. If the Group does not utilise 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 and other services) by offering appealing services at favourable 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 invest or adequatelly invest to new technologies (such as new generation network NGAs and / orto 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 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.

B. Risks associated with macroeconomic developments

- Economic and political conditions and uncertainty in Greece have adversely affected the Group and may continue to have 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.

- Greece's potential exit from the Eurozone or even the European Union and a transition to a national currency would have a substantially adverse impact on the country's GDP, the Group's financial figures and the market value of its Shares and Convertible Bonds.

- The potential impact of the referendum held on 23 June, which determined the United Kingdom's eventual exit from the European Union, on Greece cannot be predicted and could prove substantial, having an adverse effect on major sectors of the Greek economy.

- Changes in consumer behaviour, which depends on the prevailing economic conditions, 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 and operating results.

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 newvalue-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 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 specialised 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 specialised 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 social actions under the following strategic pillars:

B1. Social solidarity - support for children in need

Forthnet offered exciting experiences and supported children in targeted areas of need who are growing up in volunteer and state-run child protection and care organisations.

Action: "Valuable missions with active participation of subscribers"

With the participation of its subscribers in a special commercial effort, Forthnet collected the amount of money needed to buy and donate a state-of-the-art neonatal transport incubator for a mobile intensive care unit, and covered the cost of hiring a specialised rescue worker, for "Smile of the Child".

Action: "Experience a match broadcast over Novasports channels!"

This action invited children to sit in the Novasports press box to experience first-hand the excitement of a live broadcast of a football, volleyball or basketball match. The action took place during the Christmas holidays. The children are shown around the outside broadcast vans and playing field or court; they wear special headsets, personally meet the players of their favourite teams and receive commemorative gifts.

Action: "Employee volunteers for bazaars"

This action provides financial support for organisations caring for and housing children through purchases made by company employees at seasonal bazaars (such as the Easter Bazaar) put on by the organisations themselves at all of Forthnet's administrative facilities around Greece. The action took place over Easter 2016.

Action: "Nova gives to children!"

Through this action, the "Nova Full Pack" pay TV service, including equipment and installation, is provided to the facilities of organisations involved in the long-term care and housing of children anywhere in the Greek territory, and to juvenile detention centres. It aims to provide qualitative television entertainment for children. The subscription to the service is annual and was renewed free of charge for 2016.

Action: "Donation of technological equipment to education"

This action involves the donation of technological equipment to Greek educational institutions to support their operational needs and to enhance their IT laboratories. In 2016, 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 assistance

Forthnet provides financial assistance to a number of bodies involved in child care and protection through specific actions. In 2016, the company provided a grant to "Elpida Youth", a branch of the ELPIDA Association of Friends of Children with Cancer, to help its efforts to renovate the Association's guest house in Athens.

B2. Sports

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

Support for athletes with disabilities

As a "Major Communications Sponsor" through the Nova channels, Forthnet supports the Greek Paralympic Committee, which is responsible for developing and disseminating the Paralympic movement throughout Greece, and for selecting members for national teams that will attend Paralympic Games.
Specifically, in 2016, special TV programmes were created, along with tribute fillers on all of the athletes and their events, and commercial televisions spots on the Greek delegation to the Paralympic Games in Rio. The content of a special section created on the website www.novasports.gr was enriched and enabled visitors to the site to search for tributes to the athletes and for the special programming shown on the Nova sports channels. In addition, television coverage of the games was provided, and receptions for athletes from major events were held, while in September 2016, the company hosted a reception at its facility in Kantza to present commemorative gifts to the Paralympic athletes who won medals in Rio.

Support for amateur sports

In recognition of the efforts made by all amateur athletes, Forthnet has established sports events of a professional standard, 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 among the general population through participation in their favourite sports. Specifically, the company stages the following annual tournaments:

Novasports Beach Volley Tournament

The 17th Novasports Beach Volley Tournament was held in 2016 in Attica and Chania, Crete, under the aegis of the Hellenic Volleyball Federation (EOPE), with hundreds of athletes participating. The tournament included categories for men and women, as well as boys and girls under the age of 16.

Novasports 3x3 Filippos Syrigos Tournament

The Novasports 3x3 Filippos Syrigos Tournament was held in Attica in 2016 under the aegis of the International Basketball Federation (FIBA) with the participation of thousands of athletes. The tournament was open to athletes over the age of 7.
The winners of these events receive medals and prizes, including cash prizes in the Novasports Beach Volley Tournament, while the younger athletes competing in the "Rookies" category of the Novasports 3x3 Filippos Syrigos Tournament receive a commemorative certificate of participation.

Promotion of foot racing events

As a communications sponsor, Forthnet supports a significant number of foot racing events throughout Greece, as part of highlighting the importance of simple forms of athletic activities aimed at a better and healthier lifestyle for citizens. Specifically, in 2016, the Novasports channels were communication sponsors for 15 running events. The company promotes the same message to its employees and has created the Novasports Running Team as part of the effort.

Novasports Running Team

This Social Responsibility action is aimed at Forthnet employees, as well as associates and subscribers. With a celebrity sports personality serving as spokesman, company employees and associates were informed of the benefits of running and were then able to sign up for the running team, which is steadily increasing its membership. Athletic activity and health advice, sporting equipment, training, and free participation in major foot racing events in Greece are just some of the benefits the company offers its employees and associates as part of promoting a healthier lifestyle.
In 2016, the growing Novasports Running Team took part in 17 running races that took place in Greece. More than 850 members of the team participated in these events.

B3. Culture

Communication sponsorships for cultural events

Culture has represented a major pillar of support since Forthnet's founding. By serving as a communications sponsor for theatre performances, concerts and other cultural events, the company consistently promotes the value of the arts to its subscribers and urges them to attend and participate in Greece's cultural happenings.
In 2016, Forthnet S.A. supported more than 150 performances and cultural events.

Contributing services to cultural organisations

This activity entails donating company services to important cultural organisations in Greece. In this area, in 2016, the Nova HotSpot service provided to the Benaki Museum was continued and expanded, aimed primarily at providing modern technologies, such as wi-fi Internet access, to museum visitors.

B4. Caring for 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 lamps and batteries
- Recycling of electronic equipment
- Recycling of used lubricants from generator maintenance
- Recycling of paper, plastic and aluminium in cooperation with the municipalities in which the company is based

As part of these actions, the following quantities of materials were recycled in 2016:

TYPE OF RECYCLING	***QUANTITY***
HOUSEHOLD BATTERIES	1,244 Kg
LAMP RECYCLING	222 Kg
LEAD-ACID BATTERIES	19,247 Kg
ELECTRONIC EQUIPMENT	5,000 Kg

C. Work environment - labour relations

1. Employees

Based on data at 31.12.2016, the company employs a total of 1,221 people, most working under full-time contracts of indefinite duration; this makes the company one of the largest employers in Greece. Additionally, more than 700 people are employed at NOVA franchise stores operating as independent legal entities, and at third-party companies providing services to Forthnet.

Almost all (96%) of Forthnet's employees work in Athens, though the company also operates branches in Thessaloniki and Crete. Of Forthnet's employees, 42% are women and most are graduates of higher-education institutions and universities. In total, employees in more than 70 specialisations work at Forthnet.

2. Human Resource Development Systems & Policies

Recognising 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 organisational 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 mobility/promotion policy
- Training policies
- Salary and benefits policies

In 2016, most positions of increased responsibility were filled internally, offering about 50 employees the opportunity for career growth and leveraging their experience and knowledge to benefit both the company and the employees themselves.

3. Labour Relations

A key priority for Forthnet Management is to regulate labour relations in compliance with current labour laws and based on 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.

4. Additional Benefits

Upon being hired, all company employees are subscribed to the Group Corporate Life and Health Insurance Plan, through which they receive 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 outpatient healthcare

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

An indication of the importance of this plan and the value it holds for employees is the fact that in 2016, a total of €450,000 was paid in compensation for about 2,500 medical events involving employees and/or members of their family.

The company also offers 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 made available to Forthnet employees at discounted prices.

5. Blood Drives

Since 2007, Forthnet has operated a voluntary blood drive programme for its employees and has created a blood bank to quickly find and donate blood to employees and their first-degree relatives.

6. Health and safety at work

Forthnet attaches great importance to safety in the work place for both its employees and visitors.
To that end, all company spaces are regularly inspected to ensure their safety and 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 hygiene and safety laws; health and safety plans are also required before commencing and during the course of technical works.

Forthnet permanently employs a safety technician and occupational physician who submit reports on health and safety at each facility to company Management. The safety technician prepares hazard studies on the works performed at each facility.
Emergency response teams have also been formed to handle events that affect the safety of staff and each facility (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 doctor and the safety technician, and other organisations such as the fire brigade and the EKAB ambulance service.
Building evacuation drills are regularly conducted, while fully equipped first aid kits that include a defibrillator and eye examination equipment are available at the main buildings where more than 50 people are employed.

D. Combating corruption and bribery

Forthnet S.A. operates within a framework of corporate governance shaped by the Internal Regulations and Code of Corporate Governments it observes. It also complies with all of the applicable legislative and regulatory frameworks aimed at combating corruption and preventing instances of bribery. Among other things, this framework includes guidelines, mechanisms and procedures for preventing corruption. These include a procedure for monitoring and reporting 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. Members of the Board of Directors and executive staff are also asked to sign a special form acknowledging their obligation to report any potential conflict of interest they may have with the company. 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 cases or securing cooperation with the company. Finally, there is provision for a specific procedure of internal approvals for concluding and signing company agreements with suppliers and any transaction the company carries out with third parties.

E. ISO Certifications

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

- Design, development and operation of a telecommunications network for broadband access, provision of broadband services, Internet services, data connectivity, leased lines and fixed telephony.
- Design, implementation and operation of a telecommunications network to provide fixed wireless access services
- Data Centre design, implementation, provision, technical support and maintenance services
- Analysis, design and implementation of IT systems and development of network applications
- Design, development and maintenance of network monitoring software, network functions and billing systems management
- Research programme management

The Quality Management System was initially certified in January 2003 by internationally recognisedTÜV Hellas (member of the TÜV NORD Group). The most recent regular inspection was conducted in April 2016 with complete success by the same body.

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

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

This certification is indisputable proof of the level of the company's commitment to ensuring the security of these services.

F. Participation in European and National Research Programmes

In 2016, Forthnet S.a. took part in six European and national research programmes, as follows:

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	Semeoticons	Grant agreement no: 611516	Call identifier: FP7-ICT-2013-10
4	Mesh-wise	Grant agreement no: 324515	Call identifier: FP7-PEOPLE-2012-IAPP
5	ACSIOM	Project code: 3250	Public Investment Programme (PDE) Code: 2013ΣΕ01380012, Collective Decision for Projects (SAE): 013/8/Bilateral Research & Technology Cooperation between Greece and Israel 2013-2015/NSRF 2007-2013
6	SeNSE	Project code: 11ΣΥΝ_6_1381	"SYNERGASIA 2011", Partnerships between Productive and Research Bodies in Focused Research and Technology Sectors/NSRF 2007-2013

Of the above, the Semeoticons, ACSIOM and SeNSE projects were completed in 2016, while the others are continuing through 2017.
In 2016, Forthnet S.A. was a partner in 3 proposals submitted for funding through the EU Framework Programme for Research and Innovation, Horizon 2020, (Calls ICT-19-2017 and ICT-07-2017), which are at the evaluation stage.

6. 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 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
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2016	1,400,169	3,244,496
		31.12.2015	1,101,388	2,846,783
Vodafone S.A.	Shareholder	31.12.2016	893,474	2,655,292
		31.12.2015	279,128	2,170,740
Vodafone Ltd.	Related Party	31.12.2016	2,099,756	2,113,108
		31.12.2015	2,746,526	3,204,580
Hellas Online	Related Party	31.12.2016	-	-
		31.12.2015	451,630	489,253
Technology and Research Foundation	Shareholder	31.12.2016	60,117	40,529
		31.12.2015	63,978	49,530
Forth CRS S.A.	Subsidiary	31.12.2016	113,752	216,984
		31.12.2015	120,633	242,990
Interoute Spa (Italy)	Related Party	31.12.2016	-	-
		31.12.2015	86,171	-
Interoute Bulgaria JsCo	Related Party	31.12.2016	-	-
		31.12.2015	124,800	250,807
Interoute Czech Sro	Related Party	31.12.2016	-	-
		31.12.2015	844	90,754
Intervision Services BV	Subsidiary	31.12.2016	93,963	-
		31.12.2015	-	-
Cablenet Ltd	Related Party	31.12.2016	2,285	33,197
		31.12.2015	-	-
Netmed S.A.	Subsidiary	31.12.2016	103,013	-
		31.12.2015	105,082	4,746
Forthnet Media S.A.	Subsidiary	31.12.2016	8,137,269	1,567,903
		31.12.2015	10,113,095	2,199,197
Emirates International Telecommunications	Related Party	31.12.2016	-	500,000
		31.12.2015	-	-
	Total	**31.12.2016**	**12,903,798**	**10,371,509**
	Total	**31.12.2015**	**15,193,275**	**11,549,380**

Related Party	**Relation with Forthnet**	**Year ended at**	**Amounts owed by related parties**	**Amounts owed to related parties**
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2016	540,123	644,375
		31.12.2015	431,995	595,596
Vodafone S.A.	Shareholder	31.12.2016	238,637	495,451
		31.12.2015	51,654	442,232
Vodafone Ltd.	Related Party	31.12.2016	587,260	530,563
		31.12.2015	1,868,968	2,548,950
Hellas Online	Related Party	31.12.2016	-	-
		31.12.2015	100,290	101,395
Emirates International Telecommunications	Related Party	31.12.2016	-	598,544
		31.12.2015	-	895,085
Technology and Research Foundation	Shareholder	31.12.2016	41,979	4,796
		31.12.2015	26,086	20,239
Forth CRS S.A.	Subsidiary	31.12.2016	-	64,387
		31.12.2015	54,358	39,753
Telemedicine Technologies S.A.	Associate	31.12.2016	3,734	-
		31.12.2015	3,734	-
Athlonet S.A.	Associate	31.12.2016	11,502	8,060
		31.12.2015	11,502	8,060
Forthnet Media S.A.	Subsidiary	31.12.2016	94,230,374	2,589,725
		31.12.2015	114,293,574	23,646,425
Netmed S.A.	Subsidiary	31.12.2016	744,316	42,394
		31.12.2015	616,827	174,856
Cablenet Ltd	Related Party	31.12.2016	1,265	15,250
		31.12.2015	-	-
Intervision Services BV	Subsidiary	31.12.2016	93,963	-
		31.12.2015	-	-
	Total	**31.12.2016**	**96,493,153**	**4,993,545**
	Total	**31.12.2015**	**117,458,988**	**28,472,591**

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.

The Company’s revenues and costs from Vodafone S.A., Vodafone Ltd and its subsidiary Hellas Online S.A. are related to interconnection fees and leased lines.

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 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
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2016	1,400,169	3,324,072
		31.12.2015	1,101,388	2,938,814
Vodafone S.A.	Shareholder	31.12.2016	937,295	2,658,060
		31.12.2015	340,460	2,174,909
Vodafone Ltd.	Related Party	31.12.2016	2,099,756	2,113,108
		31.12.2015	2,746,526	3,204,580
Hellas Online	Related Party	31.12.2016	-	-
		31.12.2015	451,630	489,253
Technology and Research Foundation	Shareholder	31.12.2016	60,117	40,529
		31.12.2015	63,978	49,530
Interoute Spa (Italy)	Related Party	31.12.2016	-	-
		31.12.2015	86,171	-
Interoute Bulgaria JsCo	Related Party	31.12.2016	-	-
		31.12.2015	124,800	250,807
Interoute Czech Sro	Related Party	31.12.2016	-	-
		31.12.2015	844	90,754
Cablenet Ltd	Related Party	31.12.2016	2,285	33,197
		31.12.2015	-	-
Emirates International Telecommunications	Related Party	31.12.2016	-	500,000
		31.12.2015	-	-
	Total	**31.12.2016**	**4,499,622**	**8,668,966**
	Total	**31.12.2015**	**4,915,797**	**9,198,647**

Related Party	Relation with the Group	Year ended at	Amounts owed by related parties	Amounts owed to related parties
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2016	540,142	649,847
		31.12.2015	432,013	596,783
Vodafone S.A.	Shareholder	31.12.2016	252,164	495,557
		31.12.2015	60,465	442,242
Vodafone Ltd.	Related Party	31.12.2016	587,260	530,563
		31.12.2015	1,868,968	2,548,950
Hellas Online	Related Party	31.12.2016	11	117
		31.12.2015	100,301	101,512
Emirates International Telecommunications	Related Party	31.12.2016	-	598,544
		31.12.2015	-	895,085
Technology and Research Foundation	Shareholder	31.12.2016	47,751	4,761
		31.12.2015	26,086	20,239
Telemedicine Technologies S.A.	Associate	31.12.2016	3,734	-
		31.12.2015	3,734	-
Athlonet S.A.	Associate	31.12.2016	11,502	8,060
		31.12.2015	11,502	8,060
Lumiere Productions S.A.	Shareholder	31.12.2016	-	6,378
		31.12.2015	-	6,378
Lumiere Cosmos Communications	Shareholder	31.12.2016	-	10
		31.12.2015	-	10
Cablenet Ltd	Related Party	31.12.2016	1,265	15,250
		31.12.2015	-	-
	Total	**31.12.2016**	**1,443,829**	**2,309,087**
	Total	**31.12.2015**	**2,503,069**	**4,619,259**

Emirates International Telecommunications LLC, a related party, provides 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.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the years ended 2016 and 2015 are analysed as follows:

	The Group		The Company	
	January 1 - December 31		January 1 - December 31	
	2016	2015	2016	2015
Salaries and fees for executive members of the BoD	316,505	316,270	316,505	316,270
Salaries and fees for non executive members of the BoD	221,028	267,228	221,028	267,228
Salaries and fees for senior managers	1,972,487	1,966,858	1,270,470	1,375,529
Total	**2,510,020**	**2,550,356**	**1,808,003**	**1,959,027**

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 € 167,097 for the Group and € 123,009 for the Company respectively (December 31, 2015: € 135,062 for the Group and € 107,836 for the Company respectively), whereas benefits relating to leaving indemnities amounted to € 0 for both the Group and the Company (December 31, 2015: € 0 for both the Group and the Company). The amounts owed to Management from the Group and the Company as of December 31, 2016 are € 74,707 (December 31, 2015: € 320,129 and € 233,129 for the Group and the Company).

