

FORTHNETGROUP



forthnet



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ANNUAL

FINANCIAL REPORT

FORTHNETGROUP
for the year

ended December 31, 2010

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
Scientific Technological Park of Crete
Vassilika Vouton, Iraklion Crete 71003
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STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Statements of the Members of the Boards of Directors (in accordance with article 4 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, 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, and in particular the third 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 societe anonyme company under the name "Hellenic Company of Telecommunications and Telematic Applications Societe Anonyme" and trade title "Forthnet S.A." for the period from January 1, 2010 to December 31, 2010, which were compiled according to the applicable International Financial Reporting Standards, provide a true and fair view of the assets and the liabilities, the equity and the results of the period of the Company, as well as the companies' which are included in the consolidation, according to that stated in paragraphs 3 to 5 of article 5 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 provide a true and fair view 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 paragraph 6 of article 5 of the L. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Iraklion, March 15, 2011

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, 2010

1. PERFORMANCE AND KEY FINANCIAL DATA

Market Data

Against an adverse macroeconomic background that persisted throughout 2010, the Group recorded a healthy revenue growth whilst strengthening its position in the telecommunications segment, and retaining its leadership in the Greek PayTV market. The efforts of the Company were focused on the completion of the investments in broadband access under the Invitation 157 of the Framework program Information Society, funded by EU and the renewal of content rights for the following years. Concurrently, the Company began the functional integration of NOVA, with the launch of the joint sell offerings of PayTV and broadband services.

Thus, at the end of 2010 the Company reported:

- 445k active LLU customers at the end of 2010
- 392k active Pay TV subs with and all time high of 380k satellite Pay TV subs in Greece
- Group Revenues of €410m vs €377m in 2009
- 21.3% growth in Telecom revenue
- € 65.7m. adjusted EBITDA (December 31, 2009: € 64.9m.)
- Cash flow from Operating activities € 37.6m. (December 31, 2009: € 40.5m.)
- Cash and Cash equivalents at the end of period € 36.4m. (December 31, 2009: € 79.6m.)

The integration of the Pay TV and Telecom operations and the continued improvement of the Telecom results contributed to the significant improvement in the Group performance. The Group reported total revenues of € 410m, while the adjusted EBITDA reached € 65.7m. corresponding to an EBITDA margin of 11.5% (2009: 17.2%). The Operating Cash Flow was € 37.6m. from € (40.5)m in 2009.

<i>(in € '000 except for losses per share)</i>	2010		
	Group	PayTV	Telecom
Revenue (including other income)	409,852	195,522	214,330
EBITDA (non including impairment cost)	64,954	36,383	28,571
Reported EBITDA	46,284	17,713	28,571
Adjusted EBITDA (non-cash adjustments)	65,662	36,383	29,279
<i>EBITDA margin</i>	<i>16.02%</i>	<i>18.60%</i>	<i>13.66%</i>
Losses before interest and taxes	(55,766)	(31,056)	(24,710)
Losses before taxes	(80,165)	(50,855)	(29,310)
Losses after taxes	(86,828)	(46,769)	(40,059)
Loss per share	(0,5475)		
Operating Cash Flow	37,648		

<i>(in € '000 except for losses per share)</i>	2009		
	Group	PayTV	Telecom
Revenue (including other income)	376,985	200,339	176,646
EBITDA (without impairment cost)	64,025	45,720	18,305
Reported EBITDA	64,025	45,720	18,305
Adjusted EBITDA (non-cash adjustments)	64,938	45,720	19,218
<i>EBITDA margin</i>	<i>17.23%</i>	<i>22.82%</i>	<i>10.88%</i>
Losses before interest and taxes	(21,734)	2,265	(23,999)
Losses before taxes	(40,520)	(12,797)	(27,723)
Losses after taxes	(41,183)	(14,556)	(26,626)
Loss per share	(0.2617)		
Operating Cash Flow	40,498		

Telecommunication Services

During 2010 the company focused on promoting bundled Telecom and Pay TV services reaching the 100,000 subscribers at the end of the year. As a result, 26% of Nova customer base use broadband services offering significant advantages to the group.

Thus, the Company's LLU customer evolution for 2010 was as follows:

<i>(in thousand euros)</i>	Q4 '10	Q3 '10	Q2 '10	Q1 '10
New LLU customers	29.681	24.365	33.371	42.393
Market share in new LLU customers	30,4%	33,0%	34,0%	37,0%
Active LLU customers	445.343	415.662	391.297	357.926
LLU market share¹	32,6%	32,8%	32,6%	32,5%

Forthnet is the leading unbundler in Greece with an overall market share of 32,6% by the end of 2010, and an average market share of 33,5% in new LLU customers during the year. Forthnet 2play continues to be the major growth driver with an ARPU for the Q4 2010 of €39.8 (excl VAT).

The migration of the existing customer base from wholesale services to LLU services continued during 2010.

Forthnet Broadband Customers	31/12/10	30/09/10	30/06/10	31/03/10
Total ¹ Broadband Customers	483.163	461.343	438.966	408.842
New broadband customers	21.820	22.377	30.124	44.423
LLU active Customers	445.343	415.662	391.297	357.926

¹ Active & Pending wholesale plus active and pending LLU subscribers

Telecommunication financial assets

For 2010, the telecom segment reported revenues of € 214m., representing a 21.3% growth over 2009. The LLU remained the key growth driver of the group:

Revenue Analysis	<i>(in thousand euros)</i>	2010	2009	Δ (%)
Residential LLU services		150,553	111,347	35.2%
Residential Wholesale Services		8,209	19,012	-56.8%
Business Services and Applications		55,568	46,287	20.05%
Total Revenue (including other income)		214,330	176,646	21.3%

Operating profitability continued its improvement throughout the year.

<i>(in thousand euros)</i>	Q4 '10	Q3 '10	Q2 '10	Q1 '10
Revenues (including other income)	57,048	54,654	54,008	48,620
Adjusted EBITDA	7,278	10,517	7,678	3,806
EBITDA margin	12.76%	19.24%	14.22%	7.83%
CAPEX	16,899	11,685	14,952	9,095

Pay TV services

Forthnet Group (NOVA) is the leading Pay TV service provider in Greece, offering a wide range of Pay TV channels through digital satellite and analogue terrestrial transmission in Greece and Cyprus. Nova is the only digital platform offering Direct-to-home (DTH) in Greece.

In terms of subscribers Nova managed to increase significantly its customer base showing its best ever results. By the end of December 2010 NOVA Greece had increased its customer base from 350,462 to an all time high 380,041 customers (an increase of 8.14%), along with a top performance in terms of Digital Subscribers in Greece (363k). In contrast, NOVA Cyprus' subscriber base remained flat from 11,909 customers by end of 2009 to 11,509 customers, mainly due to strong competition in the Cypriot market.

	2010	2009
Digital Platform Greece	363.679	318.634
Analogue Platform Greece	16.362	31.828
Digital Platform Cyprus	11.509	11.909
Totals	391.550	362.371

PAY-TV financial results:

NOVA 's high profitability contributed in the Group's total profitability.

<i>(in thousand euros)</i>	2010	2009
Revenue	195,522	200,339
Adjusted EBITDA (non-cash adjustments)	36,383	45,720
Adjusted EBITDA Margin	18,06%	22.82%

Liquidity and debt

As of December 31, 2010, Forthnet Group's cash and cash equivalents amounted to € 36.4m. The total net bank debt for the Group at the end of December 2010 stood at € 333m., while the current portion of the long term debt amounts to € 45m. The Company may be unable to meet part of its contractual principal repayment obligations for 2011 and the Management initiated discussions with its lenders to refinance its maturing stock of debt.

2. MAJOR EVENTS FOR THE YEAR 2010

Investments

During 2010 Forthnet activated 115 Collocations, thus offering LLU services to 481 Local Exchanges covering 51 prefecture capitals and the vast majority of the cities and towns of Central Macedonia, Thrace, North-eastern Aegean Islands and Dodecanese. At the end of 2010 the LLU coverage had reached 73% in the penetration of the total lines in Greece.

In parallel, during 2010 the Company concluded the construction of the optical fiber backbone between Athens – Corinth – Argos – Tripoli – Sparta – Kalamata – Patras with a total length of 600km, covering most of the collocations with fiber backhaul. This expanded network capacity took maximum advantage of the cooperation potential with alternative providers. In particular its implementation was based on the mutual exchange of fiber optic cables from the already installed infrastructure of each part. At the same time, the Company expanded its MAN network in Thessaloniki, for network resilience purposes and for covering the backhaul needs of new collocations, completed the protection of 60G international capacity on the Athens - Sofia axis, and put in operation high capacity routers (terabit Routers) in Athens.

During 2010 Forthnet upgraded significantly both the international IP interconnections and interconnections to GR-IX. Thus in 2010 the GRIX was connected with a 10Gbps private Fibre connection, while the total capacity of the international IP connections reached 43 Gbps

Pay TV

During 2010 Nova increased its content portfolio with major achievement the renewal of Superleague sports rights until 2014. In parallel, for the first time in Greece, Nova launched the HD (high definition) technology enhancing viewer experience. Furthermore, the company continues to replace its smartcards with new generation ones that are expected to manage illegal viewership and eventually lead to subscriber growth.

Forthnet Shops

The Forthnet shops chain continued to expand during 2010 in selected areas with high demand for broadband services. Thus, by the end of December 2010, the total Forthnet shops stood at 131, while during 2011, the Company is expected to selectively expand its retail shop network.

3. CORPORATE GOVERNANCE DECLARATION On the basis of article 43a, par. 3 section d' 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 Purchasing Committee and the Strategy Committee, as they are specifically provided for in the Corporate Governance Code, as well as in the General Security Policy and its individual sub-policies.

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

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 exact 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 separation of operations between the accounting department and the department of reporting, which is responsible for the preparation of the financial statements,
- the internal audit department, which reviews and evaluates the Company's internal control system by following the annual Internal audit plan as being approved by the Audit Committee.

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

- The General Assembly of shareholders, when 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 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 closure of each financial year. The Board of Directors may convene extraordinary General Assemblies as often as it judges necessary.
- General Assemblies, except repeat and other similar assemblies, shall be noticed at least twenty (20) calendar days prior to the assembly date.

Notice to the General Assembly

- 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 the assembly and exercise their rights in person or by proxy. This invitation, with the exception of repeat General Assemblies and other similar meetings, shall be published ten (10) days before the Assembly date in the the Government Gazette, and twenty (20) days before the assembly date, in a daily political, financial and local newspaper while at all events it shall be posted in a visible location at the Company's offices.
- Furthermore, the invitation to the General Assembly may be published in the press in the form of a summary with specific information mentioning the webpage of the Company, where the full text of the invitation is available. In addition, the invitation is published at the discretion of the B.o.D in national and Pan-European wide electronic media.

Participation in the General Assembly

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 rightsholder'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.

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.

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. Shareholders under the same formal preconditions may participate in the repeat 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.

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

The shareholders that do not comply with the provisions may participate in the General Assembly only upon a relevant license 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 repeat 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. Decisions in the General Assembly shall be made with an absolute majority of the votes represented at the Assembly.

Extraordinary quorum and General Assembly majority

In exceptional circumstances, the General Assembly shall be considered to have a quorum and convene legally on the items on the agenda when two thirds (2/3) of the paid-up share capital are attending or represented therein, regarding decisions that belong to the exceptional competency of the General Assembly and which are mentioned below and in any other case defined by the law. Furthermore, the relevant decisions of the General Assembly shall be made with a majority of two thirds (2/3) of votes represented in 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 approved, the assembly shall appoint its Chairman and a Secretary, who shall also act as teller.

Matters discussed – Minutes of the General Assembly

1. The discussions and decisions of the General Assembly shall be limited to the items set forth in the agenda published
2. With particular regard to decision-making by the General Assembly 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 decisions in the General Assembly, and 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. Basic competencies 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 according to article 78 of the C.L. 2190/1920 as valid, 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, as valid 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) Disposal of the net annual

returns, 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 regular 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 appointments from the Board of Directors according to article 22 of the articles of association, of temporary Members in replacement of the ones that have resigned, deceased 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 the last case, the relevant decision shall be made with a majority of two thirds (2/3) of the share capital present, in exceptional cases, when it is about decisions that concern:
 - a) Extension of the term, merger, split, conversion, revival or dissolution of the Company;
 - b) changes to the company's nationality;
 - c) changes to the scope of the company;
 - d) increases of the share capital with reserve to 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, as valid, unless imposed by law or implemented with a capitalization of reserves;
 - e) share capital reductions, unless made in accordance with par. 6, article 16, C.L. 2190/1920, as valid;
 - f) provision or renewal of powers to the Board of Directors for share capital increases in accordance with par. 1, article 13, C.L. 2190/1920, as valid;
 - g) alterations to the profit appropriation method;
 - h) increase of the shareholders' obligations;
 - i) any other case determined by the law and these 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 repeat assembly shall be held within twenty (20) days, to be announced at least ten (10) days in advance. The first repeat 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 repeat 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 provided for in par. 1 and 2, no subsequent notice is required, if the venue and the date of the repeat assemblies that are provided for by law are defined.
- Regarding the amendment of article 32 of the Articles of Association for the taking of a decision, the majority of the three fourths (3/4) of the paid up share capital is required.

III. Description of the rights of the shareholders and the mode of their exercise

1. The Company has not yet adapted its articles of association to the provisions of Law 3884/2010, which amended the C.L. 2190/1920 regarding Societes Anonymes, however its compulsory provisions prevail, and therefore the Company is obliged to apply them.
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 societies anonymes, the provisions of these articles of association, the decisions of the General Assembly of shareholders and the decisions of the Board of Directors. In particular: a) Shareholders shall exercise their rights as regards company's management 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 shall, following a request from shareholders representing at least one twentieth (1/20) of the paid-up share capital, call an extraordinary General Assembly of shareholders and appoint a meeting date, within no more than forty-five (45) days from the date the request in question was submitted to the Chairman of the Board of Directors. The request shall state the exact item of the agenda. If the Board of Directors does not convene a General Assembly within twenty (20) days of service of the relevant application, convocation shall be carried out by the applicant shareholders at the company's expense, by decision of the court of first instance of the company's seat, issued during the provisions measures session. The decision shall specify the venue and date of the meeting, as well as the agenda.
2. Following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall 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 matters 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 on the agenda is accompanied by a justification or by a draft decision for approval by the general assembly and the reviewed agenda is published in the same manner as the last agenda, thirteen (13) days prior to the date of the general assembly and at the same time it is made 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 reviewed 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 to the entry of items on 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 opposed to the law and the moral ethics.
3. Following a request from a shareholder or shareholders representing one twentieth (1/20) of the paid-up share capital, the chairman of the General Assembly shall be obliged to postpone decision-making in an ordinary or extraordinary General Assembly for once, for all or specific items on the agenda, and shall determine, as the date of continuation of the meeting for decision-making, the date determined in the shareholders' request, which shall be within thirty (30) days of the postponement date.
4. Following a request from any shareholder submitted to the company five (5) full days prior to the General assembly, the Board of Directors shall 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, following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall be obliged to disclose to the General Assembly of shareholders, provided that it is regular, all amounts paid by company in the last two years to each member of the Board of Directors or the managers of the company, as well as any other benefit extended to these parties for any reason or any other contract made between them and the company.

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. Following a request from shareholders representing one fifth (1/5) of the paid-up share capital, submitted to the company within the deadline of the previous paragraph, the Board of Directors shall provide the General Assembly with information about the progress of corporate matters and the company's assets.
6. Following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, decision-making on any item on the agenda of the General Assembly 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 ask the competent court to perform an audit of the company if non compliance with the decisions of the General Assembly of the shareholders or breach of the law and the Articles of Association of the Company are ascertained.
9. Shareholders of the Company representing one fifth (1/5) of the paid-up share capital may ask the competent court to audit the company if the progress of company affairs gives rise to suspicions that the company is not being managed prudently.
10. The Board of Directors of the Company is obliged, ten (10) days prior to the Regular General Assembly to provide each shareholder that requests so, with a copy of the balance sheet with itemization of the profit and loss account, as well as a with a copy of the report of the Board of Directors and the auditors on the balance sheet.

IV. COMPOSITION AND OPERATION OF THE BOARD OF DIRECTORS AND ANY OTHER BODIES/COMMITTEES OF THE COMPANY

i. 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 and Vice-chairman and Chief Executive Officer. The current Members of the Board of Directors of the Company, the tenure of office of which ends on 16.03.2011, and is extended until the date of the convocation of the Regular General Meeting of 2011, are the following:

1. Deepak Srinivas Padmanabhan, Chairman (non executive member)
2. Panagiotis Papadopoulos, Vice Chairman and Chief Executive Officer (executive member)
3. Franciscus Botman, non executive member
4. Vasilios Dougalis, non executive member
5. David Kay, non executive member
6. Edwin Lloyd, independent non executive member
7. Mohsin Majid, non executive member
8. Bhavneet Sigh, independent non executive member
9. Michael Warrington, non executive member

ii. 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.

iii. 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 their 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 on the agenda. However, the actions of the temporary Member, which are implemented as of their appointment and any non-approval thereof by the General Assembly, shall be considered valid.

iv. Convening the Board of Directors

1. The Board of Directors shall be convened by the Chairman or his/her substitute, each time that this required by the law, the articles of association of the company's needs. The Board of Directors shall convene at the Company's seat, but may also meet validly outside the company's seat, in any Municipality of the Region of Attica.
2. The meeting is announced by the Chairman or his/her substitute, through an invitation notified to the members at least two (2) working days prior to the meeting, on a date, venue and time established 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.
3. Following a request from at least two Members, which shall, on pain of rejection, mention the issues to be discussed by the Board of Directors, the Chairman of the Board or his/her substitute shall be 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.
4. 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 themselves within five days from expiry of the seven-day deadline, notifying the relevant invitation to the other members of the Board of Directors.
5. 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.

v. Board of Directors quorum and decision-making

1. Any member who is absent or prevented from attending may appoint another member to represent them at 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.
2. 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.
3. Decisions of the Board of Directors are made with an absolute majority of the members who are present or represented.

vi. Minutes of the Board of Directors

Minutes of the discussions and decisions of the Board of Directors shall be kept in a special book, which is signed by the Chairman or his/her substitute. The Secretary of the Board of Directors shall be selected among persons who need not be members of the Board of Directors. Summary minutes of the discussions and decisions of the Board of directors shall be kept in a special book.

vii. Committees for the support of the Board of Directors

The work of the Board of Directors is supported by three Sub-Committees, the Audit Committee, the Strategy Committee and the Purchasing Committee.

- **Audit Committee**

- **Composition of the Audit Committee**

The Audit Committee is composed of at least two (2) non executive members and one non executive - independent member of the Board of Directors. The members of the Audit Committee are appointed by the General Assembly of Company's shareholders.

The Board shall review the composition of the Committee at least after the lapse of three years 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. 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. The Head of Internal Audit department participates in the meetings of the Audit Committee. The Audit Committee may request any other officer of the Company to attend its meetings to assist it with its discussions and considerations on any particular matter.
4. A member of the Legal Department shall be the Secretary of the Audit Committee, responsible to keep records of the respective minutes. The minutes of the Audit Committee will be shared with the Board.

