**COMPANY REPORT**

TO THE GENERAL MEETING OF SHAREHOLDERS OF FORTHNET S.A. ON THE SHARE CAPITAL INCREASE OF FORTHNET S.A.

## INTRODUCTION

At its meeting of 22 April 2008, the Board of Directors of FORTHNET S.A. ("**Forthnet**" or the "**Company**") decided to propose to Forthnet's Extraordinary General Meeting of Shareholders (the "**EGM"**) an increase in the Company's share capital through payment in cash and with pre-emptive and oversubscription rights with the aim to raise up to €300 million. The exact amount and the other terms of the share capital increase will be determined by the Board of Directors prior to the holding of and presented at the EGM to be held on 14 May 2008.

The funds to be raised will be used mainly to finance part of the consideration for the acquisition (the "**Acquisition**") of the entire issued share capital in each of NetMed NV ("**NetMed**") and Intervision (Services) BV ("**Intervision**" and together with NetMed, the "**Acquired Companies**"), of which NetMed NV is the parent company of, among others, NetMed Hellas S.A. ("**NMH**"), Multichoice Hellas S.A. ("**MCH**"), and MultiChoice (Cyprus) Public Company Ltd. (**"MCC"** and together with NMH and MCH, the "**Pay-TV Operators**" ) which provide Pay-TV services in Greece and Cyprus. The purchase of all shares in the Acquired Companies will be made through a wholly owned subsidiary of Forthnet that is in the processes of being established in Greece (the "**Subsidiary**").

The Board of Directors considers the Acquisition to be in the interests of Forthnet and its shareholders, given that:

- There is strong market potential for Pay-TV growth in Greece
- The Acquired Companies, the Pay-TV Operators and the other members of NetMed's group (the "**NetMed Group**") represents a unique asset in Greece with significant strategic importance in the media sector
- There are important benefits for a Forthnet – NetMed Group combination
- There is a significant value creation potential due to the expected synergies
- Forthnet's existing group combined with the NetMed Group will have an improved financial profile
- Forthnet will enhance its geographic coverage through NetMed Group's satelite distribution channel
- Forthnet will be operating in two sectors experiencing high growth potential (Broadband, Pay-TV)

## 1. USE OF PROCEEDS FROM THE PREVIOUS RIGHTS ISSUE

The last increase in the share capital of Forthnet took place pursuant to approval by the Repeat

General Meeting of shareholders on 17 March 2006. The total funds raised amounted to €119,904,344 through the issue of 21,411,490 new shares with a par value of €1.18 each, at a price of €5.60 each. As a result, Forthnet's share capital increased by €25,265,558.20. As shown in the audited chart below, these funds were used in the fiscal years 2006 and 2007 as follows:

| In € | Prospectus estimates (2006 - 2009) | Actual amounts used (up to 31 Dec. 2007) |
|---|---|---|
| - Development-Installation of Optical Fibre Networks and Acquisition of International Capacity | 32,500,000 | 20,131,615 |
| - Development of Broadband Infrastructure and Services | 39,904,344 | 27,900,071 |
| - Procurement of EDP software and hardware | 7,500,000 | 7,273,908 |
| - Market share expansion | 30,000,000 | 26,234,664 |
| - Working capital | 6,000,000 | 6,000,000 |
| - Issue expenses | 4,000,000 | 3,541,978 |
| **Total** | **119,904,344** | **91,082,236** |

## 2. INVESTMENT PLAN

Forthnet is a prominent internet and alternative telecom services provider in Greece and, having successfully executed a dynamic entry into the fixed line telephony field, is now one of the most important telecommunications providers in the country having also made a very successful entry into the Broadband market. Forthnet has always sought to leverage on its experience and know-how, while actively monitoring the international developments in the telecommunications field, constantly investing in the future to make sure it will be able to fulfil its customers current and anticipated future needs. In this context, the provision of triple-play services, namely the capability to combine fast internet with telephony and TV services has been identified as key for Forthnet's future development and a source of competitive advantage.

Both Forthnet and NetMed Group have unique attributes which make them very attractive investments on a standalone basis.

Forthnet is currently the leading Greek Altnet, ranking first amongst competitors with a c.20% Broadband market share and is executing a well articulated business plan based on the unbundling of the Local Loop. As a result, Forthnet is soon expected to deliver an improved operational profitability.

NetMed Group, through NMH and MCH, is Greece's sole DTH Pay-TV provider, operating in a market with currently low penetration compared to the European average, with no cable competition and only remote threat from competing platforms. In addition, MCH has secured access to premium TV content and has the potential for significant incremental value creation through the recently introduced tiering in its product offering.