7. PROSPECTS FOR THE GROUP'S PROGRESS AND DEVELOPMENT FOR THE YEAR 2017

In 2017, 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 2017, 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 and home entertainment. 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 2017, 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 2017 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 2017 aim at improving and safeguarding the services offered, as well as creating infrastructure for the provision of new services. More specifically:

- Completion of the IMS project with the interconnection of the new telephony platform with the networks of other telecommunications providers
- Activation of generators and replacement of batteries at major OTE urban centres
- Upgrading of security services for effective protection against even larger cyber-attacks

Finally, in 2017, 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.

8. ALTERNATIVE 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. 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.

The following table presents the most important APMs of the Group for the 2015 and 2016 fiscal years:

Ratio	Description	2016		2015	
Net Debt / Equity (1)	(Short Term Borrowings + Long Term Borrowings – Cash and Cash Equivalents)/ Equity (including non controlling interest)	{[(1,298,566+254,887,959+9,399,194+211,607) +(51,038,984+52,819,897+469,727)] -4,922,740} / (-174,898,238)	-2.09	{[(1,418,000+324,793,168+8,824,997+208,474) +(0+62,122,934+681,190)] -6,719,669} / (-164,025,343)	-2.39
Net Debt / Equity (without non controlling interest) (1)	(Short Term Borrowings + Long Term Borrowings – Cash and Cash Equivalents)/ Equity (without non controlling interest)	{[(1,298,566+254,887,959+9,399,194+211,607) +(51,038,984+52,819,897+469,727)] -4,922,740} / (-172,245,676)	-2.12	{[(1,418,000+324,793,168+8,824,997+208,474) +(0+62,122,934+681,190)] -6,719,669} / (-161,070,858)	-2.43
Current Ratio	Current Assets/ Current Liabilities	118,902,211 / 451,547,342	0.26	122,523,575 / 531,343,394	0.23
Quick Ratio	Current Assets - Inventory/ Current Liabilities	(118,902,211 -4,552,272) / 451,547,342	0.25	(122,523,575 -6,896,485) / 531,343,394	0.22
Interest Cover	EBITDA / Financial Expenses	54,836,176 / 18,708,299	2.93	48,225,032 / 22,116,087	2.18

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 Meeting 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 amounts to thirty three million twenty nine thousand one hundred fifty five euros and fifty cents (EUR 33,029,155.50) and is divided into one hundred and ten million, ninety seven thousand, one hundred and eighty seven (110,097,185) 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, automatic and unlimited exercise of all rights and the undertaking of all responsibilities arising from the legislation on limited companies, the provisions of the Company's Articles of Association, the decisions of the General Meeting 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 Meeting and each share provides the right to one (1) vote at the General Meeting.

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 Meeting, 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 Meeting 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 Meeting of the shareholders of the Company held on 28 June 2011, the Company issued a convertible corporate bond 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 (hereinafter referred to as the "CBL"). Through the CBL, the Company raised the sum of EUR 70,124,680 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 News Bulletin 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, 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)

- Shareholders (natural or legal persons) who on 31 December 2015 held more than 5% of the total number of shares are presented in the following table:

CORPORATE NAME	SHARES	% SHARE
FORGENDO LIMITED	49,775,473	45.21%
WIND HELLAS TELECOMMUNICATIONS S.A.	36,332,457	33%
VODAFONE - PANAFON HELLENIC TELECOMMUNICATIONS S.A.	7,162,751	6.505%

a) FORGENDO LIMITED is controlled by Emirates International Telecommunications LLC, in accordance with a statement issued by the latter;
b) WIND HELLAS TELECOMMUNICATIONS S.A. is indirectly controlled by LARGO LIMITED through Largo Intermediary Holdings Limited and Crystal Almond Sarl.

- On 31 December 2016 the following shareholders held more than 5% participation in the share capital:

CORPORATE NAME	SHARES	% SHARE
WIND HELLAS TELECOMMUNICATIONS S.A.	36,332,457	33.00%
GO PLC	24,887,737	22.605%
MASSAR INVESTMENTS LLC	24,887,736	22.605%
VODAFONE PANAFON HELLENIC TELECOMMUNICATIONS S.A.	7,162,751	6.506%

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 ELECOMMUNICATIONS 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 ELECOMMUNICATIONS 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 AMBDULAZIZ 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.

(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 Meeting 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 Meeting 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 2016, pursuant to Law 3556/2007, has no voting rights in the Company.

2. On 5 December 2013, WIND acquired shares and voting rights in the Company owned by a Company's shareholder, Zesmero Limited, corresponding to 27.04% of the total shares and voting rights in the Company. This acquisition annulled relevant call option right of WIND as well as relevant put option right of Zesmero regarding the above shares and voting rights that was agreed between WIND and Zesmero pursuant to the agreement concluded on 18 July 2013. The above acquisition took place following the agreement concluded between WIND and Zesmero on 4 December 2013 regarding WIND's purchase of 3,503,073 shares and voting rights in Forthnet owned by Zesmero and being subject to the above call option right of WIND.

3. The shareholder Cyrte Investments GPI B.V. transferred its entire direct participation percentage in the share capital of Forthnet, namely 3,333,073 voting rights and an equal number of shares, on 17 July 2013. The company FINE LIFE GROUP LTD BVI, through its subsidiary company ZESMERO LIMITED, acquired for the first time a direct participation percentage of 27.04% in the share capital of Forthnet, corresponding to 3,503,073 voting rights and an equal number shares out of the total of 12,952,610.

4. 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 4 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 on 4 April 2017, following a notification to the Company dated on 3 April 2017, 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 Meeting, 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 Meeting. 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)(20)** 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 Meeting) stipulates that "The first repeat Meeting 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), "The first repeat Meeting 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.

a. 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 Meeting 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 Meeting. The above power of the Board of Directors may be renewed by the General Meeting 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 Meeting 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 Meeting 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:

(i) 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 Meeting, in accordance with the Articles of Association and the law;

(ii) 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 Meeting, 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 Meeting 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 Meeting 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 2016, 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 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.

There are no agreements between the Company and the members of the Board of Directors of the Company or its 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.

It is noted, however, that the contracts of the Chief Executive Officer and certain higher 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.

Iraklio, April 26, 2017

Deepak Srinivas Padmanabhan
President of the
Board of Directors

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITORS' REPORT

To the shareholders of
HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. (Forthnet)

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Hellenic Company forTelecommunications and Telematic Applications S.A. "Forthnet S.A." (the "Company"} and its subsidiaries (the"Group"), which comprise of the separate and consolidated statement of financial position as at December 31, 2016,and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year thenended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing that have been adopted by the Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

Without qualifying our audit report we draw attention to Note 3 to the separate and consolidated financial statements which indicates that, at December 31, 2016, (a) the Group and the Company were not in compliance with certain financial covenants and undertakings under their bond loan agreements, (b) the Group has not proceeded with the payment of scheduled installments of € 211.8 million that were due up to the date of this audit report, (c) their long-term borrowings were all classified as current and, (d) the Group's and Company's current liabilities exceeded their current assets and, accordingly, they will not be able to meet their contractual obligations under their bond loans agreements. As further discussed in Note 3, (i) the Company's and Group's ability to complete the refinancing of their entire contractual obligations under their loan agreements and, (ii) the Group's and the Company'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.

Report on Other Legal and Regulatory Requirements

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 436/2015 (part B), we note the following:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information that is 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, 2016.

c) Based on the knowledge we obtained from our audit of the Company and its environment, we have not identified any material misstatement to the Board of Directors' report.

Athens, April 26, 2017
The Certified Auditor Accountant
Chris Pelendridis
SOEL REG. No: 17831

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
SOEL REG. No: 107

ANNUAL

FINANCIAL STATEMENTS

for the year ended

December 31, 2016

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	The Group		The Company	
		01.01-31.12.2016	**01.01-31.12.2015**	**01.01-31.12.2016**	**01.01-31.12.2015**
Revenues	4	320,862,750	349,735,692	176,283,715	191,537,290
Telecommunications costs		(90,074,399)	(95,705,322)	(90,074,398)	(95,705,324)
Royalties and licenses		(77,647,730)	(91,715,905)	-	-
Cost of sales of inventory and consumables		(3,388,022)	(4,481,245)	(1,582,231)	(2,056,895)
Advertising and promotion costs		(7,396,789)	(8,009,524)	(1,655,135)	(1,838,318)
Payroll and related costs	6	(35,685,037)	(35,673,117)	(20,315,553)	(20,740,881)
Sundry expenses	9	(54,449,232)	(66,852,567)	(32,885,029)	(41,488,344)
Impairment of investments in subsidiaries	11	-	-	(45,339,199)	(28,825,000)
Other income		3,847,599	2,313,424	2,303,398	1,945,728
Depreciation and amortisation	7	(65,224,319)	(77,333,312)	(29,822,483)	(36,693,345)
Financial income	8	2,855,695	85,598	471,050	83,260
Financial expenses	8	(18,708,299)	(22,116,087)	(4,804,513)	(4,547,879)
Share of profits of associates accounted for		-	119,193	-	-
Loss before income taxes		**(25,007,783)**	**(49,633,172)**	**(47,420,378)**	**(38,329,708)**
Income taxes	10	1,244,870	(4,299,757)	(1,281,727)	1,599,556
Loss after tax (A)		**(23,762,913)**	**(53,932,929)**	**(48,702,105)**	**(36,730,152)**
Loss for the period attributable to:					
Shareholders of the Parent Company		(23,485,744)	(49,275,829)	(48,702,105)	(36,730,152)
Non-controlling interests		(277,169)	(4,657,100)	-	-
		(23,762,913)	**(53,932,929)**	**(48,702,105)**	**(36,730,152)**
Loss per share (Basic and diluted)	31	(0.2133)	(0.4476)		
Weighted Average Number of Shares (Basic)		110,097,185	110,097,185		
Weighted Average Number of Shares (Diluted)		110,097,185	110,097,185		
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods					
Remeasurement gains/(losses) on defined benefit plans	30	(843,615)	600,725	(435,943)	345,932
Income tax effect	10	244,648	(174,210)	126,423	(100,320)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		**(598,967)**	**426,515**	**(309,520)**	**245,612**
Attributable to :					
Shareholders of the Parent Company		(596,406)	424,486	(309,520)	245,612
Non-controlling interests		(2,561)	2,029	-	-
		(598,967)	**426,515**	**(309,520)**	**245,612**
Total net loss after tax		**(24,361,880)**	**(53,506,414)**	**(49,011,625)**	**(36,484,540)**
Attributable to :					
Shareholders of the Parent Company		(24,082,150)	(48,851,343)	(49,011,625)	(36,484,540)
Non-controlling interests		(279,730)	(4,655,071)	-	-
		(24,361,880)	**(53,506,414)**	**(49,011,625)**	**(36,484,540)**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

		The Group		The Company	
	Notes	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
ASSETS					
Non current assets					
Property, plant and equipment	12	118,199,200	140,423,321	69,095,072	81,525,112
Intangible assets	13	105,943,344	121,172,096	14,042,278	14,237,003
Goodwill	11	83,168,812	83,168,812	512,569	512,569
Provisional goodwill	10	-	-	-	-
Investments in subsidiaries	11	-	-	40,745,650	37,623,311
Investments in associates accounted under the equity method	11	-	332,789	-	123,506
Other non-current assets		9,090,962	9,756,857	7,098,215	7,993,069
Available for sale financial assets	14	392,005	167,589	248,394	124,888
Deferred tax assets	10	8,296,236	14,427,580	1,889,479	7,719,872
Total non current assets		**325,090,559**	**369,449,044**	**133,631,657**	**149,859,330**
Current assets					
Inventories	16	4,552,272	6,896,485	1,478,710	898,631
Programme and film rights	15	39,564,634	38,086,395	-	-
Trade receivables	17	51,900,344	57,707,602	24,691,053	30,242,844
Prepayments and other receivables	18	7,587,906	7,566,044	3,687,530	4,015,203
Due from related companies	32	1,443,829	2,503,069	96,493,153	117,458,988
Cash and cash equivalents	19	4,922,740	6,719,669	1,741,988	3,889,231
Restricted cash	19	8,930,486	3,044,311	8,927,834	3,041,668
Total current assets		**118,902,211**	**122,523,575**	**137,020,268**	**159,546,565**
TOTAL ASSETS		**443,992,770**	**491,972,619**	**270,651,925**	**309,405,895**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	20	33,029,156	33,029,156	33,029,156	33,029,156
Share premium		300,499,045	300,499,045	300,499,045	300,499,045
Other reserves	21	195,582,560	182,093,575	194,914,684	181,425,699
Accumulated deficit		(701,356,437)	(676,692,634)	(475,714,143)	(426,702,518)
Total		**(172,245,676)**	**(161,070,858)**	**52,728,742**	**88,251,382**
Non-controlling interests		(2,652,562)	(2,954,485)	-	-
Total equity		**(174,898,238)**	**(164,025,343)**	**52,728,742**	**88,251,382**
Non current liabilities					
Long-term borrowings	23	51,038,984	-	51,038,984	-
Long-term transponder leases	25	52,819,897	62,122,934	-	-
Other long-term leases	24	469,727	681,190	469,727	681,190
Other long-term liabilities	4, 35	29,199,725	24,243,337	7,998,938	9,164,895
Reserve for staff retirement indemnities	30	4,527,751	3,529,229	2,405,961	1,869,684
Government grants	29	5,572,026	6,804,990	5,572,026	6,804,990
Deferred tax liability	10	23,715,556	27,272,888	-	-
Total non-current liabilities		**167,343,666**	**124,654,568**	**67,485,636**	**18,520,759**
Current liabilities					
Trade accounts payable	27	96,318,531	109,286,021	36,820,396	39,038,105
Due to related companies	32	2,309,087	4,619,259	4,993,545	28,472,591
Short-term borrowings	23	1,298,566	1,418,000	-	-
Current portion of long-term borrowings	23	254,887,959	324,793,168	78,461,538	100,000,000
Deferred income	4	24,359,964	26,410,497	13,072,870	14,152,803
Current portion of transponder leases	25	9,399,194	8,824,997	-	-
Current portion of other leases	24	211,607	208,474	211,607	208,474
Current portion of programmes and film rights obligations	26	41,351,244	40,443,214	11,557,261	15,593,807
Income tax payable	10	2,065,441	1,347,658	784,160	200,000
Accrued and other current liabilities	28	19,345,749	13,992,106	4,536,170	4,967,974
Total current liabilities		**451,547,342**	**531,343,394**	**150,437,547**	**202,633,754**
Total liabilities		**618,891,008**	**655,997,962**	**217,923,183**	**221,154,513**
TOTAL LIABILITIES AND EQUITY		**443,992,770**	**491,972,619**	**270,651,925**	**309,405,895**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