- **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 performing its duties by reviewing the Company's internal control system, as well as the financial reporting processes. The responsibilities of the Audit Committee, according to Articles of Association are, inter alia, the following:

- Oversee the financial reporting process
- Oversee hiring, performance and independence of external auditors. It shall monitor the Company's internal control process
- Oversee performance of Internal Audit
- monitor the statutory audit of the annual and consolidated accounts and Corporation's financial reporting processes.
- Review risk management system of the Company

• **The Strategy Committee (SC)**

The Strategy Committee shall have the following competencies:

1. To provide oversight and guidance to the Company within the guidelines and framework set by the Board of Directors;
2. 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;
3. To recommend executive management appointments;
4. To monitor, review and make recommendations on the strategic, business and financial direction and performance of the Company;
5. To make recommendations on and monitor investments, acquisitions and disposals and business development activities of the Company;
6. To review and make recommendations on the Company's financial reporting processes;
7. To review and make recommendations on all contracts proposed to be entered into by the Company, which contracts will be referred to it by the Purchasing Committee from time to time, and which contracts would further imply a financial commitment up to and including certain thresholds as defined by the Financial Authority Matrix approved by the Board of Directors
8. To forward to the Board of Directors proposed contracts and which imply financial implications exceeding the Strategy Committee's competence in terms of the approved Financial Authority Matrix.
9. To inspect and monitor the materialization of all TV rights agreements, and the agreements that are relevant to the telecommunications services provision the Company concludes, as well as any other agreement that the Board of Directors considers each time appropriate.
10. To evaluate the performance of key executives of the Company in the light of predefined goals and objectives and to recommend or approve compensation, as applicable, on the basis of such evaluation; and
11. To recommend remuneration policy guidelines.

- **Strategic 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 SC Members may, in their discretion, request additional persons to attend any particular SC meeting.

- **Strategic Committee Meetings**

The SC shall meet at least once a month and may further meet on an ad hoc basis as necessary if a critical operational issue arises.

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

The SC shall keep minutes of all its meetings, which minutes shall be approved at the subsequent SC meeting.

• **The Purchasing Committee (PC)**

- **PC Role and Responsibilities**

The PC shall have the following functions:

1. To review and approve every purchase and procurement transaction made by the Company, according to the Financial Authority Matrix, approved by the B.o.D
2. To review existing purchasing and procurement policies and procedures of the Company and ensure consistency in their application;
3. 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;
4. To review key risks and business implications of key contracts that are subject to its competency;
5. To ensure optimisation of capital and operational expenditure;
6. 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;
7. 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 €30,000 excluding VAT;
8. To review the contract proposals referred to it in terms of the preceding paragraph7 and to make recommendations in regard to the same, as well as to refer to the Strategy Committee regarding agreements, the value of which exceeds the limit of its competency.
9. To ensure the suitable materialization of all expenses approved according to the approved Financial Authority Matrix.
10. To approve the initial formation, as well as any change in the formation of the list of the preferable suppliers.

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

- **PC Meetings**

The PC 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. A quorum shall be achieved with the presence of three members of the P.C.

All PC approvals and recommendations made at each PC meeting shall be duly minuted by the PC Secretary at each such meeting.

4. RISKS FOR 2011

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, 2010, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets. The Group has no significant concentrations of credit risk with any single counter party. Trade accounts receivable consist mainly of a large, widespread customer base. All Group companies monitor the financial position of their debtors on an ongoing basis. Also, as regards money market instruments, the Group only deals with well established financial institutions of high credit standing.

Foreign Exchange Risk: The Company is active internationally and is exposed to variations in foreign currency exchange rate which arise mainly from the US Dollar. The Group's market exposure to possible foreign currency exchange rate fluctuations is mitigated to some extent by the set-off of credit and debit balances in the same currencies as well as by FX forward contracts for period up to 12 months.

Interest Rate Risk: With respect to both long-term and short-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 fact that the majority of the total Group debt is based on Euribor plus agreed pre-arranged interest rate spreads has as a result that the base interest volatility has a significant impact on cash flow and P&L as presented in the Sensitivity Analysis of Group's Borrowings due to Interest Rate Changes:

	The Group		The Group	
	December 31, 2010		December 31, 2009	
	Interest Rate Variation	Effect on income	Interest Rate Variation	Effect on income
EURO	1,0%	(3,135,721)	1,0%	(2,825,000)
	-1,0%	3,814,279	-1,0%	2,825,000

Note: Table above excludes the positive impact of interest received from deposits

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps agreements amounting to € 60m.

Liquidity Risk and Capital Management: The Group manages its liquidity risk through a prudent and ongoing monitoring of its entire working capital position. The Group systematically monitors its customers' collection profile (especially residential subscribers) and the terms of payment of its suppliers (both domestic and foreign) and readjusts its policies accordingly in order to optimize its cash availability. The Group manages its liquidity and cashflow forecast in an integrated fashion in order to minimize its liquidity risk.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its operations and maximize shareholder value. The Group's policy is to maintain leverage targets in line with its targeted credit-rating grade profile. The Group monitors its capital adequacy using net debt to EBITDA ratio. Net deb includes interest bearing loans and borrowings, less cash and cash equivalents.

Risks Relating to Forthnet's Business

- Forthnet's growth prospects depend on the evolution of demand for demand for broadband services, its ability to attract an increasing number of LLU customers and the overall macro environment of Greece.
- The telecom sector in Greece is highly competitive leading to pricing and churn pressures.
- Forthnet's sales and distribution network is dependent on the continued success of its franchisees.

Risks Relating to Nova's Business which may affect the Group

- Nova business may suffer if it cannot acquire or retain a sufficiently attractive content for its services.
- The macro environment could have a negative impact on Nova's profitability and revenues as a result of price reduction, unsatisfactory subscriber base growth, high rate of disconnections or a combination of the above.

5. 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:

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	31.12.2009	171,017	83,976
		31.12.2010	105,890	74,901
Forth CRS S.A.	Subsidiary	31.12.2009	103,119	5,904
		31.12.2010	88,162	8,545
Athlonet S.A.	Associated	31.12.2009	19,658	27,796
		31.12.2010	15,504	-
MultiChoice Hellas S.A.	Subsidiary	31.12.2009	2,048,693	1,292,666
		31.12.2010	6,950,390	3,262,559
SYNED S.A.	Subsidiary	31.12.2009	121	-
		31.12.2010	-	-
NETMED S.A.	Subsidiary	31.12.2009	169	-
		31.12.2010	176,690	-
NetMed Hellas S.A.	Subsidiary	31.12.2009	37,831,438	22,312
		31.12.2010	1,967,432,	20
Forthnet Media Holdings S.A.	Subsidiary	31.12.2009	-	98,000
		31.12.2010	2,302,820	12,279
	Total	31.12.2009	40,174,215	1,530,654
	Total	31.12.2010	11,606,888	3,358,304

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Technology and Research Foundation	Shareholder	31.12.2009 31.12.2010	26,682 20,960	27,142 6,179
Forth CRS S.A.	Subsidiary	31.12.2009 31.12.2010	283,802 391,159	38,450 40,190
Telemedicine Technologies S.A.	Subsidiary	31.12.2009 31.12.2010	136,677 136,677	- -
Athlonet S.A.	Associated	31.12.2009 31.12.2010	7,024 5,733	22,646 29,077
MultiChoice Hellas S.A.	Subsidiary	31.12.2009 31.12.2010	1,498,327 2,871,018	6,818,346 49,439,245
NetMed Hellas	Subsidiary	31.12.2009 31.12.2010	85,342 -	1,893,218 -
Forthnet Media Holdings S.A.	Subsidiary	31.12.2009 31.12.2010	103,331 40,750,917	- 2,254,579
NetMed S.A.	Subsidiary	31.12.2009 31.12.2010	29 112,180	- -
	Total	31.12.2009	2,141,214	8,799,802
	Total	31.12.2010	44,288,644	51,769,270

The receivable in the balance due from Telemedicine Technologies S.A. relates mainly to a loan of € 280,000 granted by the Company during 2006.

Technology and Research Foundation owned 4.20%, of the ordinary shares of Forthnet as at December 31, 2010 and 2009, respectively and is represented by one non-executive member on Forthnet's Board of Directors.

The intergroup revenue from Multichoice Hellas S.A. relates to the recharge of Multichoice Hellas' share in joint sell advertising as well as telecommunications services (telephony, broadband, etc.).

The intergroup costs from Multichoice Hellas S.A. refer mainly to the purchases of decoders for resale in the Forthnet stores.

The intergroup revenue from NetMed Hellas S.A. arises mainly from the re-sale of the Superleague football rights.

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

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	31.12.2009	171,017	83,976
		31.12.2010	105,890	74,901
Lumiere Productions S.A.	Shareholder	31.12.2009	-	6,298,799
		31.12.2010	-	1,680,705
Lumiere Television Ltd	Shareholder	31.12.2009	-	-
		31.12.2010	-	3,053,701
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.12.2009	-	163,152
		31.12.2010	-	149,556
Gambritsos Georgios	Members of the B.O.D. – Executive members	31.12.2009	-	294,084
		31.12.2010	-	235,539
Athlonet S.A.	Associated	31.12.2009	19,658	27,796
		31.12.2010	15,504	-
	Total	31.12.2009	190,675	6,867,807
	Total	31.12.2010	121,394	5,194,402

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Technology and Research Foundation	Shareholder	31.12.2009	26,682	27,142
		31.12.2010	20,960	6,179
Lumiere Productions S.A.	Shareholder	31.12.2009	-	415,823
		31.12.2010	-	1,193,709
Lumiere Television Ltd	Shareholder	31.12.2009	320,301	-
		31.12.2010	-	661,500
Lumiere Cosmos Communications	Shareholder	31.12.2009	-	10
		31.12.2010	-	10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.12.2009	-	16,209
		31.12.2010	-	195
Gambritsos Georgios	Members of the B.O.D. – Executive members	31.12.2009	-	27,324
		31.12.2010	-	-
Athlonet S.A.	Associated	31.12.2009	7,024	22,646
		31.12.2010	5,733	29,077
	Total	31.12.2009	354,007	509,154
	Total	31.12.2010	26,693	1,890,670

Lumiere Productions S.A. has granted the Group the production of the broadcasting of football matches.

Lumiere Television Ltd. has granted the Group the license to include LTV Channel in the Pay-TV bouquet NOVA CYRPUS.

The Emirates International Telecommunications LLC (EIT), an associated company - shareholder, provides management services. Within the year 2010, E.I.T. invoiced the amount of € 478,370 to the Company. For this amount the Company had made a provision in the year 2009.

Furthermore, in 2010, the Company formed a similar provision amounting to € 300,000. The Company's outstanding balance to E.I.T. on 31 December 2010 is € 478,370.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the years ended 2010 and 2009, are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Salaries and fees for executive members of the BoD	320,557	355,500	320,557	296,058
Salaries and fees for non executive members of the BoD	147,678	137,750	147,678	137,750
Salaries and fees for Senior Managers	3,409,035	2,749,154	1,957,041	942,103
Total	3,877,270	3,242,404	2,425,276	1,375,911

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 Pension Fund Insurances amounted to € 537,390 (December 31, 2009 € 26.000), whereas benefits relating to stock option plans amounted to € 500,806 and € 44.179 respectively (December 31, 2009 € 137,224 and € 89,317, respectively).

6. 2011 PROSPECTS AND INVESTMENTS

During 2011 the Company will continue the successful offering of bundled services with internet access, telephony and premium content.

Towards this direction, Forthnet Group portfolio will be enriched with new innovative value added services enabling content offering via alternative means (e.g. novasports.gr), thus increasing respectively broadband services value.

Concurrently, finalisation of functional integration with NOVA will significantly improve both Group's efficiency and customer experience.

Additionally, the Company will emphasize on the enrichment of the total product portfolio addressing the needs of the Greek Family for in house communication and entertainment.

Hereinafter, the strategy targeting all activity domains within 2011 is analyzed:

Regarding Residential Services the Company will focus during 2011 on the expansion of its customer base over LLU and bundled services, through:

- Further promotion of the successful bundled services which utilize both owned fixed network and premium content assets.
- Enhancement of the Forthnet 2play service with new services and value added features.
- Emphasis on migration of existing clientele to higher bundled offerings and at the same time focused actions towards reducing churn
- Emphasis, through specific activities, on upselling to 2play through LLU, while exerting our efforts to reduce the related service churn.
- Further exploitation of the Forthnet shops retail chain abilities to approach the market effectively.

Additionally, the Forthnet Shop retail chain will continue the geographical expansion with the target of reaching 140 shops by end of 2011 thus enabling Group presence in all major commercial areas within Greek cities. Emphasis will be given on maximizing the sales potential per shop and on improving the quality of the offered services to the customers. The ultimate drivers are:

- Focus on retail sales, with the majority of the respective sales coming from the Forthnet shop chain.
- Improvement of market share and profitability through differentiation, values added service and overall improvement of qualitative KPIs.

Finally, the expansion of the **Forthnet HotSpots will** continue, as the customers served are expected to grow significantly due to the spread of wi-fi enabled devices

Regarding the Business and SME services the emphasis during 2011 will be given on the greatest exploitation of the private infrastructure by migrating our customers from wholesale circuits to our private network, in order to further improve the profit margin. In parallel, the Company will focus on cross-selling to existing customers in order to be their sole telecom provider.

The main targets for 2011 include:

- Migration of existing customers to private infrastructure.
- The expansion and protection of our Fiber networks, will strengthen our position as a Wholesaler to other Telecom operators.
- Exerting our efforts to gain large projects of MPLS VPNs making the best use of our experience dated since 2009 when we successfully completed large scale VPNs

Regarding the SME market, our main targets are:

- Further exploitation of current services targeting SMEs.. These services constitute integrated solutions, combining broadband Internet, telephony and hosting services.
- Gradual addition of value added features to our basic Forthnet Professional package
- Introduction of a new telephony service for the professionals as a competitive alternative to OTE's ISDN service
- Effort to retain the market share in domain registration and hosting of .gr and .eu. These services will supplement the integrated services for SMEs.

Pay TV

The main target for 2011 is to preserve and grow the customer base despite the adverse economic environment. In order to achieve this, our main effort will be to enrich the PayTV content and services, and offer bundled services integrating telephony and broadband and PAYTV solutions.

Specifically:

1. Further upgrading the Novacinema and NovaSports digital channels ensuring exploitation of all rights (especially Superleague rights).
2. Agreements (with the smallest cost possible) for main sports events both nationally and internationally, agreements for enrichment of the movie content and addition/renewal of thematic channels.
3. Fight piracy at all fronts
4. Effective cost control in all levels in order to improve the profit margins.

Investments:

Our efforts for 2011 will focus on the expansion and protection of the Optical Fiber network in order to provide redundancy thus maximizing quality of service.

In particular:

- *Backbone Athens – Thessaloniki:* During 2011 we will start the implementation of the redundant route from Athens to Thessaloniki
- *Customer Access MAN infrastructure:* During 2010 the deployment of cable fibers and multiducts of 76km in total will commence in Athens Thessaloniki and Iraklio for the connection of business customers
- *Construction/expansion of Collocations:*
 1. During 2011 we will implement and launch operations selective new Collocations. The overall number of collocations will reach 493 at the end of 2011.
 2. The Company participates in the construction plan of OTE regarding the expansion of 5 Physical Collocation sites, securing the necessary space for the installation of new racks.
- *International and National Internet Interconnections* The Company will continue the upgrade of the international and National interconnections. By the end of 2011 the international connections are planned to reach 55Gbps. The GR-IX connection will reach 20Gbps.
- *Data Centre construction: New Data Centres in Herakleion and Thessaloniki to support operations.*

Athens, March 15, 2011

Deepak Srinivas Padmanabhan
President of the
Board of Directors

BOARD OF DIRECTORS' EXPLANATORY REPORT
(according to article 4 pars. 7 & 8 of L. 3556/2007)

The present Explanatory Report of the Board of Directors to the Ordinary General Assembly of its Shareholders includes additional detailed information in accordance with paragraphs 7 & 8 of Article 4, L. 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 one hundred and eighty three million four hundred and eight thousand nine hundred and sixty two euros and thirty two eurocents (€ 183,408,962.32) and is divided into one hundred and fifty five million four hundred and thirty one thousand three hundred and twenty four (155,431,324) common nominal shares with a nominal value of one euro and eighteen cents (1.18) each.

The Company's shares are dematerialised, common nominal with voting rights, freely negotiable and transferable and listed for trading on the Athens Stock Exchange.

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 Assembly of Shareholders and the decisions of the Board of Directors. Shareholders shall exercise their rights as regards company management only through the General Assembly and each share shall the right to one (1) vote at the General Assembly.

Moreover, each share shall provide:

- a right to 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;
- preference rights to any increase in the Company's share capital in cash and the undertaking of 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 at the General Assembly, which includes the following rights: legalisation, presence, participation at discussions, submission of proposals on issues on the agenda, recording of views in the minutes and voting

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

In addition, any shareholder or shareholders representing 1/20 or 1/5 of the paid-up share capital shall have minority rights, as provided by the Company's Articles of Association and the relevant legislation.

(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 Stock Exchange.

(c) Important direct or indirect holdings in the sense of L. 3556/2007 (articles 9 to 11)

Shareholders (natural or legal persons) who on 31/12/2010 directly or indirectly held more than 5% of the total number of shares are presented in the following table:

CORPORATE NAME	SHARES	PERCENTAGE
FORGENDO LIMITED*	63,650,369	40.951%
CYRTE INVESTMENTS GP 1 B.V.**	39,496,887	25.411%

* Controlled by Emirates International Telecommunications LLC

** Controlled by 100% by AVIVA PLC

On 12/03/2011, the following shareholders held more than 5% participation in the share capital:

CORPORATE NAME	SHARES	PERCENTAGE
FORGENDO LIMITED*	64,151,262	41.273%
CYRTE INVESTMENTS GP 1 B.V.**	39,496,887	25.411%

* Controlled by Emirates International Telecommunications LLC

** Controlled by 100% by AVIVA PLC

(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 foresee any limitations on voting rights arising from its shares.

(f) Company shareholders' agreements

Within the framework of the Company's share capital increase which was decided by the Extraordinary General dated 14.05.2008 and in order to facilitate the participation and exercise of the respective preemptive rights by the Company's Management Executives and personnel, Agreements for the Pledging of Shares were concluded on the 31st July 2008 between the Company's Shareholder, Forgendo Ltd on one hand and on the other, the Managing Director, certain Higher Management Executives and certain employees of the Company, who already participated in the Company's share capital, and had, according to the Decision of the Extraordinary General Assembly dated 14.05.2008, a preemptive right in the share capital increase. In particular, in the aforementioned Agreements it is foreseen the pledging of shares acquired by the aforementioned persons during the dated 14.05.2008 share capital increase of the Company, 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 preemptive right for the acquisition of company shares. In the said Agreements are foreseen limitations in the right to transfer the as above pledged shares.

(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 stipulated by C. L. 2190/1920, as amended by L. 3604/2007, other than those referred to below:

1. In **Article 15 par. 6** of the Company's Articles of Association, regarding the amendment of Article 32 of the Articles of Association, it is exceptionally provided that for the taking of a decision by the General Assembly, a $\frac{3}{4}$ majority of the paid-up share capital is required, while in article 31 par. 2 of the C.L. 2190/1920 it is provided that such a decision is taken with a $\frac{2}{3}$ majority of the votes represented in the Assembly. It is noted that the increased majority of Article 15 par. 6 of the Articles of Association is legally provided since article 29 par. 6 in combination with article 31 par. 3 of C.L. 2190/1920 allow for the provision by the Articles of Association of 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 subsidize the Institute of Information of FORTH in the development of the telecommunications market and the creation of the Company
2. In **Article 15 par.1case k)** of the Company's Articles of Association it is provided that among the Decisions that are taken with an increased quorum and majority are included decisions concerning the amendment of Article 20 par. 24 of the Company's Articles of Association, where the powers of the Managing Director are foreseen.

(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 the C.L. 2190/1920.

- a. In accordance with the provisions of **article 13, par. 1 points (b) and (c), C.L. 2190/1920** combined with the provisions of article 5 of its articles of association, the Company's Board of Directors, following a relevant decision of the General Assembly that is subject to the publication formalities of article 7b, C.L. 2190/1920, shall be entitled to increase the Company's share capital in whole or in part, through the issuance of new shares or to issue bond loans with convertible bonds, by a decision taken by a majority of at least two thirds (2/3) of its total number of members. In such case, the share capital may be increased up to the amount of the capital that has been paid-up on the date when the said power was granted by the General Assembly to the Board of Directors. The above power of the Board of Directors may be renewed by the General Assembly for a period that shall not exceed five years for each renewal and its validity starts after the termination of each five-year period. Such decision of the General Assembly is subject to the publication formalities of article 7b, C.L. 2190/1920.