A combination of Forthnet's and NetMed Group's businesses will have the potential for significant incremental value creation and will represent a highly attractive opportunity, compared to the rest of the European TMT sector, due to the following factors:

***- Strong market potential for Pay-TV Growth***

Pay-TV penetration in Greece is currently low in comparisson with other European markets. Forthnet believes that the growth to date has been limited primarily due to pricing strategies used by NetMed.

***- The Pay-TV Operators are strategic assets in the market***

The Pay-TV Operators currently enjoy a strong position in the Greek market, as:

- There is no cable infrastructure present in Greece
- Unique positioning in the Pay-TV market
- Full DTT implementation expected within the next three years but no new channels expected until 2012 – 2014 period; Under the process set out in Law 3592/2007, MCH will be allowed to operate pay-DTT for its existing analogue terrestrial pay channels

Some competition is expected from IP-TV, however, international benchmarks suggest that it is likely to have limited success, while it may actually stimulate growth in the market. In addition, the Pay-TV Operators' business model and platform are scaleable, providing the potential to fully capture future growth

***- Strong Strategic Rationale for Forthnet***

Convergent triple-play offering of telephony, broadband and Pay-TV, is emerging as a strong business model both internationally and locally. The acquisition of the Pay-TV Operators through NetMed will give Forthnet a significant strategic advantage by becoming the first company to offer its own triple play services and, therefore, will enhance its ability to be the leading player in the Greek communications and entertainment market.

Key benefits of a combination with the NetMed Group will be:

- Single source service provider as an important differentiating factor
- Significant "time to market" advantage of combined offerings over competitors
- Faster and simpler delivery capabilities for value added services including HDTV, as IP-TV is limited by requirements for high-speed broadband availability
- Transmission through multiple channels rather than single channel capability offered by IPTV
- Option for longer term convergent platform strategy involving broadband delivered rich media content (e.g. VoD)
- Overcome technical limitations currently imposed by the Greek landline infrastructure (long last mile) which limits ability for full IPTV

***- Strong Synergy Potential***

A combination of Forthnet and the NetMed Group also offers significant potential for further value creation by realising synergies, as a result of:

- Significant opportunity to create value through the enrichment of the electronic communications portfolio
- Ability to cross sell products and services across both companies' customer bases
- Potential to reduce churn
- Efficiency maximisation of retail distribution channels
- Cost savings from centralising head office and other administrative functions

***- Improved Financial Profile***

The strong cash flow generation of the NetMed Group is expected to result in the combined group achieving positive cash flow generation sooner than originally anticipated for Forthnet on a standalone basis. In addition, the ability to monetise and negotiate premium content rights for DTH, Terrestrial and IPTV platforms and the strong operational leverage will offer enhanced scale benefits.

***- Enhanced Geographic Coverage***

Forthnet's expected ULL footprint on a stand-alone basis would cover 70% of Greek households on a fully deployed basis. However, a DTH delivery platform would overcome Greece's terrain constraints and therefore would extend Forthnet's coverage to 100% of Greek households

***Use of funds raised through the share capital increase***

Forthnet is planning to fund the Acquisition partly through a long term bond loan to be provided to the Subsidiary by a number of local banks, and partly through the proposed share capital increase the proceeds of which will be advanced to the Subsidiary by Forthnet in the form of share capital.

Forthnet has received and agreed to a firm commitment for a long term bond loan of up to €245m from a syndicate of banks, which is conditional upon EGM approval of the proposed share capital increase. Forthnet is currently in the process of negotiating the relevant long form agreements that will document the issue of the bond loan.

The proceeds of the proposed share capital increase will be used by Forthnet to: i) finance €285m out of the total consideration of €490m for the Acquisition, and ii) pay approximately €15m in respect of the costs already incurred and to be incurred by it in the context of the Acquisition and the proposed share capital increase.

Under the share purchase agreement entered into between Myriad International Holding BV ("**MIH**"), Teletypos Cyprus Limited, Teletypos S.A. and Forthnet dated 14 April 2008 in connection with the Acquisition, Forthnet has agreed to pay €430m to acquire all shares in the Acquired Companies and approximately €60m plus accrued interest[1] to repay certain loans advanced to NetMed and Intervision. Completion of the Acquisition, which is subject to certain conditions, including the approval of the Acquisition and the indirect change of control of undertakings affiliated to NetMed by the competent authorities in Greece and, to the extent required, in Cyprus, as well as the approval of Forthnet's share capital increase by the EGM, is expected to occur in August 2008, at which point in time Forthnet is expected to pay the above total consideration.