	Attridutable to equity holders of the parent company					Non-controlling interests	Total Equity
The Group	**Share Capital**	**Share Premium**	**Other Reserves**	**Accumulated deficit**	**Total**		
Total Equity beginning at January 1, 2015	**33.029.156**	**300.499.045**	**182.261.248**	**(628.008.964)**	**(112.219.515)**	**1.700.586**	**(110.518.929)**
Total comprehensive loss after income taxes of the year	-	-	-	(49.275.829)	(49.275.829)	(4.657.100)	(53.932.929)
Special reserve	-	-	(167.673)	167.673	-	-	-
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	-	-	-	424.486	424.486	2.029	426.515
Total Equity at December 31, 2015	**33.029.156**	**300.499.045**	**182.093.575**	**(676.692.634)**	**(161.070.858)**	**(2.954.485)**	**(164.025.343)**
Total Equity beginning at January 1, 2016	**33.029.156**	**300.499.045**	**182.093.575**	**(676.692.634)**	**(161.070.858)**	**(2.954.485)**	**(164.025.343)**
Total comprehensive loss after income taxes of the year	-	-	-	(23.485.744)	(23.485.744)	(277.169)	(23.762.913)
Convertible bond loan (net of deferred tax) (Note 23)	-	-	13.488.985	-	13.488.985	-	13.488.985
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (Notes 10, 30)	-	-	-	(596.406)	(596.406)	(2.561)	(598.967)
Other movements	-	-	-	(581.653)	(581.653)	581.653	-
Total Equity at December 31, 2016	**33.029.156**	**300.499.045**	**195.582.560**	**(701.356.437)**	**(172.245.676)**	**(2.652.562)**	**(174.898.238)**

The Company	**Share Capital**	**Share Premium**	**Other Reserves**	**Accumulated deficit**	**Total**
Total Equity beginning at January 1, 2015	**33.029.156**	**300.499.045**	**181.593.372**	**(390.385.651)**	**124.735.922**
Total comprehensive loss after income taxes of the year	-	-	-	(36.730.152)	(36.730.152)
Special reserve	-	-	(167.673)	167.673	-
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	-	-	-	245.612	245.612
Total Equity at December 31, 2015	**33.029.156**	**300.499.045**	**181.425.699**	**(426.702.518)**	**88.251.382**
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 deferred tax) (Note 23)	-	-	13.488.985	-	13.488.985
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (Notes 10, 30)	-	-	-	(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**

The accompanying notes are an integral part of the Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	The Group		The Company	
		01.01-31.12.2016	01.01-31.12.2015	01.01-31.12.2016	01.01-31.12.2015
Cash flows from Operating Activities					
Loss before income taxes		(25,007,783)	(49,633,172)	(47,420,378)	(38,329,708)
Adjustments for:					
Depreciation and amortiZation	7	65,224,319	77,333,312	29,822,483	36,693,345
Amortization of subsidies	29	(1,232,964)	(1,386,404)	(1,232,964)	(1,385,285)
Financial (income)/expenses	8	15,852,604	22,030,489	4,333,463	4,464,619
Impairment of goodwill		-	-	-	-
Impairment of investments in subsidiaries	11	-	(119,193)	45,339,199	28,825,000
Allowance for doubtful accounts receivable	17, 18	8,155,707	11,263,239	3,120,041	5,083,298
Provision for staff retirement indemnities	6	1,141,491	964,411	697,738	698,078
Other provisions		348,844	1,946,359	130,931	1,953,095
Operating profit before working capital changes		**64,482,218**	**62,399,041**	**34,790,513**	**38,002,442**
(Increase)/Decrease in:					
Inventories		1,995,369	(141,215)	(711,010)	612,264
Trade accounts receivable & amounts due from related companies		(1,023,747)	(3,935,466)	23,399,368	(14,390,154)
Programme and film rights		(1,478,239)	7,596,765	-	-
Prepayments and other receivables		(666,131)	1,017,293	325,890	(551,012)
Decrease in other non-current assets		665,894	1,386,924	894,856	1,127,755
Increase/(Decrease) in:					
Trade accounts payable and amounts due from related companies		(14,337,893)	5,635,588	(29,733,301)	7,295,774
Deferred income		(2,050,533)	(3,216,712)	(1,079,934)	(1,433,868)
Accrued and other current liabilities		6,416,329	(4,148,831)	(1,053,932)	(4,798,377)
Income taxes paid		(99,129)	(261,429)	-	-
Payment of staff retirement indemnities		(930,976)	(837,527)	(574,639)	(604,495)
Decrease in other long-term liabilities		4,956,388	(1,440,415)	(1,165,957)	(1,440,414)
Net cash from Operating Activities		**57,929,550**	**64,054,016**	**25,091,854**	**23,819,915**
Cash flow from Investing activities					
Capital expenditure for property, plant and equipment and intangible assets	12, 13	(27,803,699)	(35,617,820)	(17,225,949)	(20,932,728)
Interest and related income received		25,600	40,791	25,054	38,453
Payment for subsidiary's share capital increase	11	-	-	(48,461,538)	-
Restricted cash	19	(5,886,175)	172,718	(5,886,166)	(124,639)
Net cash used in Investing Activities		**(33,664,274)**	**(35,404,311)**	**(71,548,599)**	**(21,018,914)**
Cash flows from Financing Activities					
Repayment of long-term borrowings		(70,000,000)	-	(21,538,462)	-
Net change in short -term borrowings		(119,434)	-	-	-
Interest rate swap paid		(731,664)	(1,562,770)	-	-
Interest paid		(16,398,617)	(22,328,163)	(4,068,386)	(4,261,934)
Net change in leases		(8,937,170)	(8,322,743)	(208,330)	(205,188)
Convertible bond loan	23	70,124,680	-	70,124,680	-
Net cash from / (used in) Financing Activities		**(26,062,205)**	**(32,213,676)**	**44,309,502**	**(4,467,122)**
Net decrease in cash and cash equivalents		**(1,796,929)**	**(3,563,971)**	**(2,147,243)**	**(1,666,121)**
Cash and cash equivalents at the beginning of the year	19	**6,719,669**	**10,283,640**	**3,889,231**	**5,555,352**
Cash and cash equivalents at the end of the year	19	**4,922,740**	**6,719,669**	**1,741,988**	**3,889,231**

The accompanying notes are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016 and December 31, 2015 are as follows:

	% PARTICIPATION 31.12.2016	% PARTICIPATION 31.12.2015
WIND ΕΛΛΑΣ ΤΗΛΕΠΙΚΟΙΝΩΝΙΕΣ ΑΕΒΕ	33.00%	33.00%
GO PLC	22.61%	-
MASSAR INVESTMENTS LLC	22.61%	-
FORGENDO	-	41.27%*
VODAFONE ΠΑΝΑΦΟΝ ΑΕΕΤ**	6.51%	6.51%

*: Forgendo Ltd participates in Forthnet's share capital with a participation percentage of 41,27% as at December 31, 2015 and at the ultimate level of the parent company with a participation percentage of 45.21.

**: Vodafone PANAFON Greek Telecommunications Company on June 30, 2016, participated in the share capital of the Company with an interest of 6.51% (December 31, 2015: 6.51%). In addition, under the terms of the contract signed on June 4, 2014, between Vodafone Panafon Greek Telecommunications Company and Wind Hellas Telecommunications S.A., the first acquired an option for the acquisition of 13.25% of the total share capital and voting rights of Forthnet from the second. Plus, this right, based on the announcement of 06.06.2016 regulated the Company information of L.3556 / 2007 received from Vodafone Panafon SA Greek Telecommunications Company to extend the exercise period, which may be exercised by completing twenty-seven (27) most months of the signing of the agreement between them, namely on 04.09.2016.

The right was not exercised after its renewal on February 24, 2017 and therefore the option does not exist.

On July 1, 2014, the Company announced that OTE S.A. submitted a non binding offer to the Company's Board of Directors concerning the possible acquisition of the NOVA business. In addition, on July 17, 2014 the Company announced that Vodafone Group Service Ltd and Wind Hellas Telecommunication S.A. submitted a joint non binding offer to the Company's Board of Directors for the possible acquisition of all shares of Forthnet, which are currently not owned by them. These non binding offers have been presented to the Board for consideration, while the independent due diligence process from the interested parties has been concluded. Until the date of approval of the annual condensed financial statements, there was no further progress.

The accompanying financial statements for the year ended December 31, 2016 and 2015, include the financial statements of Forthnet S.A. and its subsidiaries, Forth-CRS S.A., Forth-CRS ITALIA S.R.L., Forthnet Media S.A. (renamed from Forthnet Media Holdings S.A.), NetMed N.V., Intervision (Services) B.V., Dikomo Investment Sarl (Luxembourg) (under liquidation), Tiledrasi S.A. (Luxembourg) (under liquidation), Multichoice Holdings (Cyprus) Ltd. (liquidated on April 29, 2015), NetMed S.A. and Telemedicine Technologies S.A. which was consolidated under the equity method as at December 31, 2015..

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.

Telemedicine Technologies S.A.'s principle activities are to create, implement and sell services and products associated with the acquisition, transmission and dissemination of information, particularly electronically, in the health sector. The company aims to implement and sell services in the health sector, with emphasis on business-to-business medical services. The Company did not take part in the successive increases of capital which were approved by the General Assemblies of Telemedicine Technologies S.A. during 2014 and consequently its shareholding reduced to 15.15% (December 31, 2015: 21.84%).Thus the participation has reclassified to available for sale financial assets (note 14).

Forthnet Media S.A. was incorporated in April 2008. It's 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.

Forthnet Media S.A. and its subsidiaries which are consolidated are analysed as follows:

Entity's name	Date of incorporation	Country of incorporation	Operating activities
NetMed N.V.	January 12, 1996	Netherlands	Holding company
NetMed S.A.	February 14, 1996	Greece	The Company provides customer services (including telephone helpdesk, technical support, information regarding TV programmes and management of subscription services contracts) to Pay-TV subscribers on behalf of Multichoice Hellas S.A.
Multichoice Holdings (Cyprus) Limited (liquidated)	December 20, 1999	Cyprus	Holding company
Dikomo Investment Sarl (under liquidation)	June 18, 2003	Luxembourg	Holding company
Tiledrasi S.A. (under liquidation)	June 18, 2003	Luxembourg	Holding company
Intervision (Services) B.V.	January 1996	Netherlands	Content acquisition services

The Board of Directors of the subsidiary company, Multichoice Holdings (Cyprus) Limited, decided its liquidation on July 11, 2012. The Company resolved on March 5, 2015 and its liquidation was published in the Official Gazette of Cyprus on April 29, 2015.

The Group's number of employees at December 31, 2016, amounted to 1,185, while that of the Company to 702. At December 31, 2015, the respective number of employees was 1,237 for the Group and 749 for the Company.

On November 24, 2011 the Board of Directors of the Athens Exchange decided to place the Company's shares "Under Surveillance Segment" based on the fact that the fiscal year 2010 losses were greater than 30% of its equity.

The Board of Directors of Forthnet approved the separate and consolidated financial statements for the year ended at December 31, 2016, on April 26, 2017. The abovementioned financial statements are subject to the final approval of the General Assembly of the Shareholders.

2.1 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.

2.2 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 reasseses whether it exercises effective control over the investments, in case there are event and circumstanced 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.

2.3 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	Annual Rates
Buildings	2.50%
Installations on buildings	11.11% - 20%
Network equipment (Internet and Fixed Telephony)	12.5%
Network support equipment (LMDS)	8%-16%
Network equipment LLU	12.50%-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 useful life 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 capitalized as 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 using the effective interest rate method. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in other reserves in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option 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.

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the annual financial statements, are consistent with those followed for the year ended December 31, 2015, except for the adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2016. 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 27 Separate Financial Statements (amended)**
- **IAS 1: Initiative on disclosures (Amendment)**
- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**
- **IAS 19 Employee benefits (Amended): Employee Contributions**

The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs.

- ***IFRS 2 Share-based Payment***
- ***IFRS 3 Business combinations***
- ***IFRS 8 Operating Segments***
- ***IFRS 13 Fair Value Measurement***
- ***IAS 16 Property Plant & Equipment***
- ***IAS 24 Related Party Disclosures***
- ***IAS 38 Intangible Assets***

The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs.

- ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations***
- ***IFRS 7 Financial Instruments***
- ***IAS 19 Employee Benefits***
- ***IAS 34 Interim Financial Reporting***

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 reflectsall 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 Group and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

- **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 acustomer (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 losseson 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 aboutperformance obligations; changes in contract asset and liability account balances between periodsand key judgments and estimates The Group and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

- **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.These Clarifications have not yet been endorsed by the EU. The standard will be applied by the Group on 1 January 2018. Regarding the effect of contracts that remain open on January 1, 2018 from earlier periods a cumulative adjustment (cumulative catch-up adjustment) to the Group's equity of January 1, 2018 will be recorded . The management of the Group and the Company is assessing the effect of the amendment on the financial position or performance and is in the stage of quantifying the impact of the implementation of the standard.

- **IFRS 16: Leases**
  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets outthe principles for the recognition,measurement, presentation anddisclosure of leases for both parties to acontract, i.e. the customer ('lessee') andthe supplier ('lessor'). The new standardrequires lessees torecognize most leases on their financial statements. Lessees will have a singleaccounting model for all leases,with certain exemptions. Lessor accounting issubstantially unchanged. The standard has not been yet endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

- **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 and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**
  TheAmendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. 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.These amendments have not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

- **IAS 7: Disclosure Initiative(Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. 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.These Amendments have not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

- **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 forthe effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, forshare-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 and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

- **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 standard is not applicable for the Company and the Group.

- **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 and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

  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 2017 for IFRS 12 Disclosure of Interests in Other Entities and 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 and the Company are in the process of assessing the impact of the new standard on their financial position or performance.

- ***IFRS 1 First-time Adoption of International Financial Reporting Standards:***This improvement deletes the short-term exemptionsregarding 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 thatis 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.
- ***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 anassociate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

2.4. 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 estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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 17 and 18).

(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 10). 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 12 and 13).

(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 (note 2.3i).

(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 11). 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 (Note 10). 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) ***Measurement of intangible assets of the purchase price allocation exercise*:** The Company's Management recognize intangible assets based on the business plans of the acquired companies and takes into consideration the average cost of capital in combination with assumptions relating to the non-risk interest rate, the most optimal capital structure of the sector, the cost of capital, as well as the borrowing cost.

(h) ***Capitalization of subscriber acquisition costs*:** The Group capitalises subscriber acquisition costs for which the related subscribers have been committed with a contract for 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).

(i) ***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.

(j) ***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 3). 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.

3. GOING CONCERN:

As of December 31, 2016 the Company and its subsidiary Forthnet Media S.A. (hereinafter FM) continued not to be in compliance with certain financial covenants set out in their existing agreements for the ordinary bond loans issued by the Company and FM amounting to € 255 million (note 23) (hereinafter the Existing OBLs) and had not repaid matured loan instalments of € 211.8 million from the Existing OBLs by the date the financial statements were approved. Consequently, on 31.12.2016 all Existing OBLs continued to be classified as short-term liabilities. As a result of bond loans being presented as short-term liabilities on 31.12.2016, total short-term liabilities of the Group and Company exceeded by about € 331.4 million and about € 12.8 million, respectively, the short-term assets .

Noted that the following major developments have occurred in relation to the Existing OBLs and the related liabilities arising from them:

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. 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, the Group is now in advanced discussions with the lending banks to sign the relevant agreements and complete the refinancing process of the Existing OBLs.

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 financial statements will amount to approximately € 33 million. Management will pursue to cover above cash needs through further Group's cost reduction, improvement 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) with the result not to cover the working capital cash needs, then 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 recent 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 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 size 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 about the ability of the Company and Group to continue as a going concern.

4. REVENUES:

Revenues are analysed as follows:

	The Group		The Company	
	January 1 - December 31		January 1 - December 31	
	2016	2015	2016	2015
Operating Revenues				
Direct Retail Services	**270,508,972**	**296,996,473**	**129,491,554**	**140,258,885**
Bundled services (2play)	46,887,696	50,872,086	46,887,696	50,872,086
Bundled services (3play)	61,697,741	65,736,247	61,697,741	65,736,247
Telephony	6,718,541	8,219,561	6,733,608	8,271,314
ADSL	10,561,183	10,307,560	11,041,156	10,708,073
Pay-TV Revenues	141,512,458	157,189,854	-	-
Other	3,131,353	4,671,165	3,131,353	4,671,165
Indirect Retail Services	**2,006,671**	**2,866,232**	**2,006,671**	**2,866,232**
Telephony	352,757	481,862	352,757	481,862
ADSL	1,376,025	2,138,869	1,376,025	2,138,869
Other	277,889	245,501	277,889	245,501
Direct Business Services	**34,537,425**	**34,471,848**	**34,537,425**	**34,471,848**
E-business	**1,030,664**	**1,175,043**	**1,030,664**	**1,175,043**
Pay-TV Advertising Revenue	**7,178,844**	**6,442,245**	**-**	**-**
Forth CRS services	**3,663,279**	**3,336,577**	**-**	**-**
Equipment	**866,168**	**1,894,287**	**275,798**	**632,752**
Other services	**1,070,727**	**2,552,987**	**8,941,603**	**12,132,530**
Total	**320,862,750**	**349,735,692**	**176,283,715**	**191,537,290**

Billed revenue which has been deferred and will be recognised as income in subsequent periods for the Group and the Company at December 31, 2016, amounted to € 31,832,892 and € 20,545,797 respectively, of which amount of € 7,472,928 for both the Group and the Company relates to the long-term portion which has been included in to other long term liabilities while the short term portion is included in deferred revenue (at December 31, 2015, amounted to € 35,086,463 and € 22,828,769 for the Group and the Company, respectively of which € 8,675,966 for both the Group and the Company relates to the long-term portion).