Within the framework of the above legislative provisions, the Ordinary General Assembly of shareholders dated 17.03.2006 approved the assignment to the Board of Directors, for a five-year period, i.e. until and including 16.03.2011, of the right to decide, with a two-third (2/3) majority of the total number of its members, on

- (i) increases of the company's share capital, partially or totally, through the issuance of new shares, for an amount that shall not exceed the paid-up Company share capital on the date of the General Assembly, in accordance with the provisions of the articles of association and the law, and
- (ii) to issue, in accordance with article 3a, C.L. 2190/1920 and the articles of association, bond loans, with a right to convert the bonds into shares for an amount that shall not exceed the company's share capital on the date of the General Assembly, in accordance with the provisions of the articles of association and the law.

- b. In accordance with the provisions of **article 13, par. 9, C.L. 2190/1920**, prior to its amendment by L. 3604/2007, a share placement plan for members of the Board of Directors and the staff may be established by decision of the General Assembly; this plan shall have the form of an option to purchase shares in accordance with the special terms of the decision. In accordance with article 13 par. 9, C.L. 2190/1920, prior to its amendment by L. 3604/2007, the said decision of the General Assembly had to define, in particular, the highest number of shares to be issued, which according to the law could not exceed 1/10 of existing shares, if the beneficiaries exercise the right to purchase shares, the price and the terms for providing shares to beneficiaries. In addition, and in accordance to prior form of article 13 par. 9, C.L. 2190/1920, the Board of Directors could decide on any other relevant detail, which was not settled by the General Assembly, issued option certificates and in December of each year it issued shares to any beneficiaries exercising their right, by increasing the share capital accordingly and certifying the relevant increase.

Within the framework of the above legislative provisions, as applicable at the time, the General Assembly of shareholders dated 30.06.2006 established a placement plan for 2,800,000 shares, to be implemented during the years 2007-2011, defining the objectives, at the price of € 5.36 and in accordance with the particular provisions of the various decisions of the BoD. On the basis of the authorization received from the General Assembly, the BoD implemented in 2007, a stock option plan, according to which 317,149 options to purchase shares were exercised by the beneficiaries, at the price of € 5.36, while the total capital raised amounted to € 1,699,918.64. On 21/12/2007, the BoD increased the share capital accordingly and certified payment of the share capital

During the Ordinary General Assembly of Shareholders dated 30.06.2006 and the Extraordinary General Assembly of Shareholders dated 10.08.2007, which amended the Decision dated 30.06.2006, as well as the relevant Article of the Regulation for the operation and participation in the Stock Option Plan, the Company's Shareholders decided that in case of a change in control in the Company based on the provisions of article 4 of L.703/1977, the stock option rights granted to the beneficiaries of the stock option plan decided by the General Assembly dated 30.06.2006 mature, so that the beneficiaries (among which are members of Company's BoD and its affiliated companies, General Directors, Directors, Heads of Services and Departments as well as other company executives) have the right to exercise their rights

at an earlier date than the prescribed and agreed dates of exercise, as these are defined at any given time by the BoD.

Such a change in control took place on the 14th February 2008, as a result of the acquisition by Forgado of 8.158.912 shares with equal voting rights (amounting to 20,997% of the share capital of the Company at that date). With its relevant decision dated 22.04.2008 the Board of Directors asserted the maturity of the total stock option plan of 2,800,000 shares, and the right of its beneficiary to prematurely exercise the total of their rights. In accordance with the relevant decision, the exercise of the said rights by the beneficiaries may be realised every three months, and until the date of termination of the program (i.e. from 1.06.2008 till 20.12.2012). With its decision dated 04.08.2008, and as a result of the share capital increase decided by the Extraordinary General Assembly of Shareholders dated 14.05.2008, the Board of Directors asserted the readjustment of the strike price as well as of the number of options to purchase shares granted to the beneficiaries within the framework of the stock option plan decided by the Ordinary General Assembly of Shareholders dated 30.06.2006, valid as amended by the Extraordinary General Assembly of Shareholders dated 10.08.2007. In particular, the BoD asserted that the strike price was readjusted from 5.32 euros to 3.89 euros, while the number of option shares entitled by each beneficiary is a multiple factor of 1.3663535. Due to the lack of interest until today by the beneficiaries of the above plan to exercise their rights, there was no need for the Board to follow the procedure of share capital increase.

- c. In accordance with the provisions of article 13 par. 14, C.L.2190/1920, as amended by L. 3604/2007, the General Assembly can decide, in accordance with the provisions of par. 3 and 4 of article 29 and of par. 2 of article 31 and subject to the publication formalities of article 7b, to authorize the Board of Directors to establish a stock option plan in accordance with par. 13 of article 13 of C.L.2190/1920, by increasing if needed the share capital and by taking all relevant decisions. Such authorization is valid for five (5) years, unless the General Assembly defines a shorter time of validity and is independent of the powers of the Board of Directors of par. 1 of article 13. The decision of the Board of Directors is taken under the terms of par. 1 and with the limitations of par. 13 of article 13.

Within the framework of the above legislative provisions, the Extraordinary General Assembly dated 14.05.2008 approved the assignment for a five-year-period from the date of the General Assembly to the Board of Directors of the right, with its decision taken with a 2/3 majority of the total of its members, to establish a stock option plan for the personnel and for the Board of Directors of the Company and the companies of the Group, the nominal value of which (shares) should not exceed the 1/10 of the paid-up capital at the date of the Decision of the Board of Directors, in accordance with the provisions of article 13 pars. 13 and 14, C.L. 2190/1920, as amended.

Further to the 14.05.2008 resolution of the Extraordinary General Assembly of the shareholders, which assigned to the Board of Directors, the right to institute a plan for the disposal of shares to the staff and the Boards of Directors of the Group's companies, the Board of Directors, by its 07.04.2009 resolution, created a stock option plan for the disposal of shares of Forthnet S.A to the staff and the members of the company's Board of Director.

The said stock option plan is divided in two parts, according to the following:

A. SHORT-TERM STOCK OPTION PLAN

Due to, on the one hand the very high exercise price of the former plan in relation to the current market value of the company's share and on the other hand the increased number of options that arose by the adjustment due to the increase of the capital share, the plan established by the 30.06.2006 General Meeting, resulted to be unattractive and ineffective according to its purposes. Therefore, the Board of Directors unanimously resolved that the following alternatives should be provided to the beneficiaries of the plan:

- 1a. The Board of Directors proceeded to the Creation of 2,194,812 Stock Options of Forthnet S.A., with exercise price €1.18. Further, these options were disposed pro rata, for the replacement of the 2,992,703 options with exercise price €3.89, that the beneficiaries of the plan 2006-2012 had at their disposal for exercising, on the basis of the 04.08.2008 readjustment in the number of the options and in the exercise price, that was effected as a consequence of the increase of

the Share Capital of the Company, on condition of a voluntary waiver of the options held by the beneficiaries from the existing plan.

- 1b.** The Board of Directors defines that the 30% of the above options, proportionately for each beneficiary, will ipso jure mature on 15.10.2009, while the remaining 70% proportionately for each beneficiary, will ipso jure mature on 15.10.2010. The beneficiaries could exercise these options at their discretion, per calendar quarter, with the commencement date of the exercise, the maturity date and the termination date on December 2011. The capacity of the beneficiary is lost in case of termination of the relation that connects him with the Company, as it is detailed in article 8 of the Stock Option Operation Regulation.
- 2a.** The Board of Directors resolved the granting to the beneficiaries of the Plan 2006-2012, alternatively to 1a and 1b, of the choice to voluntarily waive their options and in consideration to receive a Fee that equals to the number of each beneficiary's options, times the value of €0.60 per option.

Finally all the above beneficiaries of the above stock options, decided to waive their rights to the options grants and instead receive the Fee.

B. LONG TERM STOCK OPTION PLAN

The Board of Directors, within the bounds of the guidelines and objectives of the General Assembly of the Shareholders and its resolutions for the creation of motives, in order the targets of the business plan of the Company to be achieved resolved on the following:

- I.** It proceeded on the 07.04.2009 with the Creation of 5,440,096 Options that correspond to 5,440,096 shares in favour of the Beneficiaries, with an exercise price €1,18 as it is set forth and is defined:
 - i.** For the 2,331,470 Options
 - 1) It defined the year 2011, as the vesting year of 2,331,470 Options, on condition that the criteria-targets for the year 2010 will have been achieved, according to the BoD resolutions for the definition of the criteria-targets. The exercise of these options may be realized during the periods that Law defines until 31.12.2014.
 - ii.** For the 3,108,626 Options
 - 1) It defined the year 2012, as the vesting year of 3,108,626 Options, on condition that the criteria-targets for the year 2011 will have been achieved, according to the BoD resolutions for the definition of the criteria-targets. The exercise of these options may be realized during the periods that Law defines until 31.12.2014.

The beneficiaries may be included in one of the categories below, according to the of the BoD resolutions:

1. The category that includes the members of the Boards of Directors of the Company and the affiliated companies according to the above and General Managers, Managers.
2. The category that includes other executives of the Company, the contribution, duties, critical post and the responsibility of the post of whom, are considered a key factor for the achievement of the Company's objectives, and their stay in its resources is necessary.

II. The BoD reserved its right to grant 3,552,454 Options for the term of the Plan 2009-2016, as well as of the remaining options that will arise by a voluntary waiver of the beneficiaries of the plan 2006-2012 and any options that will not be disposed from the as above short-term Plan on the basis of the criteria and targets, defined each time by the Board of Directors. The Creation of the Options will be effected through individual resolutions of its and their exercise will be possible, only if the as above targets will have been materialized. The exercise of the Options will be effected according to the provisions in force.

d. The General Assembly of shareholders of 13/06/2008, on the basis of **par. 5 et seq., Article 16, C.L. 2190/1920**, as amended by L. 3604/2007, decided and approved the possibility of purchasing up to 3,885,783 own shares, amounting to 10% of the paid-up share capital, at a minimum price of €0.30 and a maximum of €15; the General Assembly also defined the total time period for purchasing the above own shares at twenty four (24) months from the date of the General Assembly. In addition, the General Assembly dated 13.06.2008 authorized the Board of Directors to decide on the various time periods for purchasing own shares and the respective number of shares, and also to undertake any other acts in accordance with the law and within the framework of the above mandate.

The Board of Directors has not yet exercised this power.

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

There are no agreements, coming into force, being amended or terminating in the case of a change in the control of the Company, following a public offer.

(j) Agreements with members of the Board of Directors or Company staff

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 within the contracts of the Chief Executive Officer and certain higher management executives, payment of additional compensation is foreseen upon contract termination, in the case of contract termination for which the aforementioned persons are not liable or in case of forced resignation. The relevant obligation has been included in the provisions for staff compensation.

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR'S 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 for Telecommunications 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, 2010 and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2010 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 opinion, we draw attention to Note 4 to the separate and consolidated financial statements which indicate that, at December 31, 2010, the Group's current liabilities exceeded its current assets and, accordingly, it may not be able to meet part of its contractual principal repayment obligations under its long-term loan agreements. In addition, it is possible that the Group may not be in compliance with certain of its loan covenants in 2011. As further discussed in Note 4, the Group has initiated discussions to refinance its principal obligations under its existing loan agreements maturing in 2011 and 2012 and also revise the related loan covenants. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

- (a) The Director's Report includes the statement of Corporate Governance, which comprises the information as defined by paragraph 3d of article 43a, of Codified Law 2190/1920.
- (b) We confirm that the information given in the Directors' Report is consistent with the accompanying separate and consolidated financial statements in the context of the requirements of articles 43a, 108 and 37 of C. L. 2190/1920.

Athens, March 15, 2011

The Certified Auditors Accountants

CHRISTODOULOS SEFERIS
R.N. ICA (GR) 23431

STAVROS SALOUSTROS
R.N. ICA (GR) 14611

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

 **ERNST & YOUNG**

SOL S.A.
CERTIFIED AUDITORS
SOEL REG No: 125


ΟΡΚΩΤΟΙ ΛΟΓΙΣΤΕΣ
 Crowe Horwath

ANNUAL FINANCIAL STATEMENTS

for the year ended
December 31, 2010

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	The Group		The Company	
		01.01- 31.12.2010	01.01- 31.12.2009	01.01- 31.12.2010	01.01- 31.12.2009
Revenues	5	404,002,620	371,767,395	214,738,540	169,297,218
Cost of sales	10	(356,734,716)	(320,627,535)	(170,208,735)	(153,509,528)
Gross profit		47,267,904	51,139,860	44,529,805	15,787,690
Selling and distribution expenses	10	(57,770,622)	(48,889,780)	(50,314,065)	(33,094,734)
Administrative expenses	10	(31,444,356)	(27,408,082)	(13,086,197)	(9,250,372)
Research and development expenses	10	(998,755)	(1,792,128)	(998,755)	(1,792,128)
Impairment of goodwill	12	(18,670,000)	-	-	-
Other income	30	5,849,827	5,217,357	5,077,823	5,122,591
Share of profits of associates accounted for under the equity method	12	(46,246)	(989)	-	-
Financial income	9	2,118,153	1,359,421	207,150	272,225
Financial expenses	9	(26,470,690)	(20,146,095)	(4,680,006)	(3,903,611)
Loss before income taxes		(80,164,785)	(40,520,436)	(19,264,245)	(26,858,339)
Income taxes	11	(6,663,648)	(662,336)	(10,725,189)	1,022,230
Loss after tax (A)		(86,828,433)	(41,182,772)	(29,989,434)	(25,836,109)
Other total comprehensive income after tax (B)		-	-	-	-
Total comprehensive losses after tax (A)+(B)		(86,828,433)	(41,182,772)	(29,989,434)	(25,836,109)
Loss for the period attributable to:					
Shareholders of the Parent Company		(85,098,182)	(40,679,908)	(29,989,434)	(25,836,109)
Non-controlling interests		(1,730,251)	(502,864)	-	-
		(86,828,433)	(41,182,772)	(29,989,434)	(25,836,109)
Total comprehensive income for the period attributable to:					
Shareholders of the Parent Company		(85,098,182)	(40,679,908)	(29,989,434)	(25,836,109)
Non-controlling interests		(1,730,251)	(502,864)	-	-
		(86,828,433)	(41,182,772)	(29,989,434)	(25,836,109)
Loss per share (Basic and diluted)	32	(0.5475)	(0.2617)	(0.1929)	(0.1662)
Weighted Average Number of Shares (Basic)		155,431,324	155,431,324	155,431,324	155,431,324
Weighted Average Number of Shares (Diluted)		155,431,324	155,431,324	155,431,324	155,431,324

The accompanying notes are an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	Notes	The Group		The Company	
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
ASSETS					
Non current assets					
Property, plant and equipment	13	311,814,651	305,357,127	170,553,382	179,268,579
Intangible assets	14	215,789,271	241,364,207	19,794,317	15,645,799
Goodwill	12	268,022,695	286,692,695	512,569	512,569
Investments in subsidiaries	12	-	-	289,889,228	289,313,232
Investments in associates accounted under the equity method	12	22,049	68,295	44,500	44,500
Other non-current assets		7,270,459	1,913,426	5,608,127	264,741
Available for sale financial assets	15	402,395	379,877	340,064	330,149
Deferred tax assets	11	25,292,663	34,232,303	14,844,448	25,569,637
Total non current assets		828,614,183	870,007,930	501,586,635	510,949,206
Current assets					
Inventories	17	6,708,194	5,537,891	2,254,877	2,269,943
Programme and film rights	16	47,129,081	43,547,921	-	-
Trade receivables	18	68,314,880	54,219,167	41,064,974	28,992,837
Prepayments and other receivables	19	29,222,997	30,805,266	9,227,596	17,858,073
Due from related companies	34	26,693	354,007	44,288,644	2,141,214
Financial assets at fair value through profit or loss		40,188	53,847	-	-
Financial instruments		25,820	-	-	-
Cash and cash equivalents	20	36,418,891	79,549,226	18,329,631	40,621,678
Restricted cash	20	1,964,500	-	1,964,500	-
Total Current Assets		189,851,244	214,067,325	117,130,222	91,883,745
TOTAL ASSETS		1,018,465,427	1,084,075,255	618,716,857	602,832,951
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	21	183,408,963	183,408,963	183,408,963	183,408,963
Share premium		300,981,286	300,981,286	300,981,286	300,981,286
Other reserves	22	14,385,588	13,651,442	13,735,754	13,028,772
Accumulated deficit		(238,472,223)	(153,470,168)	(168,001,310)	(138,011,876)
Total		260,303,614	344,571,523	330,124,693	359,407,145
Non-controlling interests		2,497,831	3,886,038	-	-
Total equity		262,801,445	348,457,561	330,124,693	359,407,145
Non current liabilities					
Long-term borrowings	24	286,494,821	330,890,404	89,473,548	109,349,677
Long-term transponder leases	26	129,204,080	111,553,434	-	-
Other long-term leases	25	1,758,393	1,940,634	1,758,393	1,918,167
Other long-term liabilities		5,562,263	154,900	5,562,262	154,900
Long-term programmes and film rights obligations	27	817,971	1,752,073	-	-
Reserve for staff retirement indemnities	31	4,017,099	3,689,562	1,955,921	1,711,452
Government grants	30	19,193,338	22,500,536	18,603,337	21,850,605
Deferred tax liability	11	39,277,595	46,733,989	-	-
Total Non-Current Liabilities		486,325,560	519,215,532	117,353,461	134,984,801
Current Liabilities					
Trade accounts payable	28	98,601,452	102,023,567	56,628,103	52,534,630
Due to related companies	34	1,890,670	509,154	51,769,270	8,799,802
Short-term borrowings	24	1,419,258	1,112,127	-	-
Current portion of long-term borrowings	24	45,144,000	20,144,000	20,000,000	10,000,000
Deferred income	3	40,564,124	37,566,425	18,554,874	15,840,517
Current portion of transponder leases	26	14,987,713	10,402,563	-	-
Current portion of other leases	25	182,241	182,411	159,774	150,057
Current portion of programmes and film rights obligations	27	12,114,042	11,099,960	-	-
Income tax payable		5,169,309	5,529,165	200,000	200,000
Accrued and other current liabilities	29	49,265,613	27,832,790	23,926,682	20,915,999
Total Current Liabilities		269,338,422	216,402,162	171,238,703	108,441,005
Total Liabilities		755,663,982	735,617,694	288,592,164	243,425,806
TOTAL LIABILITIES AND EQUITY		1,018,465,427	1,084,075,255	618,716,857	602,832,951

The accompanying notes are an integral part of these Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2010