## 3. NETMED GROUP OVERVIEW

***Business activity***

NetMed is a non-trading holding company which, through the Pay-TV Operators, manages the terrestrial analogue (FilmNet and SuperSport) and digital satellite (NOVA) Pay-TV services in Greece as well as digital satellite Pay-TV in Cyprus. Intervision is a company set up to licence major studio TV content from suppliers, and sublicenses the same to NMH.

***Share capital composition and ownership structure of the Acquired Companies***

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[1] Loan value as at December 2007. Accrued interest will be charged upon completion of the transaction.

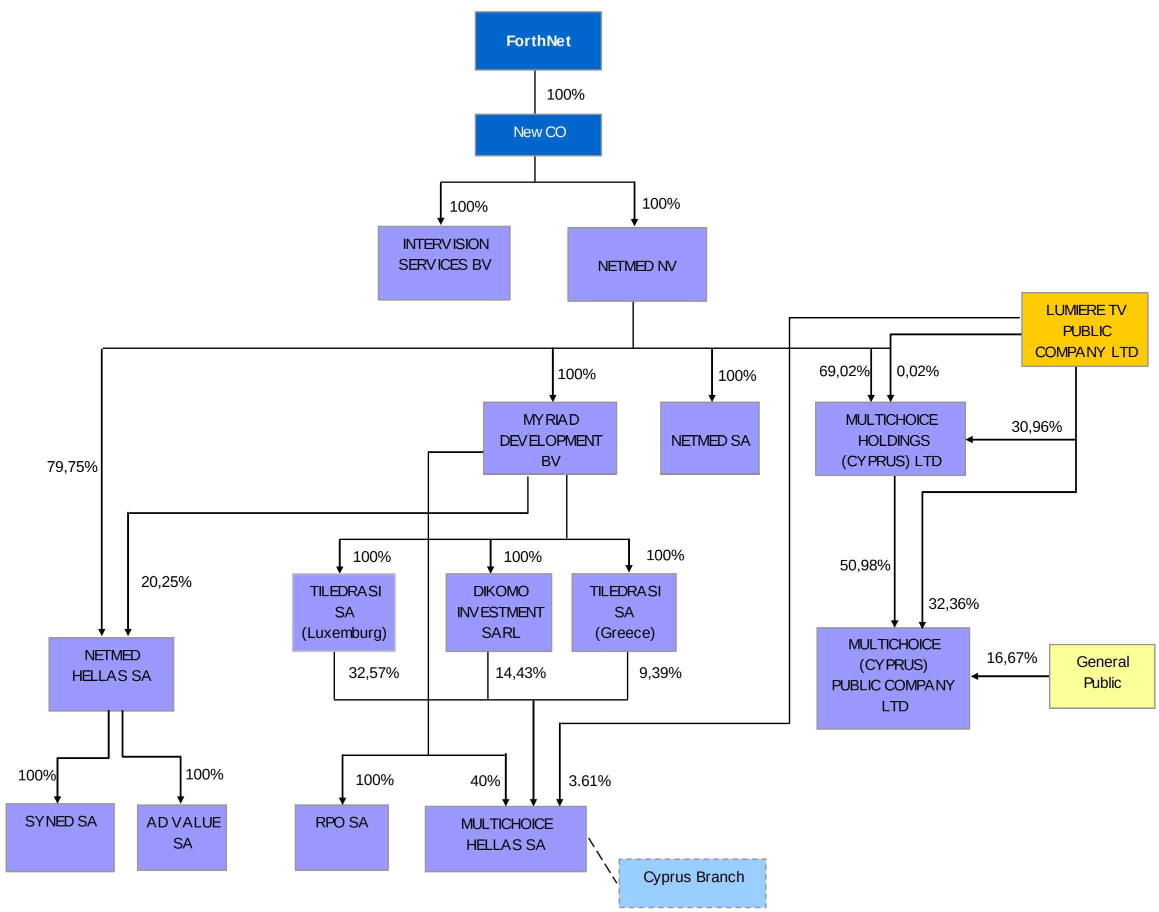
NetMed is currently 87.5% owned by Myriad International Holdings BV, a subsidiary of Naspers Limited, a South African based, JSE and LSE listed, multinational electronic and print media company, and 12.5% by Teletypos Cyprus Limited, a subsidiary of Teletypos S.A., a Greek Athens Exchange listed company operating Mega Channel TV. Intervision is 100% owned by Intervision (Services) Holdings BV, a subsidiary of Myriad International Holdings BV.