Unbilled revenues amounted to € 1,499,231 for the Group and € 1,354,757 for the Company at December 31, 2016, (at December 31, 2015, amounted to € 3,625,768 for the Group and € 3,427,413 for the Company respectively) (Note 17).

5. 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.

6. PAYROLL AND RELATED COSTS:

Payroll and related costs are analysed as follows:

	The Group		The Company	
	January 1 - December 31		January 1 - December 31	
	2016	2015	2016	2015
Wages and salaries	30,080,172	30,676,784	17,484,725	18,178,529
Social security costs (Note 30)	6,595,066	6,713,233	4,111,589	4,190,023
Staff retirement indemnities (Note 30)	1,141,491	964,411	697,738	698,078
Other staff costs	802,889	751,289	544,814	522,322
Total	**38,619,618**	**39,105,717**	**22,838,866**	**23,588,952**
Less: Amounts capitalised (Note 13)	(2,934,581)	(3,432,600)	(2,523,313)	(2,848,071)
Total	**35,685,037**	**35,673,117**	**20,315,553**	**20,740,881**

7. DEPRECIATION AND AMORTISATION:

Depreciation and amortisation are analysed as follows:

	The Group		The Company	
	January 1 - December 31		January 1 - December 31	
	2016	2015	2016	2015
Depreciation on buildings	1,939,329	2,427,608	1,912,901	2,401,834
Depreciation on network equipment	24,795,598	26,853,215	15,335,760	16,786,092
Depreciation on transportation means	7,610	10,732	6,062	8,997
Depreciation on furniture and equipment	1,371,298	1,444,904	559,969	794,136
Depreciation on property, plant and equipment (Note 12)	**28,113,835**	**30,736,459**	**17,814,692**	**19,991,059**
	-	-	-	-
Amortisation on software and other intangible assets	24,843,817	34,330,186	12,007,791	16,702,286
Amortisation of intangible assets identified from PPA exercise	12,266,667	12,266,667	-	-
Amortisation on intangible assets (Note 13)	**37,110,484**	**46,596,853**	**12,007,791**	**16,702,286**
Total	**65,224,319**	**77,333,312**	**29,822,483**	**36,693,345**

8. FINANCIAL INCOME / (EXPENSES):

Financial income/ (expenses) are analysed as follows:

	The Group		The Company	
	January 1 - December 31		January 1 - December 31	
	2016	2015	2016	2015
Interest on long-term borrowings (Note 23)	(11,538,147)	(12,352,133)	(4,289,640)	(4,412,462)
Interest on short-term borrowings (Note 23)	(102,096)	(110,440)	-	-
Finance charges paid under finance leases (Note 12)	(4,923,220)	(6,337,784)	(12,059)	(15,338)
Amortisation of bond loan costs	(112,656)	(467,824)	-	(832)
Other financial costs (Note 23, 28)	(2,032,180)	(2,847,906)	(502,814)	(119,247)
Total financial expenses	**(18,708,299)**	**(22,116,087)**	**(4,804,513)**	**(4,547,879)**
Interest earned on cash at banks and on time deposits (Note 19)	25,600	40,489	25,054	38,453
Other financial income	2,830,095	45,109	445,996	44,807
Total financial income	**2,855,695**	**85,598**	**471,050**	**83,260**
Total financial income/(expenses), net	**(15,852,604)**	**(22,030,489)**	**(4,333,463)**	**(4,464,619)**

In the interest of long-term borrowings of the Group and the Company for the year 2016 is included the interest of the convertible bond loan of € 159,728.

Other financial income of the Group in the current year includes an amount of € 2,579,965, which refers to the discounting of the liability settled with an external supplier (Note 27).

9. SUNDRY EXPENSES:

Sundry expenses are analysed as follows:

	The Group		The Company	
	January 1 - December 31		January 1 - December 31	
	2016	2015	2016	2015
Third party fees and services	20,653,946	24,156,388	12,527,850	14,218,556
Taxes and duties	1,070,662	1,218,065	961,454	1,087,424
Other sundry expenses	5,488,696	8,194,043	3,057,065	5,530,518
Allowance for doubtful accounts receivable (Note 17, 18)	8,155,707	11,263,239	3,120,041	5,120,670
Repairs and maintenance	6,585,918	7,429,115	4,280,487	4,536,032
Rentals	2,333,466	2,306,454	853,764	804,828
Commissions	7,451,090	9,316,399	6,132,747	8,016,456
Office functional costs	2,709,747	2,968,864	1,951,621	2,173,860
Total	**54,449,232**	**66,852,567**	**32,885,029**	**41,488,344**

In other sundry expenses are mainly included transportation, insurance, postage, travel , consumables and hosting costs.

10. INCOME TAXES:

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%.

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

	The Group		The Company	
	January 1 - December 31		January 1 - December 31	
	2016	2015	2016	2015
Current income taxes	1,187,200	468,173	584,160	-
Income taxes from prior years	8,518	24,389	-	-
Deferred income taxes	(2,440,588)	3,807,195	697,567	(1,599,556)
Income taxes debit/ (credit)reported in the statement of profit and loss	**(1,244,870)**	**4,299,757**	**1,281,727**	**(1,599,556)**
Other comprehensive income				
Net (loss)/gain on actuarial gains and losses	(244,648)	174,210	(126,423)	100,320
Total income taxes debit/ (credit)reflected in the statements of income	**(244,648)**	**174,210**	**(126,423)**	**100,320**

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:

	January 1 - December 31	
	2016	2015
The Group		
Loss before tax	**(25,007,783)**	**(49,633,172)**
Income tax calculated at the nominal applicable tax rate (2016: 29%, 2015: 29%)	(7,252,257)	(14,393,620)
Tax effect of non tax deductible expenses and non-taxable income	4,314,678	3,226,971
Tax losses for which no deferred tax asset was recognised	235,002	2,159,517
Impairment of deferred tax asset	1,653,000	11,379,588
Recognition of deferred tax asset on prior years' tax losses	(170,341)	(254,541)
Tax effect of different tax rates applicable to other countries where the Group operates	(27,221)	(71,182)
Income taxes from prior years	2,269	24,389
Tax effect of change in tax rates	-	2,228,635
Income tax reported in the statements of comprehensive income	**(1,244,870)**	**4,299,757**

	January 1 - December 31	
	2016	**2015**
The Company		
Loss before tax	**(47,420,378)**	**(38,329,708)**
Income tax calculated at the nominal applicable tax rate (2016: 29%, 2015: 29%)	(13,751,910)	(11,115,615)
Tax effect of non tax deductible expenses and non-taxable income	2,055,611	2,109,565
Tax effect of non-tax deductible impairment of investments in subsidiaries	13,148,368	8,359,250
Tax effect of change in tax rates	-	(698,215)
Recognition of deferred tax asset on prior years' tax losses	(170,342)	(254,541)
Income tax reported in the statements of comprehensive income	**1,281,727**	**(1,599,556)**

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 statementsaudited 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.

Forthnet has not been audited for the fiscal years 2007 through to 2010. After a decision of the Ministry of Finance a tax audit for the financial years' 2007 through 2010 is in process.

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

Subsidiary Companies	Unaudited Tax Years/Periods
Forthnet Media S.A.	01/01/2010 – 31/12/2010
Forth-Crs S.A.	01/01/2010 – 31/12/2010
NetMed S.A.	01/01/2010 – 31/12/2010
Syned S.A. (absorbed by Forthnet Media)	01/01/2010 – 30/09/2010
Multichoice Hellas S.A. (absorbed by Forthnet Media)	01/01/2010 – 31/12/2010

A decision of the Ministry of Finance 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 2015 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 2016 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.

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

	December 31,	
	2016	**2015**
The Group		
Beginning balance	**(12,845,308)**	**(8,863,903)**
Income taxes [(debit)/ credit]	2,440,589	(3,807,195)
Income taxes [(debit)/ credit] through OCI	244,648	(174,210)
Income taxes [(debit)/ credit] through equity	(5,259,249)	-
Ending balance	**(15,419,320)**	**(12,845,308)**

	December 31,	
	2016	**2015**
The Group		
Deferred tax asset	8,296,236	14,427,580
Deferred tax liability	(23,715,556)	(27,272,888)
	(15,419,320)	**(12,845,308)**

	December 31,	
	2016	**2015**
The Company		
Beginning balance	**7,719,872**	**6,220,636**
Income taxes [(debit)/ credit]	(697,567)	1,599,556
Income taxes [(debit)/ credit] through OCI	126,423	(100,320)
Income taxes [(debit)/ credit] through equity	(5,259,249)	-
Ending balance	**1,889,479**	**7,719,872**

The movement in deferred tax assets/liabilities as at December 31, 2016 and 2015 is as follows:

The Group	January 1, 2016	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	December 31, 2016
Deferred income tax asset:				
Deferred income and prepaid expenses	4,989,665	1,007,341	-	5,997,006
Staff retirement indemnities	612,667	202,427	-	815,094
Property, plant and equipment/intangible assets	6,064,119	(496,366)	-	5,567,753
Deferred revenues	61,342	(40,478)	-	20,864
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 23)	-	155,054	(5,259,249)	(5,104,195)
Total	**(27,272,888)**	**3,712,373**	**(5,259,249)**	**(28,819,764)**
Net deferred income tax liability	**(12,845,308)**	**2,685,237**	**(5,259,249)**	**(15,419,320)**

The Group	January 1, 2015	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	December 31, 2015
Deferred income tax asset:				
Deferred income and prepaid expenses	2,511,791	2,477,874	-	4,989,665
Staff retirement indemnities	974,416	(361,749)	-	612,667
Property, plant and equipment/intangible assets	4,798,372	1,265,747	-	6,064,119
Deferred revenues	73,174	(11,832)	-	61,342
Tax losses carried forward	11,458,859	(9,726,587)	-	1,732,272
Other	2,364,153	(1,396,638)	-	967,515
Total	**22,180,765**	**(7,753,185)**	**-**	**14,427,580**
Deferred income tax liability:				
Property, plant and equipment/intangible assets	(28,197,424)	924,536	-	(27,272,888)
Deferred cost	(2,243,717)	2,243,717	-	-
Other	(603,527)	603,527	-	-
Total	**(31,044,668)**	**3,771,780**	**-**	**(27,272,888)**
Net deferred income tax liability	**(8,863,903)**	**(3,981,405)**	**-**	**(12,845,308)**

The Company	**January 1, 2016**	**(Debit)/ Credit to the statement of comprehensive income**	**(Debit)/ Credit to the statement of changes in shareholders' equity**	**December 31, 2016**
Deferred income tax asset:				
Deferred income and prepaid 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:				
Other	(342,952)	155,054	-	(187,898)
Convertible bond loan (Note 23)	-	-	(5,259,249)	(5,259,249)
Total	**(342,952)**	**155,054**	**(5,259,249)**	**(5,447,147)**
Net deferred income tax asset	**7,719,872**	**(571,143)**	**(5,259,249)**	**1,889,479**

The Company	**January 1, 2015**	**(Debit)/ Credit to the statement of comprehensive income**	**(Debit)/ Credit to the statement of changes in shareholders' equity**	**December 31, 2015**
Deferred income tax asset:				
Deferred income and prepaid expenses	482,576	320,922	-	803,498
Staff retirement indemnities	536,739	5,469	-	542,208
Deferred revenues	73,176	(11,832)	-	61,344
Property, plant and equipment/intangible assets	4,791,268	1,265,747	-	6,057,015
Other	932,545	(333,786)	-	598,759
Total	**6,816,304**	**1,246,520**	**-**	**8,062,824**
Deferred income tax liability:				
Other	(595,668)	252,716	-	(342,952)
Total	**(595,668)**	**252,716**	**-**	**(342,952)**
Net deferred income tax asset	**6,220,636**	**1,499,236**	**-**	**7,719,872**

During the current year, the Group re-assessed its potential deferred tax assets that have been recognised and proceeded to a decrease by € 11.4 million, as the anticipated taxable income would not be adequate to cover the related tax carry forward losses, according to the Group's business plan which was used for the impairment test of goodwill and investments in subsidiaries.

The cumulative amount of tax losses for which no deferred tax was recognised as of December 31, 2016 amounted to € 180.8 million (December 31, 2015: € 173.5 million).

11. INVESTMENTS IN SUBSIDIARIESAND ASSOCIATES - GOODWILL:

a) Subsidiaries

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

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest		Carrying Value in Company's statement of financial position	
				31.12.2016	31.12.2015	31.12.2016	31.12.2015
ForthCRS S.A.	P. Faliro, Attica, Greece	Full	Direct	99.31%	99.31%	4,314,749	4,314,749
Forthnet Media S.A.	Kallithea, Attica, Greece	Full	Direct	98.97%	98.97%	36,430,901	33,308,562
						40,745,650	37,623,311

The movement of the carrying value of the investment to the subsidiary Forthnet Media S.A. is analysed as follows:

	31.12.2016	31.12.2015
Opening balance	**33,308,562**	**62,133,562**
Increase of investment	48,461,538	-
Impairment of investment	(45,339,199)	(28,825,000)
Closing balance	**36,430,901**	**33,308,562**

The increase of investment by 48,461,538 related to the payment for subsidiary's share capital increase after a decision of its Board of Directors.

Forthnet Media S.A. has an interest in the following companies which are included in the accompanying consolidated financial statements:

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest	
				31.12.2016	31.12.2015
Intervision (Services) B.V.	Netherlands	Full	Direct	100.00%	100.00%
NetMed N.V.	Netherlands	Full	Direct	100.00%	100.00%

Forthnet Media S.A. consolidates NetMed N.V. which in turn consolidates the following companies, all of which are included in the accompanying consolidated financial statements:

Company	Registered Office	Consolidation Method	Participation Relationship	Percentage participation	Percentage participation
			31.12.2015	31.12.2015	31.12.2014
Dikomo Investment Sarl (Luxembourg) (under liquidation)	Luxembourg	Full	Indirect	100%	100%
Tiledrasi S.A. (Luxembourg) (under liquidation)	Luxembourg	Full	Indirect	100%	100%
Multichoice (Cyprus) Public Company LTD (liquidated – Note 1)	Cyprus	Full	Indirect	-	35.19%
NetMed S.A.	Kantza, Attica, Greece	Full	Indirect	100%	100%

Impairment test of investments (separate financial statements)
As at June 30, 2016 the Company proceeded with impairment testing of its investment in the subsidiary Forthnet Media S.A., as there were such indications. Company's investments in subsidiary was higher than the recoverable amount by € 29,929,199 and consequently an impairment loss was recognised by that amount.
As at December 31, 2016 the Group's management concluded that there have been changes in the assumptions which relate to the Group's results, that were used for the most recent impairment testing which was performed as at June 30, 2016, and, accordingly, management proceeded with impairment testing exercise of its investment in the subsidiary.

Company's investments in subsidiary was higher than the recoverable amount by € 15,410,000 and consequently an impairment loss was recognised by that amount as at December 31, 2016.

Concluding, the total amount of impairment of its investment for the year 2016 amounts to € 45,339,199 (December 31, 2015: € 28,825,000).

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 budgets covering a seven-year period, which were based on the, approved by the management, four-year financial budgets. 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 seven year period. The cash-generating unit (CGU) is the same of that 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.

The pre-tax discount rate applied to cash flow projections is 10.5% (December 31, 2015: 11.5%), while growth rate to perpetuity (beyond the seven-year period) is 2.5% (December 31, 2015: 2.25%) growth rate after taking into account the long-term prospective of the Group.

Sensitivity to changes in key assumptions
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 in of 0.25% in the discount rate (keeping the growth rate stable) would result in an impairment loss of approximately € 32.0 million, while a decrease in growth rate by 0.25% (keeping the discount rate stable) would result to an impairment loss of approximately € 28.0 million.