	Attributable to equity holders of the parent company				Non-controlling Interests		Total Equity
	Share capital	Share premium	Other reserves	Accumulated deficit	Total		
The Group							
Total Equity at beginning of period January 1, 2009	183,408,963	300,981,286	12,864,883	(112,790,260)	4,388,902		388,853,774
Total comprehensive loss after income taxes for the year (continuing and discontinuing operations)	-	-	-	(40,679,908)	(502,864)		(41,182,772)
Stock option plan	-	-	786,559	-	-		786,559
Total Equity at December 31, 2009	183,408,963	300,981,286	13,651,442	(153,470,168)	3,886,038		348,457,561
Total Equity at beginning of period January 1, 2010	183,408,963	300,981,286	13,651,442	(153,470,168)	3,886,038		348,457,561
Total comprehensive loss after income taxes for the year (continuing and discontinuing operations)	-	-	-	(85,098,182)	(1,730,251)		(86,828,433)
Stock option plan	-	-	706,982	-	-		706,982
Increase in share capital of subsidiary through absorption	-	-	-	123,291	342,044		465,335
Transfer to non distributable reserve (Statutory Reserve)	-	-	27,164	(27,164)	-		-
Total Equity at December 31, 2010	183,408,963	300,981,286	14,385,588	(238,472,223)	2,497,831		262,801,445
The Company							
Total Equity at beginning of period January 1, 2009	183,408,963	300,981,286	12,242,213	(112,175,767)			384,456,695
Total comprehensive loss after income taxes for the year (continuing and discontinuing operations)	-	-	-	(25,836,109)			(25,836,109)
Stock option plan	-	-	786,559	-			786,559
Total Equity at December 31, 2009	183,408,963	300,981,286	13,028,772	(138,011,876)			359,407,145
Total Equity at beginning of period January 1, 2010	183,408,963	300,981,286	13,028,772	(138,011,876)			359,407,145
Total comprehensive loss after income taxes for the year (continuing and discontinuing operations)	-	-	-	(29,989,434)			(29,989,434)
Stock option plan	-	-	706,982	-			706,982
Total Equity at December 31, 2010	183,408,963	300,981,286	13,735,754	(168,001,310)			330,124,693

The accompanying notes are an integral part of these Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	The Group		The Company	
	01.01- 31.12.2010	01.01- 31.12.2009	01.01- 31.12.2010	01.01- 31.12.2009
Cash flows from Operating Activities				
Loss before income taxes	(80,164,785)	(40,520,436)	(19,264,245)	(26,858,339)
Adjustments for:				
Depreciation and amortisation	105,358,142	88,877,544	55,849,523	44,487,381
Amortisation of subsidies	(3,307,199)	(3,118,791)	(3,247,269)	(3,047,949)
Gains/losses on disposal of tangible and intangible assets	(30,442)	50,292	(9,076)	57,547
Financial (income)/expenses	24,352,537	18,786,674	4,472,856	3,631,385
Impairment of goodwill	18,670,000	-	-	-
Share of profits of associates accounted for under the equity method	46,246	989	-	-
Allowance for doubtful accounts receivable	5,980,043	4,271,241	4,884,190	3,183,931
Provision for staff retirement indemnities	1,342,454	1,135,363	444,067	387,272
Other provisions	1,209,204	1,491,331	1,181,669	786,559
Operating profit before working capital changes	73,456,200	70,974,207	44,311,715	22,627,787
(Increase)/Decrease in:				
Inventories	(1,678,767)	1,308,782	(459,621)	(410,544)
Trade accounts receivable and amounts due from related companies	(19,748,442)	(4,457,092)	(59,103,757)	(3,497,512)
Programme and film rights	(3,501,180)	(22,130,410)	-	-
Prepayments and other receivables	(2,590,417)	2,770,590	4,130,477	4,422,027
Increase/(Decrease) in:				
Trade accounts payable and amounts due from related companies	(2,040,599)	8,518,821	49,415,374	4,989,183
Deferred income	2,997,699	176,475	2,714,357	3,458,210
Accrued and other current liabilities	19,186,157	16,429,294	2,978,440	17,418,816
Interest paid	(21,925,404)	(20,080,789)	(4,556,135)	(4,785,687)
Income taxes paid	(5,542,994)	(11,919,862)	-	(390,837)
Payment of staff retirement indemnities	(1,014,917)	(603,060)	(199,598)	(200,722)
Increase in other non-current assets	(5,357,033)	(608,396)	(5,343,386)	(24,720)
Increase in other long-term liabilities	5,407,362	119,900	5,407,362	119,900
Net cash from Operating Activities	37,647,665	40,498,460	39,295,228	43,725,901
Cash flow from Investing activities				
Capital expenditure for property, plant and equipment and intangible assets	(57,344,940)	(74,336,191)	(53,660,603)	(69,269,467)
Disposals of property, plant and equipment and intangible assets	94,824	72,083	65,731	40,583
Increase in participation in subsidiaries	-	-	(575,996)	-
Absorption of entity by subsidiary	465,335	-	-	-
Increase in investments in associates and other financial assets	(34,679)	-	(9,000)	-
Government grants received	4,500,000	16,329,348	4,500,000	16,329,348
Interest and related income received	628,668	1,280,054	207,150	272,225
Investment in subsidiary	-	-	-	(199,998)
Restricted cash	(1,964,500)	-	(1,964,500)	-
Net cash used in Investing Activities	(53,655,292)	(56,654,706)	(51,437,218)	(52,827,309)
Cash flows from Financing Activities				
Proceeds from long-term borrowings	-	35,000,000	-	35,000,000
Repayment of long-term borrowings	(20,144,000)	(10,000,000)	(10,000,000)	-
Net change in short-term borrowings	307,131	-	-	-
Net change in leases	(7,285,839)	(8,805,388)	(150,057)	(140,930)
Net cash (used in)/from Financing Activities	(27,122,708)	16,194,612	(10,150,057)	34,859,070
Net increase/(decrease) in cash and cash equivalents	(43,130,335)	38,366	(22,292,047)	25,757,662
Cash and cash equivalents at the beginning of period	79,549,226	79,510,860	40,621,678	14,864,016
Cash and cash equivalents of the end of period	36,418,891	79,549,226	18,329,631	40,621,678

The accompanying notes are an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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 in 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 October 2000, Forthnet's shares were listed on the Athens Stock Exchange.

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 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, Telematics/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.

On February 14, 2008, Forgado Ltd, which is based in Cyprus, acquired a participating interest of 21% of Forthnet's share capital. Forgado's participation increased at December 31, 2010 to 40.95% in Forthnet's share capital (December 31, 2009: 37.10%).

The accompanying financial statements for the year ended December 31, 2010, include the financial statements of Forthnet and its subsidiaries, Forth CRS S.A. Telemedicine Technologies S.A., Forthnet Media Holdings S.A., Shipping Clearance S.A., NetMed N.V., Intervision (Services) B.V., Dikomo Investment Sarl (Luxembourg), Tiledrasi S.A. (Luxembourg), Multichoice Holdings (Cyprus) Ltd, Multichoice (Cyprus) Public Company Ltd, Multichoice Hellas S.A. and NetMed S.A.

For the year ended 2009 the accompanying financial statements included the financial statements of Myriad Development B.V., NetMed Hellas S.A., Syned S.A. and Ad Value S.A. NetMed Hellas S.A. and Syned S.A. were absorbed by Forthnet Media Holdings S.A., while Myriad Development B.V. was absorbed by NetMed B.V.

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.

Shipping Clearance S.A. was incorporated in Greece in November 2007. Shipping Clearance S.A.'s principle activities are the provision of integrated calculation, settlement and payment of accounts and other services for all types of shipping and other transportation tickets.

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.

Forthnet Media Holdings S.A. is a holding company and was incorporated in April 2008 and its principle activities are the acquisition and management of investments in other legal entities that are engaged in the electronic communications and media sectors.

On August 27, 2008, Forthnet completed the acquisition of all shares in NetMed N.V. and Intervision (Services) B.V. through its 100% subsidiary "Forthnet Media Holdings S.A.", against payment of a total consideration of € 491,653,113 (Note 12).

On June 15, 2009, Forthnet Media Holdings S.A. completed the acquisition of 100% of all shares of Tiledrasi S.A. from Myriad Development B.V., a Group company, for an amount of € 140,000.

On April 23, 2010, NetMed Hellas S.A. main shareholders, NetMed N.V. and Myriad Development B.V, transferred 100% of their shares to Forthnet Media Holdings S.A.

On April 29, 2010, the dissolution of Ad Value S.A. was completed.

On July 30, 2010, Forthnet Media Holdings S.A. absorbed its 100% owned subsidiary NetMed Hellas S.A. The absorption was completed in compliance with articles 78 and 69-77 of L. 2190/1920 combined with L. 1297/1972 and effective date as at December 31, 2009.

On September 30, 2010, Forthnet Media Holdings S.A. absorbed its 100% owned subsidiary Synergistic Network Developments S.A. The absorption was completed in compliance with articles 78 and 69-77 of L. 2190/1920 combined with L. 1297/1972 and effective date as at May 31, 2010.

On August 26, 2010 the merger of NetMed N.V. and Myriad Development B.V. was approved with effect from December 12, 2009, by the absorption of the latter by NetMed N.V.

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

Entity name	Date of incorporation	Country of incorporation	Operating activities
NetMed N.V.	January 12, 1996	Netherlands	Holding company
MultiChoice Hellas S.A.	September 14, 1994	Greece	The Company compiles and operates the Nova bouquet, distributes decoders, manages the analogue and digital subscriber base and markets and sells NetMed Group's digital and analogue Pay-TV services in Greece.
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	December 20, 1999	Cyprus	Holding company
MultiChoice (Cyprus) Public Company Limited	November 13, 1993	Cyprus	The Company acts as an agent for MultiChoice Hellas S.A. in Cyprus by entering into subscriber agreements, collecting subscriptions and providing SMS to subscribers to a digital Nova Cyprus bouquet on behalf of MultiChoice Hellas S.A.
Dikomo Investment Sarl	June 18, 2003	Luxembourg	Holding company
Tiledrasi S.A.	June 18, 2003	Luxembourg	Holding company
Intervision (Services) B.V.	January 1996	Luxembourg	content acquisition services

The Group's number of employees at December 31, 2010, amounted to 1,545, while that of the Company to 862. At December 31, 2009, the respective number of employees was 1,472 for the Group and 847 for the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

(a) Basis of Preparation of Financial Statements:

The principal accounting policies adopted in the preparation of the accompanying financial statements are consistent with those adopted during the preparation of the annual Financial Statements as at December 31, 2009 with the exception of the accounting policy which follows regarding the adoption of business combinations as from January 1, 2010 and is described in paragraph (a):

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

These financial statements have been prepared under the historical cost convention except for the valuation of available for sale financial assets and financial assets at fair value through profit or loss (including derivative financial instruments), at fair value.

The preparation of financial statements, in accordance with International Financial Reporting Standards (IFRS), requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies which have been adopted. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(c).

Certain line items of the previous year/period financial statements were reclassified in order to conform to the current period's presentation.

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2010. Their adoption has had no effect on the financial statements of the Group or the Company:

- **IFRIC 17** Distributions of Non-cash Assets to Owners
- **IAS 39** Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items
- **IFRS 2** Group Cash-settled Share-based Payment Transactions (Amended)
- **IFRS 3** Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
- **Improvements to IFRSs (May 2008)** All amendments issued are effective as at December 31, 2009, apart from the following: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively.
- **Amendments resulting from improvements to IFRSs (April 2009) to the following standards which had or did not have an effect on the accounting policies, financial position or performance of the Group and the Company**
 - **IFRS 2** Share-based Payment
 - **IFRS 5** Non-current Assets Held for Sale and Discontinued Operations
 - **IFRS 8** Operating Segment Information
 - **IAS 1** Presentation of Financial Statements
 - **IAS 7** Statement of Cash Flows
 - **IAS 17** Leases
 - **IAS 18** Revenue
 - **IAS 36** Impairment of Assets
 - **IAS 38** Intangible Assets
 - **IAS 39** Financial Instruments: Recognition and Measurement
 - **IFRIC 9** Reassessment of Embedded Derivatives
 - **IFRIC 16** Net foreign Investment Compensation

Standards issued but not yet effective and not early adopted

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**

The interpretation is effective for annual periods beginning on or after 1 July 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Group and the Company do not expect that the amendment will have impact on the financial position or performance.

- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)**

The amendment is effective for annual periods beginning on or after 1 January 2011. The purpose of this amendment was to permit entities to recognise as an asset some voluntary prepayments for minimum funding contributions. This Earlier application permitted and must be applied retrospectively. The Group and the Company do not expect that the amendment will have impact on the financial position or performance.

- **IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement**

The new standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard 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 the financial position or performance.

- **IAS 32 Classification on Rights Issues (Amended)**

The amendment is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively. The Group and the Company do not expect that the amendment will have impact on the financial position or performance.

- **IAS 24 Related Party Disclosures (Revised)**

The revision is effective for annual periods beginning on or after 1 January 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. The Group and the Company do not expect that the amendment will have impact on the financial position or performance.

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning July 1, 2010. Early application is permitted in all cases and this annual improvements project has not yet been endorsed by the EU.

- **IFRS 1 First-time adoption**, effective for annual periods beginning on or after January 1, 2011.
This improvement clarifies the treatment of accounting policy changes in the year of adoption after publishing an interim financial report in accordance with IAS 34 Interim Financial Reporting, allows first-time adopters to use an event-driven fair value as deemed cost and expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities.
- **IFRS 3 Business Combinations**, effective for annual periods beginning on or after July 1, 2010.
This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

Moreover, this improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

Finally, it requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.

- **IFRS 7 Financial Instruments: Disclosures**, effective for annual periods beginning on or after 1 January 2011.
This improvement gives clarifications of disclosures required by IFRS 7 and emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.
- **IAS 1 Presentation of Financial Statements**, effective for annual periods beginning on or after 1 January 2011.
This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
- **IAS 27 Consolidated and Separate Financial Statements**, effective for annual periods beginning on or after 1 July 2010.
This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.
- **IAS 34 Interim Financial Reporting**, effective for annual periods beginning on or after 1 January 2011.
This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.

- **IFRIC 13 Customer Loyalty Programmes**, effective for annual periods beginning on or after 1 January 2011.

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended)

The amendment is effective for annual periods beginning on or after 1 July 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments broadly align the relevant disclosure requirements of IFRSs and US GAAP. This amendment has not yet been endorsed by the EU. The Group and the Company do not expect that this amendment will have an impact on the financial position or performance, however additional disclosures may be required.

IAS 12 Deferred tax: Recovery of Underlying Assets (Amended)

The amendment is effective for annual periods beginning on or after 1 January 2012. This amendment concerns the determination of deferred tax on investment property measured at fair value and also incorporates SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim of this amendment is to include a) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and b) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. This amendment has not yet been endorsed by the EU. The Group and the Company do not expect that this amendment will have an impact on the financial position or performance.

(b) Approval of Financial Statements:

The Board of Directors of Forthnet approved the separate and consolidated financial statements for the period ended at December 31, 2010, on March 15, 2011. The abovementioned financial statements are subject to the final approval of the General Assembly of the Shareholders.

(c) Significant Accounting Judgements and 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.

- (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. The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.
- (c) **Depreciation rates:** 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.
- (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 3j).
- (e) **Impairment of goodwill and intangible assets:** The Group tests annually 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. 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.
- The Group tests annually whether goodwill has been impaired (Note 12). The recoverable amounts of cash-generating units have been determined on the basis of value-in-use calculations, which require the use of estimates.
- Moreover, other recognisable intangible assets of infinite useful lives not subject to amortisation are tested annually for any impairment by comparing the carrying amount with the recoverable amount. Intangible assets of finite useful lives are tested for impairment whenever an impairment indicator exists.
- (f) **Deferred tax assets:** Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits together with future tax planning strategies.
- (g) **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.

3. PRINCIPAL ACCOUNTING POLICIES:

- (a) **Basis of Consolidation:** The accompanying consolidated financial statements include 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. 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.

All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The financial statements of the subsidiaries are prepared for the same reporting date with that of the parent company.

Losses of subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

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
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- 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.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between NCI and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at 1 January 2010 have not been restated.

Basis of consolidation from 1 January 2010

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 acquirer measures the non-controlling interest in the acquiree either at fair value or 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.

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.

Paragraph (f) outlines the accounting policy on goodwill.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill. When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

- (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. 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	7.50%-11.11%
Network equipment (Internet and Fixed Telephony)	15%
Network support equipment (LMDS)	10%
Network equipment LLU	20%
Fibre-optic network	6.67%
Transportation assets	10%
Computer hardware	10%-30%
Transmission equipment	8.33%
Furniture and other equipment	7.50%-12.50%

- (f) Goodwill:** Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, at the date of acquisition. Goodwill on acquisitions of subsidiaries is reflected separately in the statement of financial position. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment.

Negative goodwill is recognised where the fair value of the Group's interest in the net assets of the acquired entity exceeds the cost of acquisition and is taken to income immediately.

- (g) 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. Internally generated software includes costs such as payroll, materials and services used and any other expenditure directly incurred in developing computer software and in bringing the software into its intended use.

The Company's intangible assets include the cost of a license for the provision of Fixed Wireless Access Telecommunications of the absorbed company, Mediterranean Broadband Access S.A. The license was awarded in accordance with the decision No. 203/ 10.01.2001 of EETT for a term of fifteen (15) years at a cost of approximately € 8.5 million. The license is being amortised over a period of thirteen (13) years, representing the remaining period of use from the year that the network was operational up to the completion of 15 years.

In addition, the Group capitalises the subscriber acquisition costs for ULL services 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.

Patents, brand names, trademarks, title rights, concession rights, software and other similar intangible assets acquired are capitalised at cost. Intangible assets with indefinite useful lives are not amortised, but tested annually for impairment and carried at cost less accumulated impairment losses. Intangible assets with finite useful lives are being amortised using the straight-line method over their estimated useful lives. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where the carrying amount exceeds the recoverable amount. 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	3-3
Fixed wireless access license	13
Subscriber acquisition cost	1
Reputation and customer base	2-5
Brand name	15
Customer Relationships	15
Beneficial Greek Superleague Contractual Rights	3
FTA channels carrying agreement	7
Intellectual property rights and patents	15

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.

- (h) 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.

- (i) 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.

- (j) **Impairment of Assets:** With the exception of goodwill and other intangible assets with indefinite useful life which is 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 net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset 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 level 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. Probable impairment of goodwill is not reversed.

- (k) **Investments and Other (primary) Financial Assets:** (Primary) Financial assets which fall within the scope of IAS 39 are classified based on their nature and characteristics in the following three categories:

- Financial assets at fair value through profit and loss,
- Loans and receivables,
- Available-for-sale financial assets.

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 after initial recognition and, where allowed the designation is re-assessed periodically.

- (i) Financial assets at fair value through profit and loss:

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in income.

- (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 when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

- (iii) Available-for-sale financial assets:

Available-for-sale financial assets (primary) 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. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

The available for sale financial assets for which their fair value cannot be measured reliably, are carried at cost less any impairment in accordance to IAS 39.

- (l) **Inventories:** Inventories are stated 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.
- (m) **Trade and Other Accounts Receivables:** Trade accounts receivable, which generally have 30-120 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.
- (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) **Loan Agreements:** 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.
- (q) **Stock Option Plan:** The Group has established stock option plans for its employees. The cost of the respective transactions is measured at the fair value of the stock or stock options as of the date of the approval of the plans by the management which is considered the granting date. The fair value is measured through the application of the appropriate valuation models.

The cost of the stock option plans is recognised during the period the requirements are gradually fulfilled and which ends at the date the executives participating in the plan have vested their rights of exercise/purchase of stock (vesting date). For options that are not vested, no expense is recognised except for the options whose vesting depends on the fulfilment of specific external market parameters. Options are considered to be vested when all the performance requirements have been fulfilled independent of the fulfilment of the external market parameters.

In case of cancellation of any stock option plans, these are accounted for as if they were vested at the date of cancellation and the non-recognised expenses to date are immediately recognised to the statement of comprehensive income. In case a cancelled stock option plan is substituted by a new one, it is treated as an amendment of the cancelled plan.

- (r) **Leases:** Finance leases, which 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.

- (s) **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 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.

- (t) **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.

- (u) **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.

- (v) Derivatives:** The Group uses derivatives to reduce its exposure to variations in foreign currency exchange rates. The forward exchange contracts protect the Group from these variations. It is the Group's policy not to deal with derivatives for speculative purposes.

Derivatives are recognized 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 recognized in the statement of comprehensive income immediately.

- (w) 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 carried out 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. Revenue is recognised according to the month that the service is provided. 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 recognized with the transmission.