### *Organisation structure*

NetMed manages its Pay-TV business through the following main operating companies:

- MCH compiles and operates the Nova bouquet, distributes decoders, manages the analogue and digital subscriber base and markets and sells the NetMed Group's digital and analogue Pay-TV services in Greece
- NMH compiles and produces all of the FilmNet and SuperSport channels which are licensed to MCH.
- MCC enters into subscriber agreements, collects subscriptions and provides subscriber management services to subscribers to a Cyprus Nova bouquet on behalf of MCH.
- Synergistic Network Development S.A ("Syned") operates and maintains signal distribution, infrastructure and transmission networks.
- NetMed SA provides customer services to Pay-TV subscribers on behalf of MCH.

The following chart illustrates NetMed Group's organisational structure following completion of the Acquisition:



### *Selected NetMed financial data*

*2008 numbers are unaudited estimated financial data.*

*The financial data included in this schedule does not correspond to the data presented in Naspers Limited annual accounts as Naspers Limited makes additional purchase accounting and consolidation adjustments for the purpose of consolidating NetMed N.V. results into its consolidated results and combines these with consolidated Intervision financial results to reflect its Greek operations. Such adjustments would not be relevant to Forthnet S.A.*

| **Summary Financials FY 2005 – 2008** | | | | |
|---|---|---|---|---|
| € million | **March 31,** | | | |
| **Profit & Loss** | **2005** | **2006** | **2007** | **2008** |
| **Revenue** | **183.1** | **190.0** | **194.5** | **199.7** |
| Normalised EBITDA[(1)] | 39.9 | 47.3 | 43.9 | N/A[(2)] |
| **Reported EBITDA** | **32.1** | **49.2** | **34.4** | **52.0** |
| Transponder cost | (9.9) | (11.5) | (13.1) | (13.5) |
| EBITDA (post Transponder Cost) | 22.2 | 37.7 | 21.3 | 38.5 |
| Operating Profit | 17.8 | 35.4 | 20.3 | 38.9 |
| Pre-Tax Profit | 13.7 | 30.5 | 20.1 | 37.5 |
| Tax | 43.4 | (14.5) | (7.1) | (10.5) |
| Post-Tax Profit | 57.1 | 16.0 | 13.0 | 27.0 |
| **Net profit for the year** | **56.7** | **15.2** | **13.7** | **26.2** |
| **Cash Flow** | | | | |
| Capex | (1.5) | (4.8) | (1.6) | (1.2) |
| OpFCF (EBITDA[(3)] - Capex) | **20.7** | **32.9** | **19.7** | **37.3** |

*(1) EBITDA adjusted for non-recurring items*
*(2) 2008 Normalised EBITDA has not been provided as no special audit procedures have been undertaken to arrive at such a number*
*(3) EBITDA post cash transponder costs*

| **Summary Balance Sheet 2005 - 2008** | | | | |
|---|---|---|---|---|
| € million | **March 31,** | | | |
| | **2005** | **2006** | **2007** | **2008** |
| Inventories, net | 4.0 | 2.3 | 12.3 | 9.1 |
| Trade & Other Accounts Receivable | 19.8 | 32.0 | 27.5 | 29.8 |
| Cash and cash equivalents | 11.2 | 33.5 | 24.5 | 50.4 |
| M-grp Intercompany Receivables | 0.2 | 0.1 | 0.1 | 0.0 |
| Other current assets | 31.8 | 33.4 | 38.6 | 26.4 |
| Fixed assets, net | 34.6 | 43.7 | 35.2 | 25.6 |
| Other non-current assets | 47.0 | 66.3 | 108.6 | 92.4 |
| **Total Assets** | **148.5** | **211.4** | **246.8** | **233.7** |
| Payables and accruals | 47.7 | 73.6 | 73.0 | 66.6 |
| Total debt | 32.3 | 25.3 | 29.1 | 24.1 |
| M-grp Intercompany Loan Payables | 80.1 | 71.3 | 53.3 | 56.6 |
| Other liabilities | 36.1 | 69.0 | 105.6 | 63.5 |
| Shareholders' Equity | (47.7) | (27.8) | (14.2) | 23.0 |
| **Total Liabilities and Shareholder's Equity** | **148.5** | **211.4** | **246.8** | **233.7** |

*Source: Financial due diligence report prepared by KPMG on behalf of the Sellers. The 2008 figures have been provided by NetMed N.V*

### *Selected Intervision financial data*

*Intervision is not required to prepare audited financial numbers under Dutch civil code. As such, all numbers are unaudited.*