Further information on key assumptions used, is provided in paragraph (c) below, with respect to the impairment test of goodwill.

b) Associates

The Forthnet's associate company which is included in the accompanying consolidated financial statements is as follows:

Associate	Country of Incorporation	Participation Relationship	Equity Interest		Carrying Value in Company's statement of financial position	
			31.12.2016	31.12.2015	31.12.2016	31.12.2015
Telemedicine Technologies S.A. (Note 1)	Paris, France	Direct	15.15%	21.84%	-	123,506
					-	**123,506**

Associate	Country of Incorporation	Participation Relationship	Equity Interest		Carrying Value in Group's statement of financial position	
			31.12.2016	31.12.2015	31.12.2016	31.12.2015
Telemedicine Technologies S.A. (Note 1)	Paris, France	Direct	15.15%	21.84%	-	332,789
					-	**332,789**

c) Goodwill

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

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
MBA	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	-	-
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, 2016 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 budgets covering a seven-year period, which were based on the, approved by the management, four-year financial budgets. 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 seven year period. The cash-generating unit (CGU) is the same of that 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. The pre-tax discount rate applied to cash flow projections is 10.5% (December 31, 2015: 11.5%), while growth rate to perpetuity (beyond the seven-year period) is 2.5% (December 31, 2015: 2.25%) growth rate 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, 2016 (December 31, 2015: 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:
a) Margin of earnings before interest, taxes, depreciation and amortisation
b) Discount rates
c) Market share during the forecast period
d) Growth rate to perpetuity

Margin of earnings before interest, taxes, depreciation and amortisation (EBITDA margin). Margin of earnings before interest, taxes, depreciation and amortisationis 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. The discount rate that was applied in the impairment test has been reduced due to the conservatism of key operational parameters (subscriber base, average revenue per subscriber, etc) of the projected cash flows, which allowed the reduction of the company's specific risk premium.

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 launching new products and 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.

12. 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, 2015	1,672,789	58,869,756	311,194,932	131,689,370	540,473	31,604,053	535,571,373
Additions	-	195,282	6,683,470	-	4,723	415,270	7,298,745
Disposals/ Write-offs	-	-	(419,447)	-	(154,731)	(52,188)	(626,366)
Transfers from CIP	-	-	650,486	-	-	-	650,486
At December 31, 2015	**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)	-	(27,751)	(79,241)	(171,882)
Reclassifications	-	-	-	-	-	(2,901)	(2,901)
At December 31, 2016	**1,672,789**	**59,237,199**	**323,181,088**	**131,689,370**	**362,714**	**32,470,648**	**548,613,808**
DEPRECIATION							
At January 1, 2015	-	(47,014,870)	(228,535,389)	(65,654,780)	(490,099)	(30,571,848)	(372,266,986)
Depreciation expense	-	(2,427,608)	(17,358,871)	(9,494,344)	(10,732)	(1,444,904)	(30,736,459)
Disposals/ Write-offs	-	-	337,013	-	145,899	49,619	532,531
At December 31, 2015	**-**	**(49,442,478)**	**(245,557,247)**	**(75,149,124)**	**(354,932)**	**(31,967,133)**	**(402,470,914)**
Depreciation expense	-	(1,939,329)	(15,335,760)	(9,459,838)	(7,610)	(1,371,298)	(28,113,835)
Disposals/ Write-offs	-	-	64,890	-	27,466	74,956	167,312
Reclassifications	-	-	(789,925)	-	(76)	792,830	2,829
At December 31, 2016	**-**	**(51,381,807)**	**(261,618,042)**	**(84,608,962)**	**(335,152)**	**(32,470,645)**	**(430,414,608)**
NET BOOK VALUE							
At January 1, 2015	**1,672,789**	**11,854,886**	**82,659,543**	**66,034,590**	**50,374**	**1,032,205**	**163,304,387**
At December 31, 2015	**1,672,789**	**9,622,560**	**72,552,194**	**56,540,246**	**35,533**	**2**	**140,423,324**
At December 31, 2016	**1,672,789**	**7,855,392**	**61,563,046**	**47,080,408**	**27,562**	**3**	**118,199,200**

The Company	Land	Buildings	Telecommu-nication Equipment	Transpo-rtation Means	Furniture & Other Equipment	Total
COST						
At January 1, 2015	1,672,789	56,876,297	285,957,962	99,447	17,151,563	361,758,058
Additions	-	168,694	6,683,470	4,368	223,721	7,080,253
Disposals/ Write-offs	-	-	(419,447)	(47,456)	(49,601)	(516,504)
Transfers from CIP	-	-	650,486	-	-	650,486
At December 31, 2015	**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)	(75,291)	(140,534)
At December 31, 2016	**1,672,789**	**57,163,124**	**297,944,118**	**56,005**	**17,380,991**	**374,217,028**
DEPRECIATION						
At January 1, 2015	-	(45,108,392)	(207,517,190)	(65,291)	(15,192,411)	(267,883,284)
Depreciation expense	-	(2,401,834)	(16,786,092)	(8,997)	(794,136)	(19,991,059)
Disposals/ Write-offs	-	-	337,013	40,712	49,437	427,162
At December 31, 2015	**-**	**(47,510,226)**	**(223,966,269)**	**(33,576)**	**(15,937,110)**	**(287,447,181)**
Depreciation expense	-	(1,912,901)	(15,335,760)	(6,062)	(559,969)	(17,814,692)
Disposals/ Write-offs	-	-	64,890	71	74,956	139,917
At December 31, 2016	**-**	**(49,423,127)**	**(239,237,139)**	**(39,567)**	**(16,422,123)**	**(305,121,956)**
NET BOOK VALUE						
At January 1, 2015	**1,672,789**	**11,767,905**	**78,440,772**	**34,156**	**1,959,152**	**93,874,774**
At December 31, 2015	**1,672,789**	**9,534,765**	**68,906,202**	**22,783**	**1,388,573**	**81,525,112**
At December 31, 2016	**1,672,789**	**7,739,998**	**58,706,977**	**16,439**	**958,869**	**69,095,072**

There is no property, plant and equipment that have been pledged as security. 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, 2016 and 2015, amounted to € 2,328,107 and € 2,546,135, respectively. For the Group the related amounts are € 49,308,327 and € 58,922,400 at December 31, 2016 and 2015, respectively. The net book value of property, plant and equipment held under finance leases are analysed as follows:

	The Group		**The Company**	
	December 31,		**December 31,**	
	2016	**2015**	**2016**	**2015**
Land	535,200	535,200	535,200	535,200
Buildings	1,587,054	1,640,400	1,587,054	1,640,400
Telecommunication and other equipment (transponders)	47,186,073	56,746,800	205,853	370,535
Total	**49,308,327**	**58,922,400**	**2,328,107**	**2,546,135**

13. INTANGIBLE ASSETS:

Intangible assets are analysed as follows:

The Group	Software	Licenses & Other Intangibles	Intangibles Under Development	Total
COST				
At January 1, 2015	45,566,341	444,564,812	1,747,382	491,878,535
Additions	3,562,814	21,347,790	3,408,471	28,319,075
Disposals/ Write-offs	-	-	-	-
Transfers from CIP	2,519,688	-	(3,170,174)	(650,486)
At December 31, 2015	**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	2,445,845	-	(2,445,845)	-
Reclassifications	264,259	-	(264,259)	-
At December 31, 2016	**56,900,318**	**482,500,657**	**2,027,293**	**541,428,268**
AMORTIZATION				
At January 1, 2015	(34,072,586)	(317,638,925)	(66,664)	(351,778,175)
Amortization expense	(5,486,616)	(28,843,570)	-	(34,330,186)
Reclassifications	(66,664)	-	66,664	-
Amortization from purchased price allocation exercise	-	(12,266,667)	-	(12,266,667)
At December 31, 2015	**(39,625,866)**	**(358,749,162)**	**-**	**(398,375,028)**
Amortization expense	(5,581,395)	(19,262,422)	-	(24,843,817)
Disposals/ Write-offs	588	-	-	588
Amortization from purchased price allocation exercise	-	(12,266,667)	-	(12,266,667)
At December 31, 2016	**(45,206,673)**	**(390,278,251)**	**-**	**(435,484,924)**
NET BOOK VALUE				
At January 1, 2015	**11,493,755**	**126,925,887**	**1,680,718**	**140,100,360**
At December 31, 2015	**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**

The Company	Software	Licenses & Other Intangibles	Intangibles Under Development	Total
COST				
At January 1, 2015	29,796,568	127,329,357	1,010,754	158,136,679
Additions	1,435,294	9,358,385	3,058,796	13,852,475
Transfers from CIP	2,443,148	-	(3,093,634)	(650,486)
At December 31, 2015	**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**
AMORTIZATION				
At January 1, 2015	(21,563,377)	(118,836,002)	-	(140,399,379)
Amortization expense	(3,835,696)	(12,866,590)	-	(16,702,286)
At December 31, 2015	**(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)**
NET BOOK VALUE				
At January 1, 2015	**8,233,191**	**8,493,355**	**1,010,754**	**17,737,300**
At December 31, 2015	**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**

14. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Shares – unlisted	392,005	167,589	248,394	124,888
Total	**392,005**	**167,589**	**248,394**	**124,888**

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.

During the current year participation in associate Telemedicine Technologies S.A. transferred to the available for sale financial assets (Note 1).

15. PROGRAMME AND FILM RIGHTS:

Programme and film rights receivable are analysed as follows:

	The Group	
	December 31,	
	2016	2015
COST		
Purchased sports rights	86,235,719	96,286,401
Licensed film rights	6,690,694	6,819,121
Cost of Sports and Film Rights	**92,926,413**	**103,105,522**
AMORTIZATION		
Purchased sports rights	(49,738,951)	(61,096,276)
Licensed film rights	(3,622,828)	(3,922,851)
Sports and Film Rights Amortisation	**(53,361,779)**	**(65,019,127)**
NET BOOK VALUE		
Purchased sports rights	36,496,768	35,190,125
Licensed film rights	3,067,866	2,896,270
Sports and Film Rights, net value	**39,564,634**	**38,086,395**
Less: Programme and film rights short-term	39,564,634	38,086,395
Programme and sports film rights, long-term	-	-

16. INVENTORIES:

Inventories are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Merchandise	6,002,685	7,993,100	2,109,488	1,398,478
Consumables	65,729	70,683	-	-
Obsolete & slow moving provision	(1,516,142)	(1,167,298)	(630,778)	(499,847)
Total	**4,552,272**	**6,896,485**	**1,478,710**	**898,631**

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

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Beginning balance	**1,167,298**	**1,470,939**	**499,847**	**796,753**
Provision for the year	437,400	4,048	133,694	4,048
Less: Utilisation	(88,556)	(307,689)	(2,763)	(300,954)
Ending balance	**1,516,142**	**1,167,298**	**630,778**	**499,847**

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

17. TRADE RECEIVABLES:

Trade receivables are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Domestic customers	109,928,688	107,385,020	60,812,481	60,969,628
Foreign customers	5,320,339	2,739,619	1,236,123	1,365,353
Receivables from Greek State	1,670,972	1,793,613	1,439,018	1,563,609
Cheques and notes receivable	2,228,875	3,217,035	1,332,952	1,459,431
Unbilled revenue (Note 4)	1,499,231	3,625,768	1,354,757	3,427,413
	120,648,105	**118,761,055**	**66,175,331**	**68,785,434**
Less: Allowance for doubtful accounts receivable	(68,747,761)	(61,053,453)	(41,484,278)	(38,542,590)
Total	**51,900,344**	**57,707,602**	**24,691,053**	**30,242,844**

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

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Beginning balance	**61,053,453**	**49,924,119**	**38,542,590**	**33,517,914**
Allowance for the year (Note 9)	7,890,245	11,206,051	3,118,258	5,101,309
Less: Utilisation	(195,937)	(76,717)	(176,570)	(76,633)
Ending balance	**68,747,761**	**61,053,453**	**41,484,278**	**38,542,590**

The ageing analysis of trade receivables is as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Neither past due nor impaired	38,611,360	43,009,734	19,752,497	22,081,169
Past due not impaired	-	-	-	-
60-90 days	3,401,588	3,230,118	1,464,807	1,642,590
90-180 days	6,301,418	4,194,762	1,766,285	2,363,130
181-365 days	1,043,913	1,675,508	367,296	967,987
>365 days	2,542,065	5,597,480	1,340,168	3,187,968
Total	**51,900,344**	**57,707,602**	**24,691,053**	**30,242,844**

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 23).

The amount of € 2,542,065 and € 1,340,168 for the Group and the Company respectively (December 31, 2015: € 5,597,480 and € 3,187,968 respectively), which is past due over 365 days, mainly relates to balances due from Greek State and the receivable of the project of the Ministry of Internal Affairs "National Network of Public Government – SYZEYXIS"..

18. PREPAYMENTS AND OTHER RECEIVABLES:

Prepayments and other receivables are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Receivables due from the Greek State	1,563,288	1,627,857	500,046	624,914
Credit due from Dutch tax authorities	343,217	722,024	-	-
Prepaid expenses	4,523,523	3,746,796	1,533,542	1,729,253
Value Added Tax	80,445	54,111	74,982	-
Advances to suppliers	469,815	472,477	232,011	231,730
Other debtors	3,471,750	3,541,449	2,199,078	2,279,652
	10,452,038	**10,164,714**	**4,539,659**	**4,865,549**
Less: Allowance for doubtful other receivables	(2,864,132)	(2,598,670)	(852,129)	(850,346)
Total	**7,587,906**	**7,566,044**	**3,687,530**	**4,015,203**

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 analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Beginning balance	**2,598,670**	**2,624,329**	**850,346**	**913,832**
Provision for the period/ year (Note 9)	265,462	57,188	1,783	19,361
Less: Utilisation	-	(82,847)	-	(82,847)
Ending balance	**2,864,132**	**2,598,670**	**852,129**	**850,346**

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 € 1,106,901 (December 31, 2015: € 1,105,182), 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 € 6,548,156 (December 31, 2015: € 7,440,430) which relates to the invoiced amount for the period from January 1, 2017 until June 17, 2035 is included in other non-current assets. 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 € 1,137,776 (December 31, 2015: € 1,105,182) and other long-term liabilities € 7,508,633 (December 31, 2015: € 7,440,430). Amounts billed by the Company to other providers are included in Note 4.

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:

Cash and cash equivalents are analyzed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Cash in hand	31,340	43,568	15,076	11,850
Cash at banks	4,885,974	6,670,729	1,726,912	3,877,381
Time deposits	5,426	5,372	-	-
Total	**4,922,740**	**6,719,669**	**1,741,988**	**3,889,231**
Restricted cash	8,930,486	3,044,311	8,927,834	3,041,668
Total	**13,853,226**	**9,763,980**	**10,669,822**	**6,930,899**

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, 2016, amounted to € 25,600 and € 25,054 for the Group and the Company, respectively, (for the year ended December 31, 2015: € 40,489 and € 38,453 for the Group and the Company, respectively) and are included in financial income in the accompanying statements of comprehensive income (Note 8).

The restricted cash relates to pledged deposit contracts for the issuance of letters of guarantee to third parties (Note 33).

20. SHARE CAPITAL:

After the decision of the Shareholders' Extraordinary General Assembly on August 23, 2012 which was completed on January 3, 2014 the Company's share capital increased by € 29,143,372.50 through the issuance of 97,144,575 new registered ordinary shares, each having a nominal value of € 0.30. Therefore, 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.

21. OTHER RESERVES:

Other reserves are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Legal reserve	169,916	144,793	94,031	94,031
Tax-free reserves	1,734,781	1,734,714	1,686,042	1,686,042
Special reserves	683,310	683,310	122,446	122,446
Other	192,994,553	179,530,758	193,012,165	179,523,180
Total reserves	**195,582,560**	**182,093,575**	**194,914,684**	**181,425,699**

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 € 13,488,985 relates to the difference of the present value from the issue value of the convertible bond, net of deferred tax (Note 23).

22. DIVIDENDS:

No dividends were paid or proposed during the years ended December 31, 2016 and 2015.

23. LONG-TERM AND SHORT-TERM BORROWINGS:

a) Long-term Loans:

Long-term loans for the Group and the Company at December 31, 2016 and 2015, are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Convertible bond loan	51,038,984	-	51,038,984	-
Bond loans	254,887,959	324,793,168	78,461,538	100,000,000
Total	**305,926,943**	**324,793,168**	**129,500,522**	**100,000,000**
Less current portion:	-	-	-	-
Bond loans	254,887,959	324,793,168	78,461,538	100,000,000
Total	**254,887,959**	**324,793,168**	**78,461,538**	**100,000,000**
Long-term portion	**51,038,984**	**-**	**51,038,984**	**-**

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 and the interim financial statements of June 30, 2016.

The waivers that have been sent to its lending banks, requiring to further extending the maturity of the loans, along with all the obligations for repayment of capital installments, payable either on extensions or in accordance with the original repayment schedule were accepted by the lending banks. The latest waiver for all the obligations for repayment of capital installments was accepted by the lending banks and an extention was given up to April 30, 2017.