Billed revenue which has been deferred and will be recognised as income in subsequent periods for the Group and the Company at December 31, 2010, amounted to € 45,869,386, and € 23,860,136 (€ 5,305,262 long-term portion), respectively, (at December 31, 2009, amounted to € 37,566,425 and € 15,840,517 for the Group and the Company, respectively).

Unbilled revenues for the Group and the Company at December 31, 2010, amounted to € 4,526,225 and € 4,213,844, respectively (at December 31, 2009, amounted to € 2,463,148, for the Group and the Company).

- (x) **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).

- (y) **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. Net pension costs for the period are included in payroll in the accompanying statement of comprehensive income and consist of the present value of benefits earned in the period, interest cost on the benefit obligation, prior service cost, actuarial gains or losses and the cost of additional pension charges. Past service costs are recognised on a straight-line basis over the average period until the benefits under the plan become vested. Actuarial gains or losses are recognised based on the corridor approach over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year it exceeds 10% of the projected benefit obligation. The retirement benefit obligations are not funded.

- (z) **Operating Segment Reporting:** The Group mainly provides telecommunication services and pay-tv services and operates in Greece. The Group presents the required segment information using as a criteria the services provided. The operating segments are organised and managed separately according to the nature of the services provided with each segment representing a strategic business unit that offers different services.

The telecommunication services segment provides mainly fixed telephony and internet services.

The pay-tv segment includes the provision of premium sports, movie and entertainment channels through digital satellite and terrestrial analogue platforms.

Transactions between business segments are at arm's length basis in a manner similar to transactions with third parties.

- (aa) **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.

- (ab) **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.

(ac) 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.

4. GOING CONCERN:

The Company may be unable to meet part of its contractual principal repayment obligations for 2011 as evidenced by the fact that, as at December 31, 2010 consolidated current liabilities exceeded current assets by approximately €79 million. In addition, the Company may not be in compliance with certain of its loan covenants for the year.

In the light of this potential eventuality, Management initiated discussions with its lending syndicates in late 2010, with a view to refinance its maturing stock of debt. On December 30, 2010, a leading relationship bank offered to arrange, on a best efforts basis, a refinancing whereby two new bond loans (one for Forthnet SA and one for FMH SA) amounting to €100 million would be raised from among the existing syndicate of lending banks in order to prepay €90 million of principal repayments maturing over the period 2011-2012. Repayment of these new bond loans would start on December 31, 2013 and spread until June 30, 2017. The new bond loans are offered on the basis of a new set of financial covenants which are forecast to accommodate the Company's decelerated pace of debt repayment over the next two years. These financial covenants are also meant to be adopted by the bank syndicates for the existing bond loans as well. The refinancing was formally launched at the end of January 2011 and the Company has already made a formal waiver request for the payment of its first quarter principal instalments as part of its process. Discussions for bank commitments, though not completed as at the date hereof, are at an advanced stage.

In the light of the above Management initiatives, the separate and consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Accordingly, 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 be unable to continue as a going concern.

This fact notwithstanding, the inability of the Company successfully to complete the refinancing outlined above with the prescribed terms and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

5. REVENUES:

Revenues in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	December 31		December 31	
	2010	2009	2010	2009
Operating Revenues				
Direct Retail Services	336,144,075	296,414,210	150,552,971	111,347,301
Bundled services (2play)	125,645,704	93,994,384	125,645,704	93,994,384
Telephony	20,983,846	12,154,110	20,983,846	12,154,110
ADSL	3,923,421	5,198,807	3,923,421	5,198,807
Pay-TV Revenues	185,591,104	185,066,909	-	-
Indirect Retail Services	8,209,455	19,011,317	8,209,455	19,011,317
Telephony	3,465,655	12,012,004	3,465,655	12,012,004
ADSL	4,090,619	5,473,328	4,090,619	5,473,328
Other	653,181	1,525,985	653,181	1,525,985
Direct Business Services	36,409,748	25,214,064	37,241,184	25,214,064
E-business	3,409,963	5,470,433	3,836,621	5,470,433
Pay-TV Advertising Revenue	7,104,945	9,116,149	-	-
Forth CRS	3,690,580	3,771,849	-	-
Equipment	6,981,164	6,376,732	3,793,389	3,175,051
Other services	2,052,690	6,392,641	11,104,920	5,079,052
Total Operating Revenues	404,002,620	371,767,395	214,738,540	169,297,218

6. GROUP SEGMENT INFORMATION:

The Group mainly provides telecommunication services and pay-tv services and operates in Greece. The Group presents the required segment information using as a criteria the services provided. The operating segment are organised and managed separately according to the nature of the services provided with each segment representing a strategic business unit that offers different services.

Transactions between business segments are at arm's length basis in a manner similar to transactions with third parties.

The segment information for the years ended 2010 and 2009, is analysed as follows:

2010	Telecommunications	Pay-TV	Eliminations	Total
Revenues	208,544,629	195,457,991	-	404,002,620
Intersegment revenue	11,494,040	3,274,857	(14,768,897)	-
Total Revenue	220,038,669	198,732,848	(14,768,897)	404,002,620
Depreciation and amortization	56,528,715	48,829,427	-	105,358,142
Amortization of subsidies	(3,247,269)	(59,930)	-	(3,307,199)
Profit before interest, taxes and depreciation	28,571,715	17,713,226	-	46,284,941
Profit/(loss) before interest and taxes	(24,709,730)	(31,056,270)	-	(55,766,000)
Loss before taxes	(29,310,008)	(50,854,777)	-	(80,164,785)
Less: income tax	(10,749,015)	4,085,367	-	(6,663,648)
Loss after taxes	(40,059,023)	(46,769,410)	-	(86,828,433)
Total assets	420,425,887	695,211,146	(97,171,606)	1,018,465,427
Capital expenditure	52,631,528	33,765,639	-	86,397,167
Liabilities	293,089,232	558,461,418	(95,886,668)	755,663,982
Goodwill	83,359,167	203,333,528	-	286,692,695
Impairment of goodwill	-	(18,670,000)	-	(18,670,000)
	83,359,167	184,663,528	-	268,022,695
2009	Telecommunications	Pay-TV	Eliminations	Total
Revenues	171,600,598	200,166,797	-	371,767,395
Intersegment revenue	3,116,874	1,412,978	(4,529,852)	-
Total Revenue	174,717,472	201,579,775	(4,529,852)	371,767,395
Depreciation and amortization	45,351,532	43,526,012	-	88,877,544
Amortization of subsidies	(3,047,949)	(70,842)	-	(3,118,791)
Profit before interest, taxes and depreciation	18,304,681	45,720,299	-	64,024,980
Profit/(loss) before interest and taxes	(23,998,902)	2,265,139	-	(21,733,763)
Loss before taxes	(27,723,134)	(12,797,302)	-	(40,520,436)
Less: income tax	1,096,800	(1,759,136)	-	(662,336)
Loss after taxes	(26,626,334)	(14,556,438)	-	(41,182,772)
Total assets	404,457,271	690,475,505	(10,857,521)	1,084,075,255
Capital expenditure	71,336,706	64,837,375	-	136,174,081
Liabilities	247,641,311	498,833,904	(10,857,521)	735,617,694

Financial income and expenses are not allocated to individual segments as they are managed on group basis.

7. PAYROLL COST:

Payroll cost in the accompanying financial statements is analysed as follows:

	The Group		The Company	
	December 31		December 31	
	2010	2009	2010	2009
Wages and salaries	37,668,346	37,426,881	21,534,195	21,318,441
Social security costs (Note 31)	9,044,189	8,804,733	5,317,866	5,176,828
Staff retirement indemnities (Note 31)	1,342,454	1,135,363	444,067	387,272
Stock option plans	706,982	913,226	706,982	913,226
Other staff costs	1,297,899	892,007	991,377	471,482
Total	50,059,870	49,172,210	28,994,487	28,267,249
Less: Amounts capitalised	(3,018,627)	(3,388,683)	(2,776,822)	(2,935,341)
Payroll Cost (Note 10)	47,041,243	45,783,527	26,217,665	25,331,908

8. DEPRECIATION AND AMORTISATION:

Depreciation and amortisation in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Depreciation on buildings	7,314,942	6,184,331	7,180,187	6,163,136
Depreciation on network equipment	37,955,050	34,204,809	23,828,153	22,951,228
Depreciation on transportation equipment	88,299	99,180	6,842	4,791
Depreciation on furniture and equipment	4,139,006	3,075,781	2,376,439	1,982,278
Depreciation on property, plant and equipment (Note 13)	49,497,297	43,564,101	33,391,621	31,101,433
Amortisation on fixed wireless access license	659,219	659,218	659,219	659,218
Amortisation on software and other intangible assets	24,133,317	13,585,917	21,798,683	12,726,730
Amortization of other intangible assets identified from PPA exercise	31,068,308	31,068,308	-	-
Amortisation on intangible assets (Note 14)	55,860,845	45,313,443	22,457,902	13,385,948
Depreciation and amortisation (Note 10)	105,358,142	88,877,544	55,849,523	44,487,381

9. FINANCIAL INCOME / (EXPENSES):

Financial income/(expenses) in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Interest on long-term borrowings (Note 24)	(11,726,077)	(13,681,545)	(3,861,251)	(3,974,117)
Interest on short-term borrowings (Note 24)	(74,156)	(65,457)	(2,683)	(2,261)
Finance charges paid under finance leases	(9,048,306)	(4,784,666)	(126,095)	(123,604)
Bond loan costs	(748,417)	(763,417)	(123,871)	(123,871)
Other financial costs (Note 29)	(4,873,734)	(1,782,295)	(566,106)	(734,914)
Total financial expenses	(26,470,690)	(21,201,251)	(4,680,006)	(4,958,767)
Less: Amounts capitalized	-	1,055,156	-	1,055,156
Total interest paid	(26,470,690)	(20,146,095)	(4,680,006)	(3,903,611)
Interest earned on cash at banks and on time deposits (Note 20)	628,483	1,359,421	207,150	272,225
Other financial income	1,489,670	-	-	-
Total financial income	2,118,153	1,359,421	207,150	272,225
Total financial income/(expenses), net	(24,352,537)	(18,786,674)	(4,472,856)	(3,631,386)

10. ANALYSIS OF EXPENSES:

Expenses (selling, general, administrative, research and development) in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Payroll and related costs (Note 7)	47,041,243	45,783,527	26,217,665	25,331,908
Third party fees and services	51,393,050	49,097,020	27,157,151	23,239,885
Telecommunication costs	100,650,321	79,524,362	100,472,932	79,252,479
Royalties / Licenses	94,185,310	80,418,887	-	-
Taxes and duties	1,852,997	1,049,092	1,604,366	961,430
Sundry expenses	5,755,963	6,132,813	2,221,509	2,119,094
Advertising and promotion costs	21,135,591	26,706,136	10,919,772	11,009,885
Depreciation and amortisation (Note 8)	105,358,142	88,877,544	55,849,523	44,487,381
Allowance for doubtful accounts receivable (Note 18)	5,980,043	4,271,241	4,884,190	3,183,931
Cost of sales of inventory and consumables	13,595,789	16,856,903	5,280,644	8,060,769
Total expenses	446,948,449	398,717,525	234,607,752	197,646,762

The above expenses are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Cost of sales	356,734,716	320,627,535	170,208,735	153,509,528
Selling and distribution expenses	57,770,622	48,889,780	50,314,065	33,094,734
Administrative expenses	31,444,356	27,408,082	13,086,197	9,250,372
Research and development expenses	998,755	1,792,128	998,755	1,792,128
	446,948,449	398,717,525	234,607,752	197,646,762

11. INCOME TAXES:

In accordance with the tax laws, the corporate tax rate which is effective to the Greek corporations through to December 31, 2010 is 24%. Moreover, the corporate tax rate is gradually reduced. More specifically, the tax rate is reduced to 23% for the fiscal year 2011, 22% for the fiscal year 2012, 21% for the fiscal year 2013 and 20% for the fiscal year 2014 and thereafter.

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

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Current income taxes	2,107,215	6,163,129	-	-
Income taxes from prior years	227,972	530,694	-	184,828
Income taxes from unaudited tax years	-	250,000	-	200,000
Special contribution	2,845,215	1,625,728	-	-
Deferred income taxes	1,483,246	(7,907,215)	10,725,189	(1,407,058)
Total income taxes (credit) / debit reflected in the statements of income	6,663,648	662,336	10,725,189	(1,022,230)

With the introduction of Law 3808/2009, a special, one-off contribution was imposed to profitable Greek companies of social responsibility, calculated on the total net income for the year 2008 if that exceeds the amount of € 5 million, based on a progressive scale and had an impact on the results of year 2009.

On May 5, 2010, the Greek Government put in force a Law regarding the exceptional one-off income taxation (L. 3845/2010). According to article 5 an exceptional taxation is applied retroactively to the net income of fiscal year 2009 and has an impact on the financial statements of the year 2010.

Based on the above regulations, the following amount were settled by company:

	Contribution amounts	
	2010	2009
NetMed Hellas A.E.	2,009,080	1,625,728
Multichoice Hellas A.E.	572,721	-
SyNeD A.E.	160,275	-
Forthnet Media Holdings S.A.	6,435	-
NetMed A.E.	96,704	-
	2,845,215	1,625,728

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

	December 31,	
	2010	2009
<u>The Group</u>		
Loss before tax	(80,164,785)	(40,520,436)
Local income tax calculated at the nominal applicable tax rate in effect (24%) (2009: 25%)	(19,239,548)	(10,130,109)
Tax effect of non tax deductible expenses and non taxable income	5,290,882	8,423,045
Reversal of deferred income tax on previously recognized tax losses	441,736	(37,022)
Special contribution	2,845,215	1,625,728
Impairment of deferred tax asset	12,637,526	-
Income taxes from prior years	227,972	530,694
Income taxes from unaudited tax years	-	250,000
Tax effect of change in tax rates	(20,935)	-
Tax effect of non-taxable impairment of goodwill	4,480,800	-
Income tax reported in the statements of comprehensive income	6,663,648	662,336
<u>The Company</u>		
Loss before tax	(19,264,245)	(26,858,339)
Income tax calculated at the nominal applicable tax rate (24%) (2009: 25%)	(4,623,419)	(6,714,585)
Tax effect of non tax deductible expenses and non taxable income	2,711,082	5,307,527
Income taxes from prior years	-	184,828
Income taxes from unaudited tax years	-	200,000
Impairment of deferred tax asset	12,637,526	-
Income tax reported in the statements of comprehensive income	10,725,189	(1,022,230)

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.

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

SUBSIDIARY COMPANIES	UNAUDITED TAX YEARS/PERIODS
Forth-Crs S.A.	01/01/2010-31/12/2010
NetMed S.A.	01/01/2010-31/12/2010
Syned S.A.	01/04/2008 – 30/09/2010
Ad Value S.A.	01/04/2008 – 31/12/2009
NetMed Hellas S.A.	01/04/2004 – 30/07/2010
Multichoice Hellas S.A.	01/04/2007 – 31/12/2010
RPO S.A.	16/01/2006 – 31/12/2008

The subsidiaries which are located abroad have no unaudited tax years.

At September 30, 2009, Forthnet accepted the outcome of the tax-audit concerning unaudited fiscal years from 2003 to 2006. According to the said tax audit, the total tax for the above four fiscal years amounted to €390,837. The Company for the above unaudited tax years had made a provision in the financial statements amounting to € 206,008. Consequently the condensed financial statements for the parent company and the group were charged by an amount of € 184,828. Moreover, in the year 2009 a provision was made for the unaudited tax years 2007, 2008 and 2009 amounting to € 200,000. Due to losses, no provision was made for the current unaudited by the tax authorities, fiscal year.

The subsidiary company Synergistic Network Developments Telecommunication Services S.A., has accepted the tax-audit concerning unaudited fiscal years from 2003 to 2007. According to the said tax audit, the total tax for the above five fiscal years amounted to €303,944. With regard to the above unaudited tax years, the company has made a provision in the financial statements amounting to €100,000. Furthermore, and in accordance with the relevant Share Purchase Agreement, the remaining amount of the tax audit €203,944 shall be borne by the Company's former shareholders.

The subsidiary company Forth-Crs S.A., has accepted the tax-audit concerning unaudited fiscal years from 2003 to 2006. According to the said tax audit, the total tax for the above five fiscal years amounted to €78,841. With regard to the above unaudited tax years, the company has made a provision in the financial statements amounting to €37,031. Moreover, in the year 2009 a provision was made for the unaudited tax years 2007, 2008 and 2009 amounting to € 50,000.

The subsidiaries which accepted the tax-audit (L. 3888/2010) concerning unaudited fiscal years are the following:

SUBSIDIARY COMPANIES	UNAUDITED TAX YEARS/PERIODS	AMOUNT
Forth-Crs S.A.	2007-2008-2009	55,582
NetMed S.A.	2006-2007-2008-2009	162,486
Tiledrasi S.A.	2007-2008-2009	2,120
Ad Value S.A.	2005-2006-2007-2008	7,784
	Total	227,972

In a future tax audit of the unaudited tax 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 (€ 2.55 million for the Group and € 0.2 million for the Company) for probable future tax assessments based upon previous years' tax examinations and past interpretations of the tax laws.

Deferred taxes are defined as timing differences that exist in assets and liabilities between the accounting records and tax records and are calculated by applying the official tax rates.

The movement of the deferred tax asset is as follows:

	December 31,	
	2010	2009
The Group		
Beginning balance	(12,501,686)	(20,408,901)
Income taxes [credit/(debit)]	(1,483,246)	7,907,215
Ending balance	<u>(13,984,932)</u>	<u>(12,501,686)</u>

For reporting purposes in the Balance Sheet the deferred tax is analysed as follows:

Deferred tax asset	25,292,663	34,232,303
Deferred tax liability	(39,277,595)	(46,733,989)
	<u>(13,984,932)</u>	<u>(12,501,686)</u>
The Company		
Beginning balance	25,569,637	24,162,579
Income taxes [credit/(debit)]	(10,725,189)	1,407,058
Ending balance	<u>14,844,448</u>	<u>25,569,637</u>

The movement in deferred tax assets/liabilities as at December 31, 2010 and 2009 is as follows:

The Group	January 1st, 2010	Debit/ (Credit) to the statement of comprehensive income	December 31st, 2010
Deferred income tax asset:			
Deferred cost	1,618,573	3,321,043	4,939,616
Staff retirement indemnities	737,912	65,508	803,420
Deferred revenues	5,214,218	(5,214,218)	-
Tax losses carried forward	28,631,476	(6,762,595)	21,868,881
Total	<u>36,202,179</u>	<u>(8,590,262)</u>	<u>27,611,917</u>
Deferred income tax liability:			
Intangible assets recognized during PPA exercise	(46,733,989)	7,456,394	(39,277,595)
Property, plant and equipment/intangible assets	(657,272)	(322,079)	(979,351)
Other	(1,312,604)	(27,299)	(1,339,903)
Total	<u>(48,703,865)</u>	<u>7,107,016</u>	<u>(41,596,849)</u>
Net deferred income tax asset	<u>(12,501,686)</u>	<u>(1,483,246)</u>	<u>(13,984,932)</u>

The Group	January 1st, 2009	Debit/ (Credit) to the statement of comprehensive income	December 31st, 2009
Deferred income tax asset:			
Deferred cost	5,543,026	(3,924,453)	1,618,573
Staff retirement indemnities	631,402	106,510	737,912
Deferred revenues	6,251,911	(1,037,693)	5,214,218
Tax losses carried forward	22,243,556	6,387,920	28,631,476
Property, plant and equipment/intangible assets	377,748	(1,035,020)	(657,272)
Total	35,047,643	497,264	35,544,907
Deferred income tax liability:			
Intangible assets recognized during PPA exercise	(54,501,066)	7,767,077	(46,733,989)
Other	(955,478)	(357,126)	(1,312,604)
Total	(55,456,544)	7,409,951	(48,046,593)
Net deferred income tax asset	(20,408,901)	7,907,215	(12,501,686)
The Company	January 1st, 2010	Debit/ (Credit) to the statement of comprehensive income	December 31st, 2010
Deferred income tax asset:			
Deferred cost	944,186	(62,090)	882,096
Staff retirement indemnities	342,290	48,894	391,184
Tax losses carried forward	23,875,397	(9,724,023)	14,151,374
Property, plant and equipment/intangible assets	415,636	(987,970)	(572,334)
Other	25,577,509	(10,725,189)	14,852,320
Deferred income tax liability:			
Other	(7,872)	-	(7,872)
Total	(7,872)	-	(7,872)
Net deferred income tax asset	25,569,637	(10,725,189)	14,844,448

<u>The Company</u>	<u>January 1st, 2009</u>	<u>Debit/ (Credit) to the statement of comprehensive income</u>	<u>December 31st, 2009</u>
Deferred income tax asset:			
Deferred cost	2,620,736	(1,676,550)	944,186
Staff retirement indemnities	304,981	37,309	342,290
Tax losses carried forward	20,678,434	3,196,963	23,875,397
Property, plant and equipment/intangible assets	566,300	(150,664)	415,636
Total	24,170,451	1,407,058	25,577,509
Deferred income tax liability:			
Other	(7,872)	-	(7,872)
Total	(7,872)	-	(7,872)
Net deferred income tax asset	24,162,579	1,407,058	25,569,637

During the current fiscal year the Company incurred tax losses of € 14,567,515 (€22,549,564 at the fiscal year 2009) and for the Group € .29,374,657 (€25,519,514 at the fiscal year 2009) for which a deferred tax asset was recognized. The Company's management believes that these tax losses will be recovered through profits of the following five years.

