

## Forthnet SA Results for the 1<sup>st</sup> Quarter of 2007 and Trading Update

May 30<sup>th</sup> '07

- Forthnet Broadband subscribers<sup>1</sup> reached 142,000 by end of May '07 adding, so far this year, more than 40,000 subscribers
- Forthnet 2play active subscribers over ULL reached 8,810 by end of May '07, with **5,500 ULL activations during the month of May**. Steady improvement in the number of unbundled lines per month
- Strong revenue growth of 11.2% to €26.5m for the 1Q '07 despite unbundling being at an early stage
- Corporate re-branding campaign successfully completed to enhance Forthnet's appeal to retail market

### Unbundling now a reality

Forthnet is continuously strengthening its subscriber base in the Broadband market with a renewed focus on the unbundling and migration of customers to double-play products, remaining the leading Altnet Broadband operator in Greece.

	31/03/07	31/12/06	31/03/06
Forthnet Broadband subscribers <sup>1</sup>	127,971	101,063	45,500
Quarterly additions	26,908	26,301	14,800

At the end of March '07, Forthnet's Broadband subscribers<sup>1</sup> reached 127,971 recording a 26.6% increase for the quarter. Forthnet's double-play product, under the brand "Forthnet 2play", since its successful launch earlier in the year, sees a strong uptake and an increasing flow of subscriptions. As of March end '07, Forthnet had unbundled 1,150 2play customers. **Pace of unbundling is improving steadily with 5,500 unbundled lines during the month of May, reaching a total number of active ULL Forthnet 2play subscribers of 8,810 as of May end '07.** Overall the Company is optimistic about the future of unbundling in Greece.

### Consolidated 1Q '07 Revenues

Revenue Breakdown	(in '000 euro)	1Q '07	1Q '06	% change
Voice		14,933	13,079	14.2%
Internet Access		5,540	4,807	15.3%
Business Services & Applications		6,009	5,933	1.3%
<b>Total Revenues</b>		<b>26,482</b>	<b>23,819</b>	<b>11.2%</b>

During the 1<sup>st</sup> quarter of 2007, Forthnet reported total revenues of €26.5m recording an 11.2% growth for the quarter driven by the continued strong uptake in the Internet Access (contributing a 15.3% growth for Q1 to €5.5m) and the success of the telephony sector offerings.

<sup>1</sup> Net Active Wholesale & Unbundled ADSL and 2PLAY subscribers plus new subscribers pending activation by OTE

<b>Table of key consolidated results</b>	<i>(in '000 euro)</i>	<b>1Q '07</b>	<b>1Q '06</b>
Revenues		<b>26,482</b>	<b>23,819</b>
EBITDA		-5,830	1,696
Subscriber Acquisition costs*		4,839	3,074
Adjusted EBITDA**		-991	4,770
Pre-tax Profit/Losses		-9,715	-2,018
Losses after tax and minority rights		-7,393	-1,734
Capital Expenditures		<b>8,434</b>	<b>2,702</b>
Cash & Cash Equivalent		<b>79,112</b>	<b>5,158</b>
* Expenses such as fees and commissions paid, equipment costs, payments to OTE and part of advertising expenses, according to management estimates			
** Excluding customer acquisition costs			

Reported EBITDA for the quarter was loss-making at €5.8m, against a profit of €1.7m in 1Q '06 as the Company is expanding and retaining its customer base in an environment of continuously eroding wholesale margins. During 1Q '07, revenues from unbundled services were insignificant to provide a positive contribution to the Company's operating profitability. Also, marketing expenses were higher than 2006, as the Company, at the beginning of 2007, revamped its corporate identity with a successful re-branding in order to enhance its appeal to the mass market. Net result after tax and minority interest stood at a loss of €7.4m compared to losses of €1.7m in 1Q '06. Capital Expenditures for the 1Q '07 amounted to €8.4m against €2.7m in the corresponding quarter of '06. The Group's balance sheet continues to be very strong with cash & cash equivalent standing at €79.1m as of March 31<sup>st</sup> '07.

### **Forthnet Network**

To date, OTE has delivered<sup>2</sup> 51 Exchanges corresponding to 2.1m local loops whilst the Company is already offering its ULL services through 40 Exchanges and completing the installation of active network equipment to the remaining ones. The Company expects to gain access from OTE to 15 additional Exchanges during the month of June '07.

In Athens, Thessaloniki and Larissa the fibre optic network (MAN) for the interconnection of the collocated exchanges was extended to 177km. The Company also secured a 15 year IRU for 135km of dark fibre connecting Thessaloniki with the Bulgarian border, allowing Forthnet to gain valuable alternative access to international networks.

*Forthnet is Greece's largest alternative broadband operator. It provides data, Internet and fixed line telephony services to more than 450,000 residential and corporate customers.*

<sup>2</sup> Site preparation, power provision, A/C and local loop deployment.