The Group negotiated with the lending banks reaching an agreement on the basic terms of the refinancing of existing bonds, and took on binding 15/06/2016 proposal adopted 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.

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

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 valued at amortized cost using the effective interest method. The present value of the obligation 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 (Note 10), i.e € 13,488,985 has been included in other reserves (note 21).

Total interest expenses on long-term loans for the period ended December 31, 2016 and 2015, amounted to € 11,538,147 and € 12,352,133, respectively for the Group and € 4,289,640 and € 4,412,462, respectively for the Company and are included in financial expenses (Note 8), in the accompanying financial statements. The amount of interest due at December 31, 2016 is included in accrued and other current liabilities (Note 28).

b) 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 utilised portion.

	The Group	
	December 31,	
	2016	2015
Credit lines available	1,298,566	1,418,000
Unused portion	-	-
Used portion	**1,298,566**	**1,418,000**

The total interest expense for short-term borrowings for the years ended December 31, 2016 and 2015 amounted to € 102,096 and € 100,656 for the Group and are included in the financial expenses (Note 8), in the accompanying financial statements.

24. FINANCE LEASE OBLIGATIONS:

The finance lease obligations relate to:

- 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 analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Obligation under finance lease	681,334	889,664	681,334	889,664
Less: Current portion	(211,607)	(208,474)	(211,607)	(208,474)
Long-term portion	**469,727**	**681,190**	**469,727**	**681,190**

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, 2016 and 2015 are as follows:

	December 31, 2016		December 31, 2015	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	220,481	211,607	220,388	208,474
After one year but no more than five years	477,789	469,727	697,922	681,190
Total minimum lease payments	**698,270**	**681,334**	**918,310**	**889,664**
Less: amounts representing finance charges	(16,936)	-	(28,646)	-
Present value of minimum lease payments	**681,334**	**681,334**	**889,664**	**889,664**

25. 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 0.699% since June 2013 (previously, the annual interest varied from 6,5% to 9,57%).

The finance lease transponders obligations are analysed as follows:

	December 31,	
	2016	**2015**
Obligation under finance lease of transponders	62,219,091	70,947,931
Less: Current portion	(9,399,194)	(8,824,997)
Long-term portion	**52,819,897**	**62,122,934**

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, 2016 and 2015, is as follows:

	December 31, 2016		December 31, 2015	
	Minimum payments	**Present value of payments**	**Minimum payments**	**Present value of payments**
Within one year	13,640,000	9,399,194	14,440,000	8,824,997
After one year but no more than five years	61,104,001	52,819,897	60,952,001	47,446,055
Over five years	-	-	15,352,000	14,676,879
Total minimum lease payments	**74,744,001**	**62,219,091**	**90,744,001**	**70,947,931**
Less: amounts representing finance charges	(12,524,910)	-	(19,796,070)	-
Present value of minimum lease payments	**62,219,091**	**62,219,091**	**70,947,931**	**70,947,931**

26. PROGRAMME AND FILM RIGHTS OBLIGATIONS:

Programme and film rights obligations are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	**2015**	**2016**	**2015**
Programmes and Rights	41,351,244	40,443,214	11,557,261	15,593,807
Less: Current portion	(41,351,244)	(40,443,214)	(11,557,261)	(15,593,807)
Long term portion	**-**	**-**	**-**	**-**

The obligations of programme and film rights concern the unpaid amount of the respective rights at at December 31, 2016 and December 31, 2015.

27. TRADE PAYABLES:

Trade payables are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Domestic suppliers	65,984,368	69,482,078	32,514,793	34,434,339
Foreign suppliers	29,749,603	38,660,853	3,803,813	3,480,670
Post-dated cheques payable	584,560	1,143,090	501,790	1,123,096
Total	**96,318,531**	**109,286,021**	**36,820,396**	**39,038,105**

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, 2016, amounted to € 13,132,443. At November 2, 2105 Forthnet Media S.A. settled its obligation to give part of its subscription services for the year 2014 amounted to € 3,221,291 in 24 installments. The present value of this obligation at December 31, 2016, amounted to € 1,368,480. The total long-term portion of € 11,343,554 of the amount due has been transferred from the Domestic Suppliers in Other Long-Term Liabilities (Note 34). The result from the present value adjustment of € 1,055,733 in prior year was included in “other financial expenses” (Note 8).

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, 2016 is € 10,075,409. The long-term portion of € 9,647,569, has been transferred from the foreign suppliers in Other Long-Term Liabilities (Note 34). The result from the present value adjustment of € 2,579,965 is included in “other financial income” (Note 8).

28. ACCRUED AND OTHER CURRENT LIABILITIES:

Accrued and other current liabilities are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Social security payable	1,608,862	1,630,613	977,357	1,006,002
Value added tax	2,691,598	1,632,313	-	474,294
Other taxes and duties	6,077,485	2,876,749	1,212,070	1,189,023
Customer advances	46,310	78,660	-	-
Interest Accrued (Note 23)	610,403	-	426,293	-
Other current liabilities	3,394,644	3,607,824	1,920,450	2,298,656
Liabilities from rights & licences	4,707,044	3,283,590	-	-
Interest rates swaps (Note 34)	209,403	882,357	-	-
Total	**19,345,749**	**13,992,106**	**4,536,170**	**4,967,975**

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 noted that a duty of 5% on the monthly bill of each fixed telephony connection with access to voice and / or broadband (internet) services (pursuant to Article 5 of Law 4389/2016) has been imposed since January 1, 2017.

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps ("IRS") agreements amounting to € 16.0 million (2015: € 31.0 million). The interest rate swap agreements are payments of fixed interest rate against receipts of floating rates.

Nominal Value of IRS	Maturity	Interest Rate
16,000,000	30/06/2017	3 months EURIBOR
16,000,000		

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, 2016 for the Group, were € 673 thousand (at December 31, 2015: losses € 1,050 thousand) and are included in other financial income(Note 8), in the accompanying financial statements.

Realised losses from the interest rate swap transactions during the year ended December 31, 2016 for the Group were € 732 thousands and are included in other financial costs (Note 8), in the accompanying financial statements (at December 31, 2015: € 1,162 thousands).

The net loss amount of € 59 thousands for the year ended December 31, 2016, is included in other financial expenses (Note 8), in the accompanying consolidated statement of comprehensive income (December 31, 2015: loss € 112 thousands).

29. GOVERNMENT GRANTS:

Government grants are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
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
Accumulated amortiszation	(22,295,323)	(20,908,919)	(21,727,622)	(20,342,337)
Amortization for the period	(1,232,964)	(1,386,404)	(1,232,964)	(1,385,285)
Ending balance	**5,572,026**	**6,804,990**	**5,572,026**	**6,804,990**

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

30. RESERVE FOR STAFF RETIREMENT INDEMNITIES:

a) **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, 2016 and 2015 amounted to € 6,595,066 and € 6,713,233, respectively for the Group and € 4,111,589 and € 4,190,023, for the Company respectively (Note 6).

b) **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 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, 2016 and 2015 are as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Present value of unfunded obligations	4,527,751	3,529,229	2,405,961	1,869,684
Net Liability in statement of financial position	**4,527,751**	**3,529,229**	**2,405,961**	**1,869,684**
Components of net periodic pension cost				
Service cost	261,560	314,465	164,380	196,139
Interest cost	96,891	85,637	51,603	46,242
Regular charge to operations	**358,451**	**400,102**	**215,983**	**242,381**
Additional cost of extra benefits	863,169	564,309	561,884	455,697
Total charge in profit and loss (Note 6)	**1,221,620**	**964,411**	**777,867**	**698,078**
Reconciliation of benefit obligation				
Present value of liability at start of period	**3,529,229**	**3,840,587**	**1,869,684**	**2,064,379**
Service cost	261,560	314,465	164,380	196,139
Interest cost	96,891	85,637	51,603	46,242
Benefits paid	(1,066,713)	(675,044)	(677,533)	(546,841)
Extra payments or expenses	863,169	564,309	561,884	455,697
Actuarial gains/(loss) in other comprehensive income	843,615	(600,725)	435,943	(345,932)
Present value of liability at the end of year	**4,527,751**	**3,529,229**	**2,405,961**	**1,869,684**
Principal Assumptions:				
Discount Rate	1.90%	2.76%	1.90%	2.76%
Rate of compensation increase	0.00%	0.00%	0.00%	0.00%
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, 2016 and 2015 amounted to € 863,169 and € 564,309 respectively for the Group and € 561,884 and € 455,697 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 2016 is shown below:

The Group	**Discount rate**		**Future salary increases**		**Life expectancy of pensioners**	
Sensitivity Level	**0,5% increase**	**0,5% decrease**	**0,5% increase**	**0,5% decrease**	**Increase by 1 year**	**Decrease by 1 year**
Impact on defined benefit obligation	(457,303)	488,997	380,331	(430,136)	49,805	(54,333)

The Company	**Discount rate**		**Future salary increases**		**Life expectancy of pensioners**	
Sensitivity Level	**0,5% increase**	**0,5% decrease**	**0,5% increase**	**0,5% decrease**	**Increase by 1 year**	**Decrease by 1 year**
Impact on defined benefit obligation	(243,002)	259,844	202,101	(228,566)	26,466	(28,872)

A quantitative sensitivity analysis for significant assumption as at 31 December 2015 is shown below:

The Group	**Discount rate**		**Future salary increases**		**Life expectancy of pensioners**	
Sensitivity Level	**0,5% increase**	**0,5% decrease**	**0,5% increase**	**0,5% decrease**	**Increase by 1 year**	**Decrease by 1 year**
Impact on defined benefit obligation	(359,981)	388,215	314,101	(342,335)	38,821	(42,351)

The Company	**Discount rate**		**Future salary increases**		**Life expectancy of pensioners**	
Sensitivity Level	**0,5% increase**	**0,5% decrease**	**0,5% increase**	**0,5% decrease**	**Increase by 1 year**	**Decrease by 1 year**
Impact on defined benefit obligation	(190,708)	205,665	166,402	(181,359)	20,567	(22,436)

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:

	The Group		**The Company**	
	December 31,		**December 31,**	
Within the next 12 months (next annual reporting period)	39,831	37,362	-	-
Between 2 and 5 years	23,724	16,867	-	-
Between 5 and 10 years	120,214	113,119	34,524	33,279
Beyond 10 years	10,404,482	10,488,619	5,983,335	6,195,793
Total expected payments	**10,588,251**	**10,655,967**	**6,017,859**	**6,229,072**

The average duration of the defined benefit plan obligation at the end of the reporting period is 22.1 years (2015: 22.6 years).

31. 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 (i.e. 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, 2015 and 2016:

	The Group	
	December 31,	
	2016	**2015**
Net loss attributable to the shareholders of the parent	**(23,485,745)**	**(49,275,829)**
Total weighted average number of ordinary shares	110,097,185	110,097,185
Adjusted weighted average number of ordinary shares for diluted loss per share	110,097,185	110,097,185
Loss per share (basic and diluted)	**(0.2133)**	**(0.4476)**

For the year ended December 31, 2016 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.

32. 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 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
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2016	1,400,169	3,244,496
		31.12.2015	1,101,388	2,846,783
Vodafone S.A.	Shareholder	31.12.2016	893,474	2,655,292
		31.12.2015	279,128	2,170,740
Vodafone Ltd.	Related Party	31.12.2016	2,099,756	2,113,108
		31.12.2015	2,746,526	3,204,580
Hellas Online	Related Party	31.12.2016	-	-
		31.12.2015	451,630	489,253
Technology and Research Foundation	Shareholder	31.12.2016	60,117	40,529
		31.12.2015	63,978	49,530
Forth CRS S.A.	Subsidiary	31.12.2016	113,752	216,984
		31.12.2015	120,633	242,990
Interoute Spa (Italy)	Related Party	31.12.2016	-	-
		31.12.2015	86,171	-
Interoute Bulgaria JsCo	Related Party	31.12.2016	-	-
		31.12.2015	124,800	250,807
Interoute Czech Sro	Related Party	31.12.2016	-	-
		31.12.2015	844	90,754
Intervision Services BV	Subsidiary	31.12.2016	93,963	-
		31.12.2015	-	-
Cablenet Ltd	Related Party	31.12.2016	2,285	33,197
		31.12.2015	-	-
Netmed S.A.	Subsidiary	31.12.2016	103,013	-
		31.12.2015	105,082	4,746
Forthnet Media S.A.	Subsidiary	31.12.2016	8,137,269	1,567,903
		31.12.2015	10,113,095	2,199,197
Emirates International Telecommunications	Related Party	31.12.2016	-	500,000
		31.12.2015	-	-
	Total	**31.12.2016**	**12,903,798**	**10,371,509**
	Total	**31.12.2015**	**15,193,275**	**11,549,380**

Related Party	Relation with Forthnet	Year ended at	Amounts owed by related parties	Amounts owed to related parties
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2016	540,123	644,375
		31.12.2015	431,995	595,596
Vodafone S.A.	Shareholder	31.12.2016	238,637	495,451
		31.12.2015	51,654	442,232
Vodafone Ltd.	Related Party	31.12.2016	587,260	530,563
		31.12.2015	1,868,968	2,548,950
Hellas Online	Related Party	31.12.2016	-	-
		31.12.2015	100,290	101,395
Emirates International Telecommunications	Related Party	31.12.2016	-	598,544
		31.12.2015	-	895,085
Technology and Research Foundation	Shareholder	31.12.2016	41,979	4,796
		31.12.2015	26,086	20,239
Forth CRS S.A.	Subsidiary	31.12.2016	-	64,387
		31.12.2015	54,358	39,753
Telemedicine Technologies S.A.	Associate	31.12.2016	3,734	-
		31.12.2015	3,734	-
Athlonet S.A.	Associate	31.12.2016	11,502	8,060
		31.12.2015	11,502	8,060
Forthnet Media S.A.	Subsidiary	31.12.2016	94,230,374	2,589,725
		31.12.2015	114,293,574	23,646,425
Netmed S.A.	Subsidiary	31.12.2016	744,316	42,394
		31.12.2015	616,827	174,856
Cablenet Ltd	Related Party	31.12.2016	1,265	15,250
		31.12.2015	-	-
Intervision Services BV	Subsidiary	31.12.2016	93,963	-
		31.12.2015	-	-
	Total	**31.12.2016**	**96,493,153**	**4,993,545**
	Total	**31.12.2015**	**117,458,988**	**28,472,591**

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.

The Company’s revenues and costs from Vodafone S.A., Vodafone Ltd and its subsidiary Hellas Online S.A. are related to interconnection fees and leased lines.

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 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**
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2016	1,400,169	3,324,072
		31.12.2015	1,101,388	2,938,814
Vodafone S.A.	Shareholder	31.12.2016	937,295	2,658,060
		31.12.2015	340,460	2,174,909
Vodafone Ltd.	Related Party	31.12.2016	2,099,756	2,113,108
		31.12.2015	2,746,526	3,204,580
Hellas Online	Related Party	31.12.2016	-	-
		31.12.2015	451,630	489,253
Technology and Research Foundation	Shareholder	31.12.2016	60,117	40,529
		31.12.2015	63,978	49,530
Interoute Spa (Italy)	Related Party	31.12.2016	-	-
		31.12.2015	86,171	-
Interoute Bulgaria JsCo	Related Party	31.12.2016	-	-
		31.12.2015	124,800	250,807
Interoute Czech Sro	Related Party	31.12.2016	-	-
		31.12.2015	844	90,754
Cablenet Ltd	Related Party	31.12.2016	2,285	33,197
		31.12.2015	-	-
Emirates International Telecommunications	Related Party	31.12.2016	-	500,000
		31.12.2015	-	-
	Total	**31.12.2016**	**4,499,622**	**8,668,966**
	Total	**31.12.2015**	**4,915,797**	**9,198,647**

Related Party	Relation with the Group	Year ended at	Amounts owed by related parties	Amounts owed to related parties
Wind Ελλάς Telecommunications S.A.	Shareholder	31.12.2016	540,142	649,847
		31.12.2015	432,013	596,783
Vodafone S.A.	Shareholder	31.12.2016	252,164	495,557
		31.12.2015	60,465	442,242
Vodafone Ltd.	Related Party	31.12.2016	587,260	530,563
		31.12.2015	1,868,968	2,548,950
Hellas Online	Related Party	31.12.2016	11	117
		31.12.2015	100,301	101,512
Emirates International Telecommunications	Related Party	31.12.2016	-	598,544
		31.12.2015	-	895,085
Technology and Research Foundation	Shareholder	31.12.2016	47,751	4,761
		31.12.2015	26,086	20,239
Telemedicine Technologies S.A.	Associate	31.12.2016	3,734	-
		31.12.2015	3,734	-
Athlonet S.A.	Associate	31.12.2016	11,502	8,060
		31.12.2015	11,502	8,060
Lumiere Productions S.A.	Shareholder	31.12.2016	-	6,378
		31.12.2015	-	6,378
Lumiere Cosmos Communications	Shareholder	31.12.2016	-	10
		31.12.2015	-	10
Cablenet Ltd	Related Party	31.12.2016	1,265	15,250
		31.12.2015	-	-
	Total	**31.12.2016**	**1,443,829**	**2,309,087**
	Total	**31.12.2015**	**2,503,069**	**4,619,259**

Emirates International Telecommunications LLC, a related party, provides 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.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the years ended 2016 and 2015 are analysed as follows:

	The Group		The Company	
	January 1 - December 31		January 1 - December 31	
	2016	2015	2016	2015
Salaries and fees for executive members of the BoD	316,505	316,270	316,505	316,270
Salaries and fees for non executive members of the BoD	221,028	267,228	221,028	267,228
Salaries and fees for senior managers	1,972,487	1,966,858	1,270,470	1,375,529
Total	**2,510,020**	**2,550,356**	**1,808,003**	**1,959,027**

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 € 167,097 for the Group and € 123,009 for the Company respectively (December 31, 2015: € 135,062 for the Group and € 107,836 for the Company respectively), whereas benefits relating to leaving indemnities amounted to € 0 for both the Group and the Company (December 31, 2015: € 0 for both the Group and the Company). The amounts owed to Management from the Group and the Company as of December 31, 2016 are € 74,707 (December 31, 2015: € 320,129 and € 233,129 for the Group and the Company).