As at December 31, 2010 the Company re-assessed its deferred tax assets that had been recognized and proceeded to decrease such asset by € 12,637,526 which related to part of the deferred tax asset recognised on the assessed losses of 2006 and 2007. The decrease was made as the anticipated taxable income through December 31, 2012, will not be adequate to cover the tax carry forward losses.

12. SUBSIDIARIES AND ASSOCIATES - GOODWILL:

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

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Consolidation Method</u>	<u>Participation Relationship</u>	<u>Equity Interest</u>		<u>Balance</u>	
				<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Forth CRS S.A.	P. Faliro, Attica, Greece	Full	Direct	99.31%	99.31%	4,314,749	3,738,753
Telemedicine Technologies S.A.	Paris, France	Full	Direct	67.44%	96.43%	514,479	514,479
Forthnet Media Holdings S.A.	Kallithea, Attica, Greece	Full	Direct	100.00%	100.00%	285,060,000	285,060,000
						289,889,228	289,313,232

During this fiscal year, Forthnet's subsidiary Telemedicine Technologies S.A. had an increase in its share capital which amounted to € 123,291. Forthnet did not participate in the increase of the share capital and as a result its equity interest decreased from 96.43% to 67.44%.

Associates in which Forthnet has an interest therein are as follows:

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest		Balance	
				31.12.2010	31.12.2009	31.12.2010	31.12.2009
Athlonet S.A.	Kallithea, Attica, Greece	Equity method	Direct	44.00%	44.00%	22,049	68,295

Participation relationship with Athlonet S.A. is as follows:

	December 31,	
	2010	2009
Share of associate's balance sheet:		
Current Assets	33,447	69,847
Non-Current Assets	4,754	6,432
Short-term Liabilities	(16,152)	(7,984)
Net Assets	22,049	68,295
Share of associate's revenue and profit/(loss):		
Income	33,168	104,640
Profit / (Loss)	(46,246)	(989)
Investments in Associates	22,049	68,295

The subsidiary Forth CRS S.A. has an interest in "Shipping Clearing S.A." which is included in the accompanying consolidated financial statements:

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest 31.12.2010
Shipping Clearance S.A.	Athens, Greece	Full	Indirect	51.00%

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

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest 31.12.2010	Equity Interest 31.12.2009
Intervision (Services) B.V.	Holland	Full	Direct	100.00%	100.00%
NetMed N.V.	Holland	Full	Direct	100.00%	100.00%
Multichoice Hellas S.A.	Greece	Full	Indirect	9.39%	9.39%

Forthnet's subsidiary Forthnet Media Holdings S.A. consolidates NetMed N.V. which in turn consolidated 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
			31.12.2010	31.12.2010	31.12.2009
Dikomo Investment Sarl (Luxembourg)	Luxembourg	Full	Indirect	100%	100%
Tiledrasi S.A. (Luxembourg)	Luxembourg	Full	Indirect	100%	100%
Multichoice Holdings (Cyprus) LTD	Cyprus	Full	Indirect	69.02%	69.02%
Multichoice (Cyprus) Public Company LTD	Cyprus	Full	Indirect	35.19%	35.19%
Multichoice Hellas S.A.	Kantza, Attica, Greece	Full	Indirect	87%	87%
NetMed S.A.	Kantza, Attica, Greece	Full	Indirect	100%	100%
Ad Value S.A.	Kantza, Attica, Greece	Full	Indirect	-	100%
Myriad Development B.V. (Besloten Vennotschap)	Holland	-	-	-	100%
NetMed Hellas S.A.	Kantza, Attica, Greece	-	-	-	100%
SyNeD S.A.	Kantza, Attica, Greece	-	-	-	100%

Multichoice Holdings (Cyprus) LTD exercises control over Multichoice (Cyprus) Public Company LTD with a participating interest of 50.98% and also has the majority of the members of the Board of Directors.

For the year ended December 31, 2010, Multichoice (Cyprus) Public Company Ltd, shows losses and negative equity. As a result, the General Assembly of Multichoice (Cyprus) Public Company Ltd which was held on February 9, 2011, authorized the Board of Directors to proceed with negotiations for the sale of the company's assets.

On April 23, 2010, NetMed Hellas S.A. main shareholders, NetMed N.V. and Myriad Development B.V, transferred 100% of their shares to Forthnet Media Holdings S.A.

On April 29, 2010, the dissolution of Ad Value S.A. was completed.

On July 30, 2010, Forthnet Media Holdings S.A. absorbed its 100% owned subsidiary NetMed Hellas S.A. The absorption was completed in compliance with articles 78 and 69-77 of L. 2190/1920 combined with L. 1297/1972 and effective date as at December 31, 2009.

On September 30, 2010, Forthnet Media Holdings S.A. absorbed its 100% owned subsidiary Synergistic Network Developments S.A. The absorption was completed in compliance with articles 78 and 69-77 of L. 2190/1920 combined with L. 1297/1972 and effective date as at May 31, 2010.

On August 26, 2010 the merger of NetMed N.V. and Myriad Development B.V. was approved with effect from December 31, 2009, by the absorption of the latter by NetMed N.V.

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

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
MBA	512,569	512,569	512,569	512,569
Forth CRS S.A.	24,595	24,595	-	-
Telemedicine S.A.	190,355	190,355	-	-
NetMed N.V. Group and Intervision B.V.	285,965,176	285,965,176	-	-
NetMed N.V. Group and Intervision B.V. impairment of goodwill	(18,670,000)	-	-	-
Total	268,022,695	286,692,695	512,569	512,569

b) Acquisition of NetMed N.V. and Intervision (Services) B.V. through Forthnet's 100% subsidiary, Forthnet Media Holdings S.A.

For the purpose of impairment testing, goodwill is allocated to the Company's two cash-generating units (CGUs), which are the two operating segments, the Telecommunications segment and the PayTV segment. These two operating segments represent the lowest level within the Company at which the goodwill is monitored for internal management purposes.

Total goodwill was allocated based on the synergies that the Telecommunications CGU is expected to enjoy following the acquisition of the Pay – TV segment. Potential synergies were identified and reliably measured on both revenue and costs basis. More specifically, synergies on a revenue basis were measured by estimating the additional subscribers that the Telecommunications CGU is expected to acquire by cross-selling telecommunication with Pay – TV services. Synergies were also identified and reliably measured on costs level by quantifying the benefits (cost savings) that the Telecommunications CGU is expected to enjoy in terms of advertising, rentals and other administrative costs.

The Group performed its annual impairment test as at 31 December 2010. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2010, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of each operating segment. The recoverable amount of the two operating segments has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been calculated in such a way so as reflect the demand conditions of each segment. The pre-tax discount rate applied to cash flow projections is 12,02% for the Telecommunications segment and 12,06% for the PayTV segment, while growth rate to perpetuity (beyond the five-year period) is 1% growth rate after taking into account the long-term prospective of the group for both segments.

The above rates were based on management estimates. In particular, management considers that the Telecommunication segment has demonstrated a consistent performance and has outperformed the market expectations. Additionally, management anticipates that Forthnet will remain a leading provider in terms of Local Loop Unbundling.

Regarding the PayTV segment, there is an expectation for growth in subscriber base but management anticipates reduced revenue. As a result of this analysis, management has recognized an impairment charge of €18.670.000 against goodwill previously recognized for this CGU, which was charged to the current year's results.

The calculation of value-in-use for both segments 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 budget period
- d) Growth rate to perpetuity

Margin of earnings before interest, taxes, depreciation and amortisation. Margins of earnings before interest, taxes, depreciation and amortisation are based on estimations during the five year budget period and are increased due to anticipated efficiency improvements.

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

Market share during the budget period. These assumptions are important as, except for using industry data for growth rates, management assesses how the units position, relative to its competitors, might change over the budget period. Management expects stability in the market where both segments operate, while it expects to strengthen its position relative to its competitors.

Growth rate to perpetuity. Rates are based on long-term prospective of the group for both segments.

Sensitivity to changes in assumptions

With respect to the assessment of value-in-use of both segments, management believes that after the abovementioned impairment, no reasonable possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amount.

In particular, a sensitivity analysis was performed on positive or negative discount rate changes of 0,4%, on positive or negative growth rate to perpetuity changes of 0,5% and on positive or negative free cash flow changes of 5%. The carrying amount of the Telecommunication segment, the carrying amount appears is much higher than the estimated Value in Use and therefore, it not probable that impairment issue will arise in case of a reverse change in the above assumptions. However, the PayTV segment is more sensitive to possible changes in assumptions.

13. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment in the accompanying financial statements for the Group and the Company are analysed as follows:

The Group	Land	Buildings	Telecommuni- cation Equipment	Transmission Equipment	Transpo- rtation Means	Furniture & Other Equipment	Constructio- n in Progress (CIP)	Total
COST								
At January 1, 2009	1,672,789	42,937,195	248,256,679	118,856,889	62,008	15,128,326	640,178	427,554,064
Additions	-	6,807,631	17,363,033	60,883,172	44,903	2,548,717	31,423,553	119,071,009
Transfers from CIP	-	-	606,398	-	-	-	(606,398)	-
Disposals/ Write-offs	-	(46,164)	(39,167,485)	(21,567,386)	(22,854)	(536,834)	-	(61,340,723)
Reclassifications	-	(789,867)	(6,266,343)	(4,815,181)	479,029	8,188,595	-	(3,203,767)
At December 31, 2009	1,672,789	48,908,795	220,792,282	153,357,494	563,086	25,328,804	31,457,333	482,080,583
Additions	-	4,072,385	19,188,370	29,100,437	70,633	2,452,752	1,179,338	56,063,915
Transfers from CIP	-	901,259	31,735,412	-	-	-	(32,636,671)	-
Disposals/ Write-offs	-	-	(305,706)	(21,146,451)	(24,312)	(413,428)	-	(21,889,897)
Reclassifications	-	(102,347)	2,582,245	(5,740)	5,689	(1,039,923)	-	1,439,924
At December 31, 2010	1,672,789	53,780,092	273,992,603	161,305,740	615,096	26,328,205	-	517,694,525
DEPRECIATION								
At January 1, 2009	-	(11,653,898)	(127,834,192)	(49,313,156)	(36,221)	(8,334,429)	-	(197,171,896)
Depreciation expense	-	(6,184,331)	(23,818,252)	(10,386,557)	(99,180)	(3,075,781)	-	(43,564,101)
Disposals/Write-offs	-	24,399	39,089,920	21,567,386	15,061	521,629	-	61,218,395
Reclassifications	-	760,015	5,310,184	4,652,821	(232,350)	(7,696,524)	-	2,794,146
At December 31, 2009	-	(17,053,815)	(107,252,340)	(33,479,506)	(352,690)	(18,585,105)	-	(176,723,456)
Depreciation expense	-	(7,314,942)	(24,082,738)	(13,872,312)	(88,299)	(4,139,006)	-	(49,497,297)
Disposals/Write-offs	-	-	257,279	21,146,453	15,195	406,588	-	21,825,515
Reclassifications	-	99,479	(3,701,464)	243,550	(42,700)	1,916,498	-	(1,484,636)
At December 31, 2010	-	(24,269,277)	(134,779,263)	(25,961,815)	(468,494)	(20,401,025)	-	(205,879,874)
NET BOOK VALUE								
At January 1, 2009	1,672,789	31,283,297	120,422,487	69,543,733	25,787	6,793,897	640,178	230,382,168
At December 31, 2009	1,672,789	31,854,980	113,539,942	119,877,988	210,396	6,743,699	31,457,333	305,357,127
At December 31, 2010	1,672,789	29,510,815	139,213,340	135,343,925	146,602	5,927,180	-	311,814,651

The Company	Land	Buildings	Telecommunication Equipment	Transportation Means	Furniture & Other Equipment	Construction in Progress (CIP)	Total
COST							
At January 1, 2009	1,672,789	40,127,853	182,324,918	51,205	11,963,880	640,179	236,780,824
Additions	-	6,703,626	16,416,910	25,403	2,123,579	31,423,553	56,693,071
Transfers from CIP	-	-	606,398	-	-	(606,398)	-
Disposals/ Write-offs	-	(46,164)	(1,884,249)	(8,559)	(527,229)	-	(2,466,201)
At December 31, 2009	1,672,789	46,785,315	197,463,977	68,049	13,560,230	31,457,334	291,007,694
Additions	-	4,072,385	18,097,278	4,970	1,379,110	1,179,338	24,733,081
Transfers from CIP	-	901,259	31,735,413	-	-	(32,636,672)	-
Disposals/ Write-offs	-	-	(305,705)	-	(384,357)	-	(690,062)
Reclassifications	-	-	1,636,057	-	-	-	1,636,057
At December 31, 2010	1,672,789	51,758,959	248,627,020	73,019	14,554,983	-	316,686,770
DEPRECIATION							
At January 1, 2009	-	(9,091,040)	(68,075,062)	(27,372)	(5,812,324)	-	(83,005,798)
Depreciation expense	-	(6,163,136)	(22,951,228)	(4,791)	(1,982,278)	-	(31,101,433)
Disposals/ Write-offs	-	24,398	1,825,481	6,204	512,033	-	2,368,116
At December 31, 2009	-	(15,229,778)	(89,200,809)	(25,959)	(7,282,569)	-	(111,739,115)
Depreciation expense	-	(7,180,187)	(23,828,153)	(6,842)	(2,376,439)	-	(33,391,621)
Disposals/ Write-offs	-	-	256,074	-	377,333	-	633,407
Reclassifications	-	-	(1,678,152)	-	42,094	-	(1,636,058)
At December 31, 2010	-	(22,409,965)	(114,451,040)	(32,801)	(9,239,581)	-	(146,133,388)
NET BOOK VALUE							
At January 1, 2009	1,672,789	31,036,813	114,249,856	23,833	6,151,556	640,179	153,775,026
At December 31, 2009	1,672,789	31,555,537	108,263,168	42,090	6,277,661	31,457,334	179,268,579
At December 31, 2010	1,672,789	29,348,994	134,175,979	40,218	5,315,402	-	170,553,382

There is no property, plant and equipment that has been pledged as security. The title of the capitalized leased assets has been retained by the lessor. The net book value of the Company's capitalized leased assets at December 31, 2010 and 2009, amounted to € 2,442,332 and € 2,495,689, respectively. For the Group the related amounts are € 133,702,483 and € 121,155,821 at December 31, 2010 and 2009, respectively. The net book value of property, plant and equipment held under finance leases are analyzed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Land	535,200	535,200	535,200	535,200
Buildings	1,907,132	1,960,478	1,907,132	1,960,478
Telecommunication and other equipment (transponders)	134,260,152	118,660,143	-	11
Total	136,702,484	121,155,821	2,442,332	2,495,689

14. INTANGIBLE ASSETS:

Intangible assets in the accompanying financial statements for the Group and the Company are analysed as follows:

The Group	Purchased Software	Internally Generated Software	Licenses & Other Intangibles	Intangibles Under Development	Total
<u>COST</u>					
At January 1, 2009	11,096,566	4,488,595	291,419,883	837,402	307,842,446
Additions	4,298,557	864,921	11,578,442	361,152	17,103,072
Disposals/Write-offs	(5,804)	-	-	-	(5,804)
Transfers from intangibles under development	5,075,937	(1,975,519)	(1,931,977)	(441,862)	726,579
At December 31, 2009	20,465,256	3,377,997	301,066,348	756,692	325,666,293
Additions	2,215,560	1,085,266	26,745,221	287,205	30,333,252
Transfers from intangibles under development	8,000	530,500	-	(538,500)	-
Reclassifications	7,206	-	96,883	-	104,088
At December 31, 2010	22,696,022	4,993,763	327,908,452	505,397	356,103,633
<u>AMORTIZATION</u>					
At January 1, 2009	(7,091,491)	(1,688,899)	(29,895,522)	-	(38,675,912)
Amortization expense	(3,247,657)	(84,642)	(10,912,836)	-	(14,245,135)
Disposals/Write-offs	4,233	-	-	-	4,233
Reclassifications	(4,299,645)	1,266,623	2,716,058	-	(316,964)
Purchased Price Allocation exercise	-	-	(31,068,308)	-	(31,068,308)
At December 31, 2009	(14,634,560)	(506,918)	(69,160,608)	-	(84,302,086)
Amortization expense	(4,975,100)	(133,948)	(19,683,491)	-	(24,792,537)
Purchased Price Allocation exercise	(34,600)	-	(116,832)	-	(151,430)
Reclassifications	-	-	(31,068,308)	-	(31,068,308)
At December 31, 2010	(19,644,260)	(640,864)	(120,029,239)	-	(140,314,363)
<u>NET BOOK VALUE</u>					
At January 1, 2009	4,005,075	2,799,696	261,524,361	837,402	269,166,534
At December 31, 2009	5,830,696	2,871,079	231,905,740	756,692	241,364,207
At December 31, 2010	3,051,762	4,352,899	207,879,213	505,397	215,789,271

<u>The Company</u>	<u>Purchased Software</u>	<u>Internally Generated Software</u>	<u>Licenses & Other Intangibles</u>	<u>Intangibles under development</u>	<u>Total</u>
<u>COST</u>					
At January 1, 2009	9,843,196	2,513,076	22,363,729		34,720,001
Additions	1,587,613	864,921	11,578,441		14,030,975
Transfers from intangibles under development	-	-	-		-
Disposals	(5,803)	-	-		(5,803)
At December 31, 2009	11,425,006	3,377,997	33,942,170		48,745,173
Additions	745,425	1,085,266	24,728,399	8,000	26,567,090
Transfers from intangibles under development	8,000	-	-	(8,000)	-
Reclassifications	39,330	-	-	-	39,330
At December 31, 2010	12,217,761	4,463,263	58,670,569	-	75,351,593
<u>AMORTIZATION</u>					
At January 1, 2009	(6,519,737)	(422,276)	(12,775,646)		(19,717,659)
Amortization expense	(2,490,237)	(84,642)	(10,811,069)		(13,385,948)
Disposals/Write-offs	4,233	-	-		4,233
At December 31, 2009	(9,005,741)	(506,918)	(23,586,715)		(33,099,374)
Amortization expense	(3,089,979)	(97,380)	(19,270,543)	-	(22,457,902)
At December 31, 2010	(12,095,720)	(604,298)	(42,857,258)	-	(55,557,276)
<u>NET BOOK VALUE</u>					
At January 1, 2009	3.323.459	2.090.800	9.588.083	-	15.002.342
At December 31, 2009	2.419.265	2.871.079	10.355.455	-	15.645.799
At December 31, 2010	122,041	3,858,964	15,813,311	-	19,794,317

15. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Shares – unlisted	402,395	379,877	330,149	330,149
Total	402,395	379,877	330,149	330,149

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 because the reliable valuation at fair value is not possible.