*The financial data included in this schedule does not correspond to the data presented in Naspers Limited annual accounts as Naspers Limited makes additional purchase accounting and consolidation adjustments for the purpose of consolidating Intervision results into its consolidated results and combines these with consolidated NetMed financial results to reflect its Greek operations. Such adjustments would not be relevant to Forthnet S.A.*

| Summary Financials FY 2005 – 2008 | | | | |
|---|---|---|---|---|
| € million | March 31, | | | |
| **Profit & Loss** | 2005 | 2006 | 2007 | 2008 |
| **Revenue** | **6.8** | **8.2** | **9.1** | **10.6** |
| **EBITDA** | **(0.3)** | **(0.2)** | **(0.4)** | **0.3** |
| EBIT | (0.3) | (0.2) | (0.4) | 0.3 |
| Pre-Tax Profit | (0.5) | (0.2) | (0.7) | (0.0) |
| Tax | (0.2) | (0.3) | (0.1) | 0.0 |
| Post-Tax Profit | (0.7) | (0.5) | (0.7) | (0.0) |
| **Net profit for the year** | **(0.7)** | **(0.5)** | **(0.7)** | **(0.0)** |

| Summary Balance Sheet 2005 - 2008 | | | | |
|---|---|---|---|---|
| € million | March 31, | | | |
| | 2005 | 2006 | 2007 | 2008 |
| Trade & tax receivables | 0.3 | 0.2 | 0.1 | 0.0 |
| Receivables from group companies | 3.8 | 3.8 | 3.3 | 3.4 |
| Cash at bank and in hand | 0.4 | 0.7 | 0.5 | 0.3 |
| Fixed assets, net | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total Assets** | **4.5** | **4.7** | **3.9** | **3.7** |
| Payables to group companies | 3.1 | 3.2 | 3.3 | 3.5 |
| Royalties payables | 1.3 | 1.6 | 1.1 | 1.1 |
| Total bank debt | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade payables | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | 2.6 | 2.9 | 1.9 | 1.7 |
| Shareholders' Equity | (2.5) | (2.9) | (2.5) | (2.5) |
| **Total Liabilities and Equity** | **4.5** | **4.7** | **3.9** | **3.7** |

*Source: MIH*

## 4. VALUATION OF THE ACQUIRED COMPANIES

### *Valuation Methodology*

The value of NetMed Group was estimated on the basis of the following principal valuation methodologies:

- Discounted Cash Flow Analysis
- Comparable Publicly-Traded Company Analysis
- Comparable Transaction (Acquisition) Analysis

Based on these valuation methodologies, the Board of Directors believes that the valuation range for NetMed Group as of the date hereof is €530 million to, including expected synergies, €720 million.

The valuation range is based on a relevant letter, dated 21 April 2008 by Merrill Lynch, which includes Merrill Lynch's opinion as to the fairness to Forthnet, from a financial point of view, of the NetMed Group consideration and the appropriateness of the valuation methodologies employed. Merrill Lynch's letter, which is set forth in Annex A, is subject to a number of important assumptions and limitations, including an assumption that all financial forecasts and projections relevant to the valuation methodologies employed were prepared on the basis of currently available best estimates and judgments of the management of NetMed Group as to the future financial performance of NetMed Group.

## 5. COMMITMENT BY SHAREHOLDERS

Forgendo Limited[2], holding approximately 21% of Forthnet's share capital and represented at the Company's Board of Directors, has informed Forthnet that it intends (a) to maintain its shareholding in the Company as at the date of the EGM (i) up to completion of the share capital increase and the listing of the new shares to be issued, and (ii) for a period of six (6) months following the commencement of trading of such new shares, and (b) to invest up to €300m to exercise its pre-emption rights and oversubscription rights.

In addition, the Foundation for Research and Technology (FORTH), holding approximately 6.21% of Forthnet's share capital and represented at the Company's Board of Directors, has informed Forthnet that it (a) might sell a number of its pre-emption rights during the period at which such rights will be traded for the purpose of financing its participation in the Company's share capital increase, and (b) intends to retain the number of shares in the Company that it will hold at completion of the share capital increase for a period of six (6) months following the commencement of the trading of the new shares in the Company.

## 6. OFFER PRICE

The Board of Directors proposes a share capital increase of Forthnet with pre-emptive and oversubscription rights with the aim to raise up to €300,000,000.00. The exact amount of the share capital increase and the other terms thereof, including the offer price for the new shares, will be determined by the Board of Directors prior to the holding of and presented at the EGM having taken into account the then prevailing market conditions. The securities to be issued and offered shall be new ordinary shares for subscription by Forthnet's shareholders, whose pre-emptive rights shall be freely traded on the Athens Exchange.

Athens, 22 April, 2008

FOR THE BOARD OF DIRECTORS

[2] Forgento Limited is a special purpose vehicle 50% owned by Emirates International Communications Limited and 50% owned by Go plc.