33. COMMITMENTS AND 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. 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 35).

Compensation of Senior Executives: According to the employment contracts of the Chief Executive Officer and certain senior executives, there is a provision for the payment of compensation at the end of their employment term which liability has been included in the provision for staff retirement indemnities. In addition, in case of early termination of their contracts by the Company without grounds or in case of forced resignation, the Company shall pay to them an additional compensation. The amount of the additional compensation amounted to approximately € 0.85 million for the Group and to approximately € 0.74 million for the Company at December 31, 2016 (approximately € 0.88 million at December 31, 2015 for the Group and approximately € 0.68 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, 2016 and 2015, are as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Within one year	2,118,450	2,201,708	695,775	780,572
2-5 years	4,381,737	6,455,214	1,443,238	2,143,518
Over 5 years	192,018	376,951	90,953	231,428
Total	**6,692,205**	**9,033,873**	**2,229,966**	**3,155,518**

Guarantees: Letters of guarantee are issued and received by the Group to and from various beneficiaries and, as at December 31, 2016 and 2015, these are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Good execution of agreements	5,405,600	533,577	398,076	526,053
Participation in bids	2,599,975	2,684,766	2,599,975	2,684,766
Guarantees for advance payments received	6,591,515	50,496	6,591,515	50,496
Total	**14,597,090**	**3,268,839**	**9,589,566**	**3,261,315**

Guarantees for advance payments and good execution of agreements were significantly increased during current year, mainly due to the issuance of quarantees granted to third parties.

Contractual Commitments: The outstanding balance of the contractual commitments for the Group amounted to approximately € 167.2 million and for the Company amounted to approximately € 47.1 million at December 31, 2016 (December 31, 2015: € 162.2 million and € 55.1 million, respectively). In addition, 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), amounted to approximately € 12.0 million at December 31, 2016 (December 31, 2015: € 18.7 million) both for the Group and the Company.

34. 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 available for sale financial assets and assets held for trading are reflected in the accompanying statements of financial position.

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, 2016, 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, 2016 and 2015 the Group and the Company held the following financial instruments, the fair value of which is measured as follows:

	The Group			
	Fair Value - 31.12.2016			
	Level 1	Level 2	Level 3	Total
Interest rate swaps (Note 28)	-	209,403	-	**209,403**
Long term loans (Note 23)	-	305,926,943	-	**305,926,943**
Long-term financial liability towards the Greek Government (Note 27)	-	11,343,554	-	**11,343,554**
Short-term financial liability towards the Greek Government (Note 27)	-	3,157,369	-	**3,157,369**
Long-term financial liability towards foreign creditor (Note 27)	-	9,647,569	-	**9,647,569**
Short-term financial liability towards foreign creditor (Note 27)	-	405,374	-	**405,374**

	The Company			
	Fair Value - 31.12.2016			
	Level 1	Level 2	Level 3	Total
Long term loans (Note 23)	-	129,500,522	-	**129,500,522**

	The Group			
	Fair Value - 31.12.2015			
	Level 1	Level 2	Level 3	Total
Interest rate swaps (Note 28)	-	882,357	-	**882,357**
Long term loans (Note 23)	-	324,793,168	-	**324,793,168**
Long-term financial liability towards the Greek Government (Note 27)	-	14,500,923	-	**14,500,923**
Short-term financial liability towards the Greek Government (Note 27)	-	3,322,827	-	**3,322,827**

	The Company			
	Fair Value - 31.12.2015			
	Level 1	Level 2	Level 3	Total
Long term loans (Note 23)	-	100,000,000	-	**100,000,000**

The fair value of variable rate loans and borrowings approximate the amounts appearing in the statements of financial position. Fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The impact of own non-performance risk as at December 31, 2016, would not lead to a significantly different fair value.

The fair values of the interest rate swaps are based to mark to market evaluation.

Credit Risk: The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2016, 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: 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	
	December 31,		December 31,	
	2016	2015	2016	2015
Nominal amounts in US$				
Financial assets	4,334,352	1,151	4,319,618	-
Financial liabilities	(29,214,722)	(28,547,177)	(189,320)	(138,231)
Short term exposure	**(24,880,370)**	**(28,546,026)**	**4,130,298**	**(138,231)**

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% (2015: 5%) increase of the Euro/US Dollar exchange rate for the year ended December 31, 2016. The sensitivity analysis is based on the Group's foreign currency financial instruments held at year end.

If the Euro had increased against the US Dollar by 5%, then the result for the year would have the following effect:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Result for the year	**1,123,973**	**1,248,585**	**(186,587)**	**-**

If the Euro had decreased against the US Dollar by 5%, then the result for the year would have the following effect:

	The Group		The Company	
	December 31,		December 31,	
	2016	2015	2016	2015
Result for the year	**(1,242,286)**	**(1,380,015)**	**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: 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 of the outstanding floating rate borrowings at the end of the year on profits) to reasonable changes in interest rates, with all other variables held constant.

The sensitivity analysis of the Group's borrowings due to interest rate changes is as follows:

	The Group		The Company	
	December 31, 2016		December 31, 2015	
	Interest Rate Variation	Effect on income	Interest Rate Variation	Effect on income
Euro	1.00%	(3,113,473)	1.00%	(3,330,378)
	-1.00%	86,026	-1.00%	308,915

The table above excludes the positive impact of interest received from deposits and any impact (positive or negative) of the interest rate swaps.

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swap agreements amounting to € 16 million.

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

Gains from the valuation of the fair values of the swaps for the year ended December 31, 2016 for the Group, were € 673 thousand (at December 31, 2015: losses € 1,050 thousand) and are included in other financial income(Note 8), in the accompanying financial statements.

Realised losses from the interest rate swap transactions during the year ended December 31, 2016 for the Group were € 732 thousands and are included in other financial costs (Note 8), in the accompanying financial statements (at December 31, 2015: € 1,162 thousands).

The net loss amount of € 59 thousands for the year ended December 31, 2016, is included in other financial expenses (Note 8), in the accompanying consolidated statement of comprehensive income (December 31, 2015: loss € 112 thousands).

Liquidity Risk: The Group in its effort to manage the risks that may arise from the lack of sufficient liquidity has reached an agreement with banks to achieve the refinancing of existing loans.

The table below summarizes the maturity profile of the financial liabilities at December 31, 2015 and 2014, based on contractual undiscounted payments.

Group

Year ended December 31, 2016	On demand	Less than 6 months	6 to 12 months	2 to 5 years	>5 years	Total
Borrowings	212,000,186	46,757,891	1,628,026	2,324,561	48,002,227	310,712,890
Leases	-	6,930,240	6,930,240	61,581,790	-	75,442,270
Trade, programme and film rights and other payables	-	92,661,914	66,453,294	-	-	159,115,208
Total	**212,000,186**	**146,350,045**	**75,011,560**	**63,906,351**	**48,002,227**	**545,270,368**

Year ended December 31, 2015	On demand	Less than 6 months	6 to 12 months	2 to 5 years	>5 years	Total
Borrowings	202,500,000	60,489,906	13,896,889	57,438,472	-	334,325,267
Leases	-	7,330,195	7,330,195	61,649,901	15,352,000	91,662,291
Trade, programme and film rights and other payables	-	92,278,307	70,571,607	-	-	162,849,914
Total	**202,500,000**	**160,098,408**	**91,798,691**	**119,088,373**	**15,352,000**	**588,837,472**

Company

Year ended December 31, 2016	On demand	Less than 6 months	6 to 12 months	2 to 5 years	>5 years	Total
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 and other payables	-	28,953,686	28,953,686	-	-	57,907,372
Total	**78,615,417**	**30,518,114**	**29,393,386**	**2,802,350**	**48,002,227**	**189,331,494**

Year ended December 31, 2015	On demand	Less than 6 months	6 to 12 months	2 to 5 years	>5 years	Total
Borrowings	100,000,000	-	-	-	-	100,000,000
Leases	-	110,194	110,194	697,922	-	918,310
Trade and other payables	-	44,036,239	44,036,239	-	-	88,072,478
Total	**100,000,000**	**44,146,433**	**44,146,433**	**697,922**	**-**	**188,990,788**

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 amortisation as well as any non cash adjustments associated with impairment of goodwill charges and deducting transponder costs.

	The Group	
	December 31,	
	2016	2015
Long-term borrowings	(51,038,984)	-
Short-term borrowings	(256,186,525)	(326,211,168)
Total Debt	**(307,225,509)**	**(326,211,168)**
Less : Cash and cash equivalents	4,922,740	6,719,669
Net Debt/(cash)	**(302,302,769)**	**(319,491,499)**
Adjusted EBITDA (non-cash adjustments)	**40,396,176**	**33,785,031**

35. LITIGATION – ARBITRATION:

A. FORTHNET S.A.

a) JUDICIAL CLAIMS OF FORTHNET AGAINST THIRD PARTIES

Forthnet's outstanding judicial claims and claims in general against third parties amount to approximately € 11.7 million. The following cases are included among others:

i) An amount of approximately € 293 thousand concern a claim of the Company against OTE for the non-material damage that the Company has suffered for the same cause (EPAK). A judgment was issued on the aforementioned lawsuit, by which the Court partially accepted the lawsuit of the Company and awarded an amount of € 80 thousands to the company, which has been already appealed by OTE (at the Court of Appeals). The Company has also filed a cross-appeal. The appeal and cross-appeal were heard and a decision is issued which accepted OTE's appeal and annulled the judgment of first instance. The Company is considering filing a cassation against the judgment of the Court of Appeal before the Supreme Courtof Cassation (AriosPagos).

ii) There is a lawsuit of the Company against OTE, for the amount of approximately € 698 thousand, of which (a) the amount of € 548 thousand corresponds to illegitimate charges to the Company during the years 2009 and 2010 for wasteful travel fees of OTE technical crews for the fixing of local loop failures as well as (b) the amount of € 150 thousand as a compensation for moral damage. The hearing of the lawsuit is pending.

iII) There are outstanding opposing applications before the Council of State and the Administrative Court of Appeals of Athens for the annulment of EETT decisions that concern: (a) volume discounts by OTE, (b) low margin between retail and wholesale prices of leased lines, (c) the level of interconnection fees, (d) the fees for leased lines, (e) the fees for wholesale services and (f) the cost accounting model of OTE. The Company's position is founded, though, the significance of the cases and the circumstances make it difficult for a prediction of any positive outcome of the above cases in the event of a dismissal of the applications filed by OTE and the acceptance of the applications filed by the Company. It is impossible to predict the impact (positive) on the Company's financial results as, it is estimated that even if any or all of the applications were to be accepted, the case will be brought to the Authorities which will have to evaluate again the critical fees. There are still outstanding appeals, in the Court of Appeal of Athens, against the decision of EETT for the regulation of pre-selection.

Furthermore, No. 700/019/29.08.2013 EETT's Decision concerning the complaint of the company Hellas on Line dated March the 7th 2013, along with other companies, including Forthnet S.A., regarding the occurrence of significant delays in the implementation of requests and the management of failures in the Local Loop service. By this decision, a fine of € 300 thousand was imposed to OTE for violations of the legislation regarding electronic communications and a fine of € 700 thousand for the abuse of dominant position. OTE lodged an appeal against the aforementioned decision of the EETT before the Court of Appeals of Athens. A decision on this appeal is pending.

In addition, there are pending decisions related to two hearings from EETT which took place in 2005, of which, the first one relates to OTE' s denial to recognize wholesale volume discounts and the second one to the illegal invoicing of circuits of the Company and the obligation of OTE regarding the return of amounts unduly paid. Given the extreme long time from the Hearing held, it is considered highly unlikely that EETT shall issue any decision. Given the above it is concluded that there will be no further development in said cases and in this respect the cases shall be deleted from the pending juidicial cases.

For the above mentioned judicial claims no related provision of income has been made by the Company and the Group in its financial statements.

Iv) The remaining judicial claims of the Company against third parties amount to approximately € 4.0 million.

A relevant provision has been recorded for the above claims (allowance for doubtful accounts receivable) in the financial statements of the Company.

v) Furthermore, there is a claim of the Company against the Greek State amounting to € 3.3 million approximately, for the project of the Ministry of Internal Affairs "National Public Administration Network - SYZEFXIS", for which claim, the Company has already filed respective Applications of Acknowledgment of Claim against the State for the provision of electronic services for the aforementioned project. Specifically, for 2013, the Company filed a relevant application of acknowledgment of claim, by which it has requested the amount of € 2.3 million inclusive of the corresponding VAT, to be acknowledged to it. Furthermore, for the time period from January 1, 2014 - May 31, 2014, the Company has also filed a respective application of acknowledgment of claim, the level of which amounts to € 969 thousand, inclusive of the corresponding VAT. By relevant expert opinions of the State Legal Council THE Company's above applications have been partially accepted and a Company's claim against the Greek State has been acknowledged of an amount of 1.250.633,23€ and 521.189,32€ for the year 2013 and for the first five months of 2014 respectively. The Company has collected the above acknowledged and overdue amounts and in this respect said case is considered closed with reference to the specific claims.

vi) During an audit that was conducted, the Company discovered the abuse of a significant amount of money by an employee of its accounting department together with her spouse, of approximately € 2.37 million. Consequently, the Company filed immediately charges against the above persons for the criminal acts of counterfeiting and fraud while at the same time took the necessary legal actions before the civil courts for compensation for the damages suffered. Upon issue of a judgment of the first instance, the amount of € 2 million was awarded in favor of the Company, while the hearing of the appeal on the criminal fraud, for which the defendants had been found guilty at first instance, is pending. In any event, the Company and the Group have recorded the necessary provisions in their financial statements.

vii) Also, there is a claim of the Company against TSPEATH for the return of undue amounts paid, amounting to € 685 thousand, regarding advertisements tax ("aggeliosimo"): for the year 2002 amounting to € 252 thousand, whereas for the year 2003 amounting to € 433 thousand plus interest and related legal expenses. For the aforementioned claim, the Company had appealed before the Administrative Courts, instituting a relevant Administrative Action and filing a relevant Lawsuit. On the aforementioned administrative action, the Administrative Court of the First Instance of Athens rejected the aforementioned action of the Company. The Company lodged an APPEAL before the Administrative Court of Appeals of Athens, against the aforementioned judgment that has rejected the administrative action, on which no. 5106/2014 Decision of the Administrative Court of Appeals of Athens was issued, by which the Court rejected the appeal of the Company.

On the aforementioned lawsuit, a postponing judgment of the Administrative Court of First Instance of Athens was issued, by which the Court postponed the adoption of a judgment on the lawsuit, until the issuance of a final judgment on the aforementioned APPEAL (and administrative action). Given the rejecting judgments (at first and second instance) on the Administrative Action, it is estimated that the chances are limited for the success of the relevant Lawsuit.

viii) Finally, there is a claim of the Company and Mr. Panayiotis Papadopoulos against the owner company "VOICENET" as well as against the editing team of the webpages www.fmvoice.gr and www.fmvoice.eu before the Multimember Court of First Instance of Athens, through which, the total amount of € 300 thousand is demanded to be awarded to the Company and the amount of € 200 thousand to Mr. Papadopoulos. The case was heard and no. 4073/2015 judgment was issued by which the defendants were sentenced to jointly and severally pay each one, as a monetary satisfaction to the Company, the amount of 8,000 €, they were ordered with the threat of a fine of one thousand Euro (€1,000) for each time of delay, to proceed at their own expenses, to the complete publishing of the issued pecuniary judgment of the aforementioned Court on their webpages (www.fmvoice.gr and www.fmvoice.eu) and were sentenced to the payment of a judicial expense of € 700.