16. PROGRAMME AND FILM RIGHTS:

Programme and film rights receivables in the accompanying financial statements are analysed as follows:

	The Group	
	31.12.2010	31.12.2009
Purchased sports rights	101,750,990	81,098,066
Licensed film rights	9,659,616	11,332,586
Cost of Sports and Film Rights	111,410,606	92,430,652
Purchased sports rights	(60,466,908)	(44,561,623)
Licensed film rights	(3,814,616)	(4,321,108)
Sports and Film Rights Amortisation	(64,281,525)	(48,882,731)
Purchased sports rights	41,284,081	36,536,443
Licensed film rights	5,845,000	7,011,478
Sports and Film Rights, net value	47,129,081	43,547,921
Less: Programme and film rights short-term	47,129,081	43,547,921
Programme and sports film rights, long-term	-	-

17. INVENTORIES:

Inventories in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Merchandise	8,264,472	7,650,539	2,729,564	2,269,943
Consumables	-	115,641	-	-
Obsolete & slow moving provision	(1,556,278)	(2,228,289)	(474,687)	-
Total	6,708,194	5,537,891	2,254,877	2,269,943

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

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Beginning balance	2,228,289	4,112,610	-	-
Provision for the year	508,464	(6,035)	474,687	-
Less: Utilisation	(1,180,475)	(1,878,286)	-	-
Ending balance	1,556,278	2,228,289	474,687	-

18. TRADE ACCOUNTS RECEIVABLE:

Trade accounts receivable in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Domestic customers	90,938,156	73,734,366	55,387,697	41,197,962
Foreign customers	2,397,735	1,489,826	1,403,337	452,771
Receivables from Greek State	2,447,707	1,780,529	1,874,762	1,780,529
Cheques and notes receivable	3,428,400	4,556,595	1,749,642	1,778,545
Unbilled revenue	4,526,225	2,463,148	4,213,844	2,463,148
	103,738,223	84,024,464	64,629,282	47,672,955
Less: Allowance for doubtful accounts receivable	(35,423,343)	(29,805,297)	(23,564,308)	(18,680,118)
Balance of trade accounts receivable	68,314,880	54,219,167	41,064,974	28,992,837

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

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Beginning balance	29,805,297	26,465,071	18,680,118	16,326,897
Provision for the year (Note 10)	5,980,043	4,271,241	4,884,190	3,183,931
Less: Utilisation	(361,997)	(931,015)	-	(830,710)
Ending balance	35,423,343	29,805,297	23,564,308	18,680,118

The ageing analysis of trade receivables is as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Neither past due nor impaired	49,130,398	40,684,013	33,394,404	22,037,613
Part due not impaired	-	-	-	-
60-90 days	10,617,376	3,925,020	5,138,677	2,339,652
90-180 days	6,753,434	5,316,950	1,419,987	2,713,980
181-365 days	1,813,672	2,634,720	1,111,906	870,722
>365 days	-	1,658,464	-	1,030,870
Total	68,314,880	54,219,167	41,064,974	28,992,837

Trade receivables are non-interest bearing and are normally settled on Group and Company 0-120 days' terms.

19. PREPAYMENTS AND OTHER RECEIVABLES:

Prepayments and other receivables in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Receivables due from the Greek State	9,471,501	12,972,148	4,846,967	10,725,018
Prepaid expenses	2,027,284	1,098,141	1,392,974	1,021,758
Value Added Tax	2,358,297	5,837,401	991,407	4,197,273
Advances to suppliers	8,558,413	4,099,205	163,614	170,788
Other debtors	6,807,502	6,798,371	1,832,634	1,743,236
Total balance of other receivables and prepayments	29,222,997	30,805,266	9,227,596	17,858,073

Deferred expenses of the Company and the Group include € 378,948, amount which refers to another provider's billing, related to mutual concession for the use of optical fiber infrastructure for a period of 15 years (from March 12, 2010 till December 31, 2026) based on existing agreement. An amount of € 5,305,262 which relates to the invoiced amount for the period from January 1, 2012 until December 31, 2026 appears in other long – term receivables. Subsequently, amounts billed by the Company to the other provider, are reported as deferred income € 378,948 and other long term liabilities € 5,305,262.

20. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents in the accompanying financial statements are analyzed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Cash in hand	95,059	96,879	73,477	64,022
Cash at banks	22,201,952	14,334,594	8,556,154	4,807,255
Time deposits	14,121,880	65,117,753	9,700,000	35,750,401
Total	36,418,891	79,549,226	18,329,631	40,621,678
Restricted cash	1,964,500	-	1,964,500	-
Total	38,383,391	79,549,226	20,294,131	40,621,678

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, 2010, amounted to € 628,483 and € 207,150 for the Group and the Company, respectively, (for the year ended December 31, 2009, € 1,359,421 and € 272,225 for the Group and the Company, respectively) and are included in financial income in the accompanying statements of comprehensive income (Note 9).

The reserved time deposits are related to two pledge deposit contracts of € 1,214,500 and € 750,000, respectively, for the issuance of letters of guarantee to third parties of a total amount of € 6,409,779.

21. SHARE CAPITAL:

Forthnet's ordinary share capital at incorporation amounted to GRD 250,000,000 (€ 733,676) divided into 250,000 ordinary registered shares of GRD 1,000 (€ 2.93) par value each. Following a number of share capital increases and the Company's listing on the Athens Stock Exchange in October 2000, Forthnet's ordinary share capital as at January 1, 2001, amounted to GRD 5,922,000,000 (€ 17,379,310) divided into 14,805,000 ordinary shares of GRD 400 (€ 1.17) par value each.

Following the decisions of Shareholders' General Meetings through December 31, 2005, the Company's ordinary share capital amounted to € 20,212,447 divided into 17,129,192 ordinary shares of € 1.18 par value each.

On March 17, 2006, the Extraordinary General Shareholders Meeting decided to increase the Company's share capital, with cash contribution, by € 25,265,558 through the issuance of 21,411,490 new ordinary shares, with nominal value € 1.18 each. The specific increase was in favour of the existing shareholders with a ratio five (5) new ordinary shares for every four (4) existing ordinary shares, at an exercise price of € 5.60 per each new share.

On May 23, 2006, the share capital increase was completed and the total gross capital contributed amounted to € 119,904,344, while the difference between the exercise price and the nominal value of each share, of € 94,638,786 was credited, according to law and the articles of incorporation, to the account «Share Premium».

By the decision of the General Shareholders Meeting, dated June 30, 2006, as amended by the General Assembly Meeting, dated August 10, 2007, as well as of the resolutions of the Board of Directors, dated September 25, 2006, April 27, 2007, November 7, 2007 and December 21, 2007, 317,149 shares were exercised at a price of € 5.36 per share. As a result, the share capital was increased by € 374,236, while the resulting surplus on the above transactions of € 1,325,683 net of issuance expenses and related deferred tax was credited to the account "Share Premium". As a result, the share capital of the Company on December 31, 2007, was € 45,852,241 div which amounted into 38,857,831 ordinary shares of € 1.18 par value each.

The Extraordinary General Meeting which took place on May 14, 2008, approved the share capital increase of the Company through payment of cash, up to the amount of €137,556,722 with pre-emption right in favour of existing shareholders. The capital increase which took place from July 18, 2008 up to and including August 1, 2008, through the issuance of 116,573,493 new common registered shares, of a nominal value of € 1.18 per share, at an offer price per share, of € 2.57 and with a ratio of 3 new shares for every existing share.

As a result, the Company's share capital was increased by € 137,556,722 while the resulting surplus on the above transaction of € 157,237,007, net of issuance expenses and related deferred tax, was credited to the account «Share Premium». Forthnet's ordinary share capital as at December 31, 2010 and December 31, 2009, amounted to € 183,408,963 divided into 155,431,324 ordinary shares of € 1.18 par value each.

22. OTHER RESERVES:

Other reserves are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Legal reserve	146,104	118,940	94,031	94,031
Tax-free reserves	1,862,148	1,862,148	1,853,715	1,853,715
Special reserves	640,474	640,474	122,446	122,446
Reserve for employee stock option plan	11,665,562	10,958,580	11,665,562	10,958,580
Other	71,300	71,300	-	-
Total reserve	14,385,588	13,651,442	13,735,754	13,028,772

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.

23. DIVIDENDS:

Under Greek corporate law, companies are required each year to distribute in cash, to the shareholders at least 35% of net profit, after allowing for the legal reserve and certain profits from the sale of shares described under par. 1 of art. 3, of Law 148/1967. The above provisions do not apply, if the General Shareholders Meeting by a majority of at least 65% resolves not to distribute profits. In this case, the non distributed - profits are transferred to a "special reserves account". The Company is obliged within four years from the formation of reserves to capitalize these reserves by the issuance of new shares which it grants free to the beneficiaries (par. 2 art. 3 of the Law 148/1967). The above provisions of par. 1 and 2 do not apply, if approved by the General Shareholders Meeting by a majority of at least 70% of the paid up share capital. Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

- (a) No dividends can be distributed to the shareholders as long as a company's net equity, as reflected in its financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves.
- (b) No dividends can be distributed to the shareholders as long as the unamortised balance of "pre-operating expenses", as reflected in its financial statements, exceeds the aggregate of distributable reserves plus retained earnings.

No dividends were paid during the years ended December 31, 2010 and 2009.

24. LONG-TERM AND SHORT-TERM BORROWINGS:
α) Long-term Loans:

Long-term loans for the Group and the Company at December 31, 2010 and at December 31, 2009, are analysed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Bond loan	331,350,821	350,602,404	109,473,548	119,349,677
Other long term loans	288,000	432,000	-	-
Total	331,638,821	351,034,404	109,473,548	119,349,677
Less current portion:				
- Bond loan	45,000,000	20,000,000	20,000,000	10,000,000
- Other	144,000	144,000	-	-
Total	45,144,000	20,144,000	20,000,000	10,000,000
Long-term portion	286,494,821	330,890,404	89,473,548	109,349,677

Bond Loan 2007:

On June 29, 2007, Forthnet entered into bond loan agreement with a syndicate of banks for a principle amount up to € 150,000,000 which bears interest at three-month Euribor plus a margin ranging between 1.15% to 1.75% depending on the financial targets stated in the Agreement. The purpose of the bond is the financing of its investment plan for the years 2006-2009.

The bond issuance of up to € 120,000,000 is divided in three tranches as follows:

- i) The first tranche amounting to € 50,000,000 to be drawn from the signing of the Agreement to March 31, 2008.
- ii) The second tranche amounting to € 35,000,000 to be drawn from April 1, 2008 to March 31, 2009.
- iii) The third tranche amounting to € 35,000,000 to be drawn from April 1, 2009 to March 31, 2010.

The repayment of the bond is in 10 semi-annual instalments. The first 9 instalments are equal and amount to 75 % of the total amount. The final instalment will be made on the bond's maturity and is equal to the 25% of the facility. First instalment of € 10 millions was paid on September 30, 2010.

In accordance with the bond loan agreement certain undertakings are made including but not limited to: (i) Forthnet is obliged to maintain throughout the term of the bond facility an all-risks-insurance contract through a recognised insurance company on its assets at their current commercial value, (ii) within 3 months from the period ended, Forthnet is obliged to submit the annual and the semi-annual consolidated financial statements audited by certified auditors accountants along with the Certificate of Compliance, and (iii) Forthnet is obliged to maintain throughout the term of the Bond facility financial covenants based on the annual and semi-annual consolidated financial statements audited by certified auditors accountants throughout the term of the bond facility.

At August 06, 2009, the Company reached an agreement to amend the financial covenants by accepting the increase in interest margin to 2.5%. The agreed set of financial covenants is as follows:

1. EBITDA / Net interest expenses greater or equal to 2.5 to 3.5 for the fiscal years 2009-2013 & beyond.
2. Total net bank borrowing / EBITDA less or equal to 7 to 4 for the fiscal years 2009-2013 & beyond.
3. Total net bank borrowing / Total equity less or equal to 1.15 to 1 for the fiscal years 2009-2013 & beyond.
4. Cash Flow / Debt Service greater or equal to 1.02 for the fiscal years 2009-2013 & beyond.

On December 21, 2007, the first series of the bond was drawn amounting to € 50,000,000, whereas on July 1, 2008, the second tranche of the bond was drawn-down amounting to € 35,000,000. On May 4, 2009, the third series of the bond was drawn down amounting to € 35,000,000.

Other Group Bond Loans

On May 14, 2008, Forthnet’s wholly owned subsidiary, "Forthnet Media Holdings S.A.", entered into the necessary agreements for the issuance of a secured common bond loan of a principal amount of up to € 245 million, which was subscribed by the National Bank of Greece S.A., Alpha Bank S.A., Millennium Bank S.A. and the Agricultural Bank of Greece S.A.

The term of the bond loan will be for up to 9 years and the funds were utilised in order to, among other purposes, partially finance the acquisition of the total share capital of each of NetMed N.V. and Intervision (Services) B.V., of which the former is the ultimate parent company of, among others, NetMed Hellas S.A., Multichoice Hellas S.A. and Multichoice (Cyprus) Public Company Ltd. which provide Pay-TV services in Greece and Cyprus.

Forthnet has guaranteed the obligations of Forthnet Media Holdings S.A. under the bond loan and provided a pledge over the total share capital of Forthnet Media Holdings S.A. owned by it.

On August 25, 2008, the amount of € 200,000,000 was drawn, while on October 14, 2008, the remaining amount of € 45,000,000 was drawn.

In accordance with the bond loan agreement certain undertakings for the Group’s subsidiary Forthnet Media Holdings S.A. are made including but not limited to: (i) it is obliged to maintain throughout the term of the bond facility an all-risks-insurance contract through a recognised insurance company on its assets at their current commercial value, (ii) within 120 days from the period ended, Forthnet Media Holdings S.A. is obliged to submit the annual and the semi-annual financial statements audited by certified auditors accountants along with the Certificate of Compliance, and (iii) Forthnet Media Holdings S.A. is obliged to maintain throughout the term of the Bond facility the financial covenants based on the annual and semi-annual financial statements audited by certified auditors accountants throughout the term of the bond facility.

The financial covenants are the same with the ones described in the previous paragraph for the Parent Company’s Bond Loan.

At December 31, 2010, the Company is in compliance with its loan covenants. The financial loan covenants are within the limits set by the respective agreements and the results are as follows:

Financial Covenants	Limits set by loan agreements for 2010	Actual results based 2010 consolidated financial statements
Normalised EBITDA to Net interest cost	greater than 2.70 times	3.86 times
Net debt to Normalised EBITDA	less than 6.50 times	6.44 times
Net debt to Total Equity	less than 1.15 times	1.05 times
Cash flow to Debt service	greater than 1.02 times	1.29 times

Based on the loan agreements, Normalised EBITDA referred to above has been computed as follows:

Losses before income taxes	(80,164,785)
Add: Net financial costs	24,352,537
Depreciation and amortization	102,050,943
Impairment of goodwill	18,670,000
Less: Transponder costs	(18,875,215)
Total Normalised EBITDA	46,033,480

Total interest expenses on long-term loans for the years ended December 31, 2010 and 2009, amounted to € 12,474,494 and € 14,444,692, respectively for the Group and € 3,958,122 and € 3,974,117, respectively for the Company and are included in financial expenses (Note 9), in the accompanying financial statements.

b) Short-term borrowings:

Forth CRS and Telemedicine have short-term borrowings with annual variable interest rates of 5% to 6%. The table below presents the credit lines available to the Group and the Company as well as the utilised portion.

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Credit lines available	1,701,258	14,266,427	-	11,600,000
Unused portion	(282,000)	(13,154,300)	-	(11,600,000)
Used portion	1,419,258	1,112,127	-	-

The total interest expense for short-term borrowings for the years ended December 31, 2010 and 2009 amounted to € 74,156 and € 65,457, for the Group and € 2,683 and € 2,261 for the Company respectively and are included in the financial expenses (Note 9), in the accompanying financial statements.

25. 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 through February 10, 2020) bearing interest at the three month Euribor plus a margin of 1.5%.
- Leasing of equipment studios, during 2006 and 2007 with a total starting value of € 1,681,000, with duration of three years, repayable in equal three-month instalments bearing interest at a three-month Euribor plus a margin of 1.5%.

The finance lease obligations are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Obligation under finance lease	1,940,634	2,123,045	1,918,167	2,068,224
Less: Current portion	(182,240)	(182,411)	(159,774)	(150,057)
Long-term portion	<u>1,758,394</u>	<u>1,940,634</u>	<u>1,758,393</u>	<u>1,918,167</u>

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, 2010 and 2009, are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31, 2010</u>		<u>December 31, 2010</u>	
	<u>Minimum payments</u>	<u>Present value of payments</u>	<u>Minimum payments</u>	<u>Present value of payments</u>
Within one year	299,493	182,240	275,891	159,774
After one year but no more than five years	1,379,454	968,130	1,379,454	968,130
Over five years	873,654	790,263	873,654	790,263
Total minimum lease payments	2,552,601	1,940,634	2,528,999	1,918,167
Less: amounts representing finance charges	(611,967)	-	(610,832)	-
Present value of minimum lease payments	<u>1,940,634</u>	<u>1,940,634</u>	<u>1,918,167</u>	<u>1,918,167</u>

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31, 2009</u>		<u>December 31, 2009</u>	
	<u>Minimum payments</u>	<u>Present value of payments</u>	<u>Minimum payments</u>	<u>Present value of payments</u>
Within one year	309,812	182,411	275,891	150,057
After one year but no more than five years	1,403,056	931,717	1,379,454	909,251
Over five years	1,149,545	1,008,917	1,149,545	1,008,916
Total minimum lease payments	2,862,413	2,123,045	2,804,890	2,068,224
Less: amounts representing finance charges	(739,368)	-	(736,666)	-
Present value of minimum lease payments	<u>2,123,045</u>	<u>2,123,045</u>	<u>2,068,224</u>	<u>2,068,224</u>

26. FINANCE LEASE TRANSPONDER OBLIGATIONS:

The Group leases transmission equipment of a total value of € 153,079,114, with duration of twelve years, repayable in equal monthly instalments bearing interest at 6.5% to 9.57%. In the above amount one new transponder is included of which its lease contract was made in the current year amounting to € 29,339,224.