(b) JUDICIAL CLAIMS OF THIRD PARTIES AGAINST FORTHNET

The total liabilities and pending judicial cases of Third Parties against Forthnet amount to approximately € 10.7 million. The following cases are included among the judicial claims:

i) Legal action brought by OTE against the Company before the Multiparty Court of First Instance of Athens seeking compensation for the alleged violation of the provisions of the Code of Ethics on the Provision of Telecommunications Activities (article 11 par. 3), articles 57-59C.C. regarding the protection of personality, as well as the provisions of Law 146/1914 regarding prohibited and unfair advertising. With its legal action, OTE claims amongst others the payment of compensation amounting to € 5 million due to moral damages claimed to have been suffered by it, plus interest from the date of legal notice of the said action and until payment thereof. At the hearing date, the hearing of the case was cancelled, and thenceforth it has not been reopened with a summoning of the litigant party for a new hearing date. The outcome of the case cannot be safely estimated, despite the fact that the unfair competition legal basis of the claim has been fallen into prescription during lispendens (during litigation proceedings). The prescription may also carry along in prescription the long-term prescription on the other legal base, yet such a thing remains to be judged in court, if OTE returns with a new summoning.

ii) 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 this case a relative provision has been recorded in the financial statements of the Company in 2015.

iii) Furthermore, fines of a total amount of approximately € 990 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, which so far have been successfully reduced to a total amount of € 390 thousand.

iv) There is a counterclaim of the company "VOICENET", as well as of the editing team of the webpages www.fmvoice.gr and www.fmvoice.eu against the Company and against Mr. Panayiotis Papadopoulos, before the Multimember Court of First Instance of Athens for the amount of € 300 thousand to the counter plaintiffs, members of the editing team, and of € 200 thousand to the counter plaintiff company, the hearing of which took place in October 2015. The lawsuit was rejected by no. 4072/2015 decision of the Multimember Court of First Instance of Athens, as the plaintiffs were judged as procedurally absent.

v) Furthermore, the following EETT's Decisions have been issued and served to the Company:

(a) EETT's Decision No. 695/60/27.06.2013 that concerns the March 26, 2010 complaint of Forthnet for arbitrary charges of wasteful travel fees regarding the fixing of local loop failures on the part of OTE. With this decision, OTE was ordered to credit Forthnet in 3,316 cases that totally correspond to the amount of € 178 thousand while a fine of approximately € 331 thousand was additionally imposed to OTE. OTE has appealed to the competent courts against this decision of EETT.The Administrative Court of Appeals has rejected OTE's appeal in whole.
(b) EETT's Decision No. 692/36/30.05.2013 that concerns the September 5, 2011 complaint of Forthnet for arbitrary charges of wasteful travel fees regarding the fixing of local loop failures on the part of OTE.
With this decision, OTE was ordered to credit Forthnet in 1,492 cases that totally correspond to the amount of € 79 thousand, while a fine of € 149 thousand was additionally imposed to OTE. OTE has appealed to the competent courts against this decision of EETT. However, DEFA issued a decision by which the Court dismissed OTE's appeal in its entirety.

(c) EETT's Decision No. 640/50/21.02.2012 that concerns the November 15, 2011 complaint of Forthnet for charges of OTE wasteful travels fees for the fixing of local loop failures with the justification "non-accessible building", which charges were not in accordance with the legislative framework. With this decision, OTE was ordered to credit to Forthnet the imposed charges during the time period from October 2010 up to June 2011, which charges amounted to € 78 thousand an amount that was refunded by OTE to Forthnet. With the same decision, a fine of € 250 thousand had been imposed to OTE for its illegitimate conduct. OTE has appealed to the competent courts against this decision of EETT. The Administrative Court of Appeals partially upheld OTE's appeal under EETT's decision, only as far as it concerns the fine setting, and accepting the violation for the rest.
(d) For the same matter of the charges of OTE wasteful travel fees with the justification "non-accessible building", which charges were not in accordance with the legislative framework, Forthnet filed a new complaint to EETT on February the 11, 2012, further to which, EETT's Decision No. 695/62/27.06.2013 was issued, by which a fine of € 125 thousand was imposed to OTE for its illegitimate conduct and the latter was ordered to refund to Forthnet the relevant fees that had collected during the time period from July 2011 up to August 2012, which amount to € 206 thousand. OTE has appealed to the competent courts against this decision of EETT.
(e) Finally, 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 (ii) and partly case (iii), for which the Company has formed an equal in amount provision during the first semester of 2015 and is included in the Other Expenses (Note 8).

B. FORTHNET MEDIA S.A.

(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 € 14.19 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. .

For the aforementioned case, the Management of the Group estimates that it will not have a significant impact on the financial statements and consequently a provision of expense has not been formed.

ii) 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, a related provision of expense has been made by the Group in its financial statements.

iii) 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.

iv) Amount of € 0.30 million approximately concerns a lawsuit of a third party against the company and a former chief executive officer of its, by which he demands that the aforementioned amount is paid to him as damages for an alleged offence of personality and defamation to his detriment, by allegations included in a complaint lodged by the company against him, due to the -on his part- performance of illegitimate activities, aiming at and with the result of piracy in the pay TV signal of the company and the violation of its intellectual property. The lawsuit has been scheduled for hearing before the Multimember Court of First Instance of Athens on the 8th of December 2016. It is mentioned that during the hearing of the criminal case (at first and second instance) in which the plaintiff had been the defendant, against whose legal proceedings have been brought for the illegitimate actions set forth in the complaint of the Company, the Court found the defendant guilty and imposed to him a suspended imprisonment sentence for the illegitimate actions he committed. The defendant reserved the right to file a cassation.

v) Amount of € 0,59 million concerns a lawsuit of third parties against the company THEON CONSTRUCTIONS SA (hereinafter "THEON"), the Company and other natural persons and legal entities, as allegedly liable, jointly and in whole with each other, by which they ask for damages for suffering caused by the death – in a road accident – of a relative of theirs, due to alleged improper signage and security standards of projects that, in the applicants' allegations, THEON was carrying out also for the Company (construction of technical works for the construction of optical fibers network) in FilotheiArta. The hearing was held on 3.3.2017 and the decision is awaited.

vi) Amount of € 2,38 million concerns 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 2010 – November 2011, 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 (see below case under b.1)

vii) 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 (see below case under b.1)

For the above case under (ii), the Group's Management has made a sufficient provision of expense.

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.

(b) The outstanding judicial claims of the subsidiary FM (arisen by the absorbed NetMed Hellas S.A. and Multichoice Hellas S.A.) against third parties amount to € 35 million approximately, plus interest and expenses. From the abovementioned amount:

An amount of € 12.2 million approximately, plus interest and expenses, relates to the company's claims against several PAE (football clubs) for the restitution of (pecuniary and moral) damages incurred by FM due to the unlawful and void termination –on the part of PAE- of the agreements which the PAE had concluded with FM for the TV/radio broadcast of their football matches. Several of these claims have not been judged irrevocably, whilst most of the PAE are inactive (either due to downgrading or due to liquidation). Additionally, it should be noted that during 2012, the claim of the company against PAE PAOK and the companies EXAFON and INTERACTIVE was judged irrecoverable and from the initial claim of € 18.6 million, ultimately the court decided on a compensation of € 0.2 million. However, the said companies are apparently not in a financial position to reimburse the Company.

Similarly, the outstanding judicial claims of the absorbed Multichoice against third parties amount to € 14,7 million approximately, plus interest and expenses. These claims predominately relate to claims of the Company against various PAE for the restitution of (pecuniary and moral) damages incurred by the Company due to the unlawful and void termination –on the part of PAE- of the agreements which the PAE had concluded with FM for the television broadcast of their games. Several of these claims have not been judged irrevocably, whilst most of the PAE are inactive (either due to downgrading or due to liquidation). Additionally, it should be noted that during 2012, the claim of the company (former Multichoice) against PAE PAOK and the companies EXAFON and INTERACTIVE was judged irrecoverably and from the initial claim of € 23.4 million, ultimately the court decided on a compensation of € 200 thousand. However, the said companies are apparently not in a financial position to reimburse the Company.

i) A lawsuit against the company ERT S.A. and the banks Alpha Bank and Piraeus Bank by which it is requested to be acknowledged that our company does not owe the minimum guaranteed consideration of € 2.9 million per year from November 10, 2008 or, alternatively if it does not apply for 2008, from November 10, 2010, but instead, a percentage on the real basis of its terrestrial analogue subscribers. With the abolition of ERT, the Greek State replaced the former in its rights and obligations, consequently it will be the litigant party in this case. The claim on the main and supportive basis consists of the acknowledgment of the non existence of a payment right, accordingly it is not evaluated as an actual monetary claim. The hearing of the lawsuit had been scheduled for April 2015, when it was postponed, upon request of the Greek State. With a new summoning, the case was scheduled for 17.12.15, when it was anew postponed for 8.2.2018 due to insurmountable impediment of the witness of the plaintiff.

ii) A lawsuit against the Greek Football Federation (EPO), by which the cancellation of a BoD decision is required. By virtue of the said BoD decision, EPO rejected the company's participation in the tender for the acquisition of the TV rights of the Greek Soccer Cup for the football seasons 2013-2014 to 2015-2016 and awarded the tender to a third company. The reason for the cancellation is based on legal grounds (the company to which the tender was awarded is not a TV entity, as required by article 84 of L. 2725/1999). The case was heard and no. 731/2014 judgment was issued, that accepts the lawsuit. EPO lodged an appeal (as well as the company that a certain part of the judgment's rationale concerns it), the hearing of which had been scheduled for February 19, 2015 when it was heard. No. 2026/2015 final judgment of the Court of Appeals of Athens was issued, which rejected the appeal of EPO (as well as of the company) as unsubstantiated and ratified the validity of no. 731/2014 judgment of the court of first instance. EPO filed cassation appeal to the Supreme Court of Cassation (AriosPagos) the hearing of which was held and the decision issuance is still awaited. Within the framework of the same case, Media Goal, the company to which EPO assigned the TV rights of Greek Soccer Cup, by virtue of the invalid decision of its Board of Directors, initiated third-party proceedings against FM and EPO, alleging that it has a legal interest due to its non-participation in the under judgment trial between FM and EPO, for the annulment and elimination of no. 731/2014 judgment of the One-Member Court of First Instance of Athens, aiming at the rejection of the lawsuit of FM. The hearing of the third party proceedings was held and the issuance of the decision is awaited.

iii) Lawsuit before the Multimember Court of the First Instance of Athens against Greek Football Federation (EPO), with the request of the payment of compensation, for the reinstatement of the non-material damage as well as by virtue of loss of profits of the company due to the illegitimate-on the part of EPO-grant of the TV rights of the Greek Soccer Cup, of the three-year period 2013-2016 to a third, non TV entity, of the total amount of € 5,101,397.13, including any statutory interest from the service of the lawsuit. The hearing of the lawsuit has been scheduled for 1.2.2018.

iv) 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 7^{th} of June 2006, a date on which it was postponed for the 22^{nd} of November 2006, where it was cancelled and rescheduled for April 2, 2008, when it was anew postponed for the 4^{th} 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 and its hearing has been scheduled for 26.10.2017 further to adjournment.

v) 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 case is pending and has been scheduled for May of 2015. The hearing of the lawsuit has been held and the issuance of the decision is awaited.

vi) A claim of € 0.3 million concerns a claim of the Company (former Multichoice) against the companies PASSPOINT S.A. (as the principal debtor) and LANNET COMMUNICATIONS S.A. (as a guarantor) for non-payment to Multichoice Hellas S.A. of the amounts of subscription fees received by PASSPOINT S.A. We note that LANNET Communications S.A. is under bankruptcy proceedings (during which Multichoice Hellas S.A. has notified its claims to the creditors' team and its claim has been approved as substantiated), while PASSPOINT S.A. remains inactive without evident assets.

vii) A claim of the Company (and its related Company Netmed A.E.) against the sub lessee Company of the real estate where the lessee claimant Companies have registered offices requesting the readjustment/reduction of the monthly lease due to the unpredictable change of the general (financial etc) conditions as well as the reduction of the leasing value of the real estate. The hearing of said claim is still pending.

For the above mentioned judicial claims, no related provision of income has been made in the financial statements of the Group.

C. Forth-CRS S.A.

The outstanding judicial claims of the subsidiary Forth-CRS S.A. against third parties amount to approximately € 794 thousand. Among the aforementioned claims, the following three significant claims are also included:

(a) A claim of € 205 thousand against the Joint Venture GA FERRIES. Regarding the said claim, Forth-CRS filed a relevant LAWSUIT against the Joint Venture GA FERRIES and the seafaring members that constitute members of the former, before the Multimember Court of First Instance of Piraeus. On the aforementioned Lawsuit, no. 4507/2011 Judgment was issued, which accepted the lawsuit of Forth-CRS. Given that the debts of the aforementioned companies are too high, the chances for the collection of the adjudicated claim are limited.

(b) A claim of € 131 thousand against the Shipping Company SAOS SHIPPING SOCIETE ANONYME OF SAMOTHRAKI (SAOS FERRIES). By virtue of no. 114/30.06.2009 and 151/21/10/2009 Judgments of the Multimember Court of First Instance of Alexandroupoli (ex-parte proceedings of Multimember Court), the opening of the conciliation procedure (article 99 and following ones of the Bankruptcy Code) for the company SAOS FERRIES was ordered. Within the framework of the conciliation procedure, FORTH-CRS agreed to receive all the amount of the debt via recurrent payments within the following six years from the ratification of the conciliation agreement by the Competent Court. Upon relevant petition of SAOS FERRIES before the Multimember Court of First Instance of Alexandroupoli, the relevant achieved Intercreditor Agreement was ratified by the competent Court by its no. 107/2010 Judgment.

c) An initial claim of approximately € 259 thousand against the Shipping Company LESVOS SHIPPING COMPANY S.A. (NEL LINES) was limited –by 80% of the capital-to the amount of approximately € 52 thousand, according to the provisions of no. 124/2013 Judgment of Northern Aegean Court of Appeals, which validated no. 13/09/2012 Restructuring Agreement between NEL-as debtor-and the majority of its documentary and unconfirmed creditors, according to article 106[a] of Law 3588/2007. According to the aforementioned judgment, the amount of approximately € 52 thousand will be paid, without interests and expenses of any nature, in 48 equal in amount monthly installments of € 1,1 thousand each, with 12/06/2014 as the date of commencement of the aforementioned payments. Already the debtor has made five equal in amount payments of the total amount of € 5.4 thousand and 43 installments remain to be paid.

A provision of expense has been made for the above claims in the financial statements of the Group (allowance for doubtful accounts receivable).

D. NETMED N.V.

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. .

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.

E. 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. .

F. 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.

G. INTERVISION S.A.

The company Intervision Services B.V. has filed a lawsuit dated November 20, 2003 before the Multi-Member First Instance Court of Athens, , against the Greek Football Federation (EPO), by virtue of which the Company requests the fair readjustment/decrease of the fees, that the Company had agreed to pay for the period 2003-2004 with relation to the acquisition of the TV rights of the Greek Soccer Cup, to the amount of 4.4 million €, plus VAT, instead of the amount of 6.4 million € plus VAT, which the Company actually paid.

The hearing of the case took place on November 27, 2013, and a judgment was issued, which rejected the lawsuit, as unfounded on its merits, judging that in the under judgment case the preconditions of the unforeseen change of circumstances as well as the ones of article 288 of the Civil Code, which justify the readjustment-decrease of the fee, do not concur. The outcome of the case was not positive, as expected. The company is entitled to lodge an appeal, but with limited chances of success.

36. SUBSEQUENT EVENTS:

There are no other significant events subsequent to December 31, 2016 which would influence materially the Group's and the Company's financial position.

Iraklio, April 26 , 2017

President of the Board of Directors	Vice President of the Board of Directors and Chief Executive Officer	Group Finance Director
Deepak Srinivas Padmanabhan Passport No. Z 2918778	Panagiotis Papadopoulos I.D. Number Σ 676330	Michael Ramakis I.D. Number AI 611898 License Number O.E.E. 0004719 A' Class
Deputy Finance Director	**Group Financial Reporting Manager**	**Group Accounting Manager**
George Mantzoros ID Number AK 231579 License Number O.E.E. 0005375 A' Class	Georgia Gali ID Number X 091299	Polychronis Katsaris ID Number AK 012888

WEBSITE PLACE OF UPLOADING THE PARENT STATEMENTS, CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS OF SUBSIDIARIES

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

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