The finance lease transponders obligations are analysed as follows:

	The Group	
	31.12.2010	31.12.2009
Obligation under finance lease of transponders	144,191,793	121,955,997
Less: Current portion	(14,987,713)	(10,402,563)
Long-term portion	129,204,080	111,553,434

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 and the Company as at December 31, 2010 and 2009, is as follows:

	The Group	
	December 31, 2010	
	Minimum payments	Present value of payments
Within one year	23,750,000	14,987,713
After one year but no more than five years	95,000,001	62,438,890
Over five years	76,000,001	66,765,190
Total minimum lease payments	194,750,002	144,191,793
Less: amounts representing finance charges	(50,558,209)	-
Present value of minimum lease payments	144,191,793	144,191,793

	The Group	
	December 31, 2009	
	Minimum payments	Present value of payments
Within one year	17,939,692	10,402,563
After one year but no more than five years	60,800,000	36,201,145
Over five years	91,200,000	75,352,289
Total minimum lease payments	169,939,692	121,955,997
Less: amounts representing finance charges	(47,983,695)	-
Present value of minimum lease payments	121,955,997	121,955,997

27. PROGRAMME AND FILM RIGHTS LIABILITIES:

Programme and film rights liabilities in the accompanying financial statements are analysed as follows:

	The Group	
	31.12.2010	31.12.2009
Programmes and Rights	12,932,013	12,852,033
Less: Current portion	<u>(12,114,042)</u>	<u>(11,099,960)</u>
Long-term portion	<u>817,971</u>	<u>1,752,073</u>

28. TRADE ACCOUNTS PAYABLE:

Trade accounts payables in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Domestic suppliers	78,280,207	88,039,364	50,843,574	47,137,291
Foreign suppliers	14,968,341	10,136,162	2,538,287	2,783,899
Post dated cheques payable	<u>5,352,904</u>	<u>3,848,041</u>	<u>3,246,242</u>	<u>2,613,440</u>
	<u>98,601,452</u>	<u>102,023,567</u>	<u>56,628,103</u>	<u>52,534,630</u>

Trade accounts payable include balances due to suppliers for the acquisition of property, plant and equipment. The related balances due for the acquisition of property, plant and equipment as at December 31, 2010 and 2009, for the Group amounted to € 16,296,342 and € 16,583,339 respectively, and the Company amounted to € 14,230,906 and € 16,583,339 respectively.

29. ACCRUED AND OTHER CURRENT LIABILITIES:

Accrued and other current liabilities in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Social security payable	2,090,473	2,026,674	1,206,337	1,177,314
Value added tax	781,988	1,372,054	-	-
Other taxes and duties	1,436,744	2,645,452	397,451	446,068
Customer advances	80,844	320,073	-	-
Other current liabilities	40,707,117	20,970,864	22,322,894	19,292,617
Interest rates swaps	<u>4,168,447</u>	<u>497,673</u>	<u>-</u>	<u>-</u>
	<u>49,265,613</u>	<u>27,832,790</u>	<u>23,926,682</u>	<u>20,915,999</u>

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps agreements amounting to € 60 million (2009: € 60 million).

The fair values of the interest rate swaps are based on market valuations (mark to market).

Losses from the valuation of the fair values of the swaps for the year ended as at December 31, 2010, were € 3,671 thousand (at December 31, 2009: €498 thousand). The amount of € 3,671 thousand is included in other financial costs (note 9).

The item Other Short term payables includes the amount of € 21,684,685 (December 31, 2009: € 18.445.945), which is an obligation to obtain the transmission rights of Greek football championship.

30. GOVERNMENT GRANTS:

Government grants in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Grants received	567,701	567,701	-	-
Government grant N. 3299/2004 (Note 35)	9,430,000	9,430,000	9,000,000	9,000,000
Subprojects 6 & 7 of the Operational Programme "Information Society" (Note 35)	19,532,612	19,532,612	19,532,612	19,532,612
Accumulated amortization	(7,029,776)	(3,910,986)	(6,682,006)	(3,634,058)
Amortization for the period	(3,307,199)	(3,118,791)	(3,247,269)	(3,047,949)
Ending balance	19,193,338	22,500,536	18,603,337	21,850,605

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

31. 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, 2010 and 2009, amounted to € 9,044,189 and € 8,804,733, respectively for the Group and € 5,317,866 and € 5,176,828, respectively for the Company.
- b) **Staff Retirement Indemnities:** Under Greek labor 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 Company does not fund these plans. The Company 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, 2010 and 2009, have as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Present value of unfunded obligations	2,178,981	3,383,593	940,456	1,465,063
Unrecognised actuarial gain	1,901,662	490,531	1,015,465	246,389
Unrecognised previous service costs	(63,544)	(184,562)	-	-
Net Liability in Balance Sheet	4,017,099	3,689,562	1,955,921	1,711,452
Components of net periodic pension cost				
Service cost	445,852	417,346	229,702	216,566
Interest cost	185,493	159,904	80,578	69,916
Amortisation of unrecognised net loss	16,791	143,760	(4,913)	(5,002)
Termination costs	-	24,163	-	-
Regular charge to operations	648,136	745,173	305,367	281,480
Additional cost of extra benefits	694,318	390,190	138,700	105,792
Total charge to operations	1,342,454	1,135,363	444,067	387,272
Reconciliation of benefit obligation				
Present value of liability at start of period	3,383,593	2,878,186	1,465,063	1,295,741
Service cost	445,852	417,346	229,702	216,566
Interest cost	185,493	159,904	80,578	69,916
Benefits paid	(1,014,917)	(574,422)	(199,598)	(200,722)
Extra payments or expenses	711,688	444,684	145,881	115,740
Service cost from previous periods	25,407	184,562	-	-
Actuarial gains/(loss)	(1,558,135)	(126,667)	(781,170)	(32,178)
Present value of liability at the end of year	2,178,981	3,383,593	940,456	1,465,063
Principal Assumptions:				
Discount Rate	5.4%	5.5%	5.4%	5.5%
Rate of compensation increase	2.0%	4.5%	2.0%	4.5%
Increase in consumer price index	2.0%	2.0%	2.0%	2.0%

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, 2010 and 2009, amounted to € 711,688 and € 444,684 respectively for the Group and € 145,881 and € 115,740 respectively for the Company.

32. 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 earning per share computations as at December 31, 2010 and 2009:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Net loss attributable to the shareholders of the parent	<u>(85,098,182)</u>	<u>(40,679,908)</u>	<u>(29,989,434)</u>	<u>(25,836,109)</u>
Total weighted average number of ordinary shares	<u>155,431,324</u>	<u>155,431,324</u>	<u>155,431,324</u>	<u>155,431,324</u>
Adjusted weighted average number of ordinary shares for diluted loss per share	<u>155,431,324</u>	<u>155,431,324</u>	<u>155,431,324</u>	<u>155,431,324</u>

33. EMPLOYEE STOCK OPTION PLAN:

The Group has two plans in relation to the employees' stock option – one short-term plan replacing an older long-term and one long-term which terminates at December 31, 2014. These plans are explained below:

1st Plan (short-term) replacing the existing long term plan:

On February 8, 2008, E.E.T.T. approved Forthnet's change of control in accordance with resolution No. 467/104/2008. The aforementioned change resulted in the early vesting of the Company's stock option plan in accordance with its terms.

The Board of Directors with its decision of April 7, 2009, proceeded in providing a short-term plan as follows:

2,194,812 stock-options were granted, replacing 2,992,703 adjusted existing options at a strike price of €3.89 of the old plan provided that the beneficiaries will give up the options they hold from the old plan. The adjustment to the number of options and the strike price was automatically effected as a result of the increase in the Company's share capital.

In order to use one of the two options the beneficiaries resigned their rights relating to 2,992,703 options of the old long-term plan. In conclusion the beneficiaries of 2,922,703 options of the old plan replaced their rights in exchange for €0.60 per option and waived their rights to participate in the new plan described above.

2nd Plan (long-term)

The Board of Directors with its decision on April 7, 2009, proceeded in issuing a total amount of 5,440,096 new options at the exercise price of €1.18. The maturity of the above mentioned options is analysed as follows:

- 2,331,470 options vested in April 2011 (provided that according to the published financial results, the targets set for 2010 have been achieved). First exercise period is from June 1 to June 20, 2011 and can be exercised until December 2014.
- 3,108,626 options vested in April 2012 (provided that according to the published financial results, the targets set for 2011 have been achieved). First exercise period is from June 1 to June 20, 2012 and can be exercised until December 2014.

The fair value of the options as at April 7, 2009, was determined using the Black & Scholes model. The main assumptions affecting the model are the share price at the grant date , exercise price, dividend yield, discount rate and the volatility of the share price . The volatility is the actual historic volatility of the daily share price of Forthnet in the last 12 months.

34. 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:

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	31.12.2009	171,017	83,976
		31.12.2010	105,890	74,901
Forth CRS S.A.	Subsidiary	31.12.2009	103,119	5,904
		31.12.2010	88,162	8,545
Athlonet S.A.	Associated	31.12.2009	19,658	27,796
		31.12.2010	15,504	-
MultiChoice Hellas S.A.	Subsidiary	31.12.2009	2,048,693	1,292,666
		31.12.2010	6,950,390	3,262,559
SYNED S.A.	Subsidiary	31.12.2009	121	-
		31.12.2010	-	-
NETMED S.A.	Subsidiary	31.12.2009	169	-
		31.12.2010	176,690	-
NetMed Hellas S.A.	Subsidiary	31.12.2009	37,831,438	22,312
		31.12.2010	1,967,432,	20
Forthnet Media Holdings S.A.	Subsidiary	31.12.2009	-	98,000
		31.12.2010	2,302,820	12,279
	Total	31.12.2009	40,174,215	1,530,654
	Total	31.12.2010	11,606,888	3,358,304

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Technology and Research Foundation	Shareholder	31.12.2009	26,682	27,142
		31.12.2010	20,960	6,179
Forth CRS S.A.	Subsidiary	31.12.2009	283,802	38,450
		31.12.2010	391,159	40,190
Telemedicine Technologies S.A.	Subsidiary	31.12.2009	136,677	-
		31.12.2010	136,677	-
Athlonet S.A.	Associated	31.12.2009	7,024	22,646
		31.12.2010	5,733	29,077
MultiChoice Hellas S.A.	Subsidiary	31.12.2009	1,498,327	6,818,346
		31.12.2010	2,871,018	49,439,245
NetMed Hellas	Subsidiary	31.12.2009	85,342	1,893,218
		31.12.2010	-	-
Forthnet Media Holdings S.A.	Subsidiary	31.12.2009	103,331	-
		31.12.2010	40,750,917	2,254,579
NetMed S.A.	Subsidiary	31.12.2009	29	-
		31.12.2010	112,180	-
	Total	31.12.2009	2,141,214	8,799,802
	Total	31.12.2010	44,288,644	51,769,270

The receivable in the balance due from Telemedicine Technologies S.A. relates mainly to a loan of € 280,000 granted by the Company during 2006.

Technology and Research Foundation owned 4.20%, of the ordinary shares of Forthnet as at December 31, 2010 and 2009, respectively and is represented by one non-executive member on Forthnet's Board of Directors.

The intergroup revenue from Multichoice Hellas S.A. relates to the recharge of Multichoice Hellas' share in joint sell advertising as well as telecommunications services (telephony, broadband, etc.).

The intergroup costs from Multichoice Hellas S.A. refer mainly to the purchases of decoders for resale in the Forthnet stores.

The intergroup revenue from NetMed Hellas S.A. arises mainly from the re-sale of the Superleague football rights.

The Company's commitment towards Multichoice Hellas SA relates to cash collected by its shops on behalf of Multichoice Hellas SA.

The Company's claim from Forthnet Media Holdings SA relates to assigned sports and film rights.

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

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	31.12.2009	171,017	83,976
		31.12.2010	105,890	74,901
Lumiere Productions S.A.	Shareholder	31.12.2009	-	6,298,799
		31.12.2010	-	1,680,705
Lumiere Television Ltd	Shareholder	31.12.2009	-	-
		31.12.2010	-	3,053,701
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.12.2009	-	163,152
		31.12.2010	-	149,556
Gambritsos Georgios	Members of the B.O.D. – Executive members	31.12.2009	-	294,084
		31.12.2010	-	235,539
Athlonet S.A.	Associated	31.12.2009	19,658	27,796
		31.12.2010	15,504	-
	Total	31.12.2009	190,675	6,867,807
	Total	31.12.2010	121,394	5,194,402

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Technology and Research Foundation	Shareholder	31.12.2009	26,682	27,142
		31.12.2010	20,960	6,179
Lumiere Productions S.A.	Shareholder	31.12.2009	-	415,823
		31.12.2010	-	1,193,709
Lumiere Television Ltd	Shareholder	31.12.2009	320,301	-
		31.12.2010	-	661,500
Lumiere Cosmos Communications	Shareholder	31.12.2009	-	10
		31.12.2010	-	10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.12.2009	-	16,209
		31.12.2010	-	195
Gambritsos Georgios	Members of the B.O.D. – Executive members	31.12.2009	-	27,324
		31.12.2010	-	-
Athlonet S.A.	Associated	31.12.2009	7,024	22,646
		31.12.2010	5,733	29,077
	Total	31.12.2009	354,007	509,154
	Total	31.12.2010	26,693	1,890,670

Lumiere Productions S.A. is handling the Group's broadcasting of football matches productions.

Lumiere Television Ltd. has granted the Group the license to include LTV Channel in the Pay-TV bouquet NOVA CYRPUS.

The Emirates International Telecommunications LLC (EIT), an associated company - shareholder, provides management services. Within the year 2010, E.I.T. invoiced the amount of € 478,370 to the Company. For this amount the Company had made a provision in the year 2009.

Furthermore, in 2010, the Company formed a similar provision amounting to € 300,000. The Company's outstanding balance to E.I.T. on 31 December 2010 is € 478,370.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the years ended 2010 and 2009, are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Salaries and fees for executive members of the BoD	320,557	355,500	320,557	296,058
Salaries and fees for non executive members of the BoD	147,678	137,750	147,678	137,750
Salaries and fees for Senior Managers	3,409,035	2,749,154	1,957,041	942,103
Total	3,877,270	3,242,404	2,425,276	1,375,911

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 Pension Fund Insurances amounted to € 537,390 (December 31, 2009 € 26.000), whereas benefits relating to stock option plans amounted to € 500,806 and € 44.179 respectively (December 31, 2009 € 137,224 and € 89,317, respectively).

35. 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 37).

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 € 1.65 million at December 31, 2010 (approximately € 1.5 million at December 31, 2009), which has not been accounted for because it is not considered an obligation at this time.

License Terms and Obligations: The Fixed Wireless Access Telecommunications infrastructure license granted to one of the absorbed subsidiaries, Mediterranean Broadband Access S.A, is subject to a number of commercial and technical conditions which require that Mediterranean Broadband Access S.A meet certain coverage and technical criteria and attain population coverage of 20% within two years from the date of the grant. By the end of 2002, MBA's network covered in excess of 20% of the Greek population. A letter of guarantee of € 146,735 has been provided for the compliance of the obligations of the above license.

Development Law 3299/2004: According to decision no. 28757/YPE/4/00447/L.3299/E/ 22.12.2006 of the Minister and Deputy-Minister of Finance and Economics (GG 358/15.03.2007), the Company's business plan relating to the establishment of an integrated, high-speed broadband network applying a cutting-edge technology for the provision of new data, voice and content services in the regions of Attica and Thessaloniki, in accordance with the provisions of Development Law 3299/2004 was approved. The amount of investment approved amounts to approximately €30 million. The percentage of subsidy equals to 30% of the total investment, i.e. equal to the amount of € 9 million. Up to December 31, 2009, the Company had completed its investment of the above amount and a related provision of approximately € 9 million has been included in Government grants and receivable from State, respectively and the Company has submitted an application for the receipt of the approved grant.

In addition, according to decision no. 12487/P01/4/00004/E/L.3299/E/27.09.2006 of the General Secretary of the Attica Region (GG 1437/29.09.2006), NetMed Hellas S.A.'s business plan relating to the multimedia content for advanced services in accordance with the provisions of Development Law 3299/2004 was approved. The amount of investment approved amounted to approximately € 1,880,000 and the percentage of subsidy equals to 30% of the total investment, i.e. equal to the amount of € 564,000. The company completed its investment at a cost of € 1,892,337 and, after the publication in the Government Gazette 1561/06.08.2008, on October 10, 2008; the company collected the amount of € 567,701 which was included in 'Government Grants' in the accompanying statements of financial position.

Furthermore, according to decision no. 32454/YPE/4/00525/E/l. 3299/2004/29.12.2006 (GG 341/13.03.2007) of the Minister and Deputy-Minister of Finance and Economics, the Company's subsidiary, Forth CRS S.A.'s, business plan relating to the provision of innovative, large-scale electronic and broadband services in the sectors of tourism, transportation and culture in the region of Attica was approved in accordance with the provisions of Development Law 3299/2004. The amount of investment approved equals to approximately €1.8 million and the percentage of subsidy equals to 30% of the investment, i.e. € 540 thousand. At December 31, 2010, the Company's investment amounted to € 1.4 million and a related provision of € 430 thousand has been included in Government grants and receivable from State.

Agreements with Information Society S.A.: On March 12, 2007, the Company signed two agreements with Information Society S.A., which are subject to the development programme "INFORMATION SOCIETY" and specifically the sub-projects 6 & 7, within the framework of the action for "Financing Businesses for the development of Broadband Access in the Regions of Greece". Based on the agreements' forecasts the overall budget for the 2 sub-projects equals to € 55.6 million, of which, an amount of € 42.3 million concerns Milestone I (Broadband Access Development), while an amount of € 13.3 million concerns Milestone II (Enhancement of demand for Broadband Services). The available funding for the two milestones reaches 50% of the budgeted amount and its implementation is expected to be completed for the Milestone I by July 31, 2009 and for the Milestone II by October 31, 2009. Up to December 31, 2009, the Company's investment amounted to € 19.5 million approximately, and a related provision has been included in Government grants.

Commitments:

Rent: 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, 2010 and at December 31, 2009, are as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Within one year	4,246,950	4,163,911	1,941,768	1,758,750
2-5 years	14,961,252	14,550,320	5,376,882	5,076,625
Over 5 years	13,762,108	15,571,317	3,103,272	2,744,918
Total	32,970,310	34,285,548	10,421,922	9,580,293

Guarantees: Letters of guarantee are issued and received by the Group to and from various beneficiaries and, as at December 31, 2010 and at December 31, 2009, are analysed as follows:

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Performance Bonds	13,315,766	24,165,818	6,169,837	16,469,742
Bid Bonds	21,751	255,727	21,751	255,727
Guarantees for advance payments received	42,348,951	25,252,718	40,925,151	25,252,718
Total	55,686,468	49,674,263	47,116,739	41,978,187

Contractual Commitments: The outstanding balance of the contractual commitments for the Group amounted to approximately € 30.5 million and for the Company amounted to approximately € 7.2 million at December 31, 2010 (December 31, 2009: € 47.4 million and € 21.9 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 € 6.4 million (December 31, 2009: € 7 million).

36. FINANCIAL INSTRUMENTS:

Fair Value: The carrying amounts reflected in the accompanying balance sheets 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 fair values of available for sale financial assets and assets held for trading are reflected in the accompanying statements of financial position.

The fair value of variable rate loans and borrowings approximate the amounts appearing in the statements of financial position.

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, 2010, 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 arise mainly from US Dollar. This kind of risk arises mainly from trade transactions in foreign currency. The financial assets and liabilities in foreign currency translated into euros using the exchange rate at the balance sheet date and analysed for the Group and the Company as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Nominal amounts in US\$				
Financial Assets	265,265	1,594,732	-	-
Financial liabilities	(18,114,208)	(10,738,444)	-	-
Short term exposure	<u>(17,848,943)</u>	<u>(9,143,712)</u>	<u>-</u>	<u>-</u>

The following table presents the sensitivity of the result for the year in regards to the financial assets and financial liabilities and the US- Dollar / Euro exchange rate. It assumes a 5% (2007: 5%) increase of the Euro/US-Dollar exchange rate for the year ended 31 December 2010. The sensitivity analysis is based on the company's foreign currency financial instruments held at each balance sheet date.

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

	<u>The Group</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>
Result for the year	679,742	435,415

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

	The Group	
	<u>31.12.2010</u>	<u>31.12.2009</u>
Result for the year	(751,294)	(481,248)

The calculation of effect on result before tax is based on year average foreign exchange rates.

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 company'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 period on profits) to reasonable changes in interest rates, with all other variables held constant.

Sensitivity Analysis of Group's Borrowings due to interest rate changes:

	The Group		The Group	
	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	<u>Interest Rate Variation</u>	<u>Effect on income</u>	<u>Interest Rate Variation</u>	<u>Effect on income</u>
EURO	1,0%	(3,135,721)	1,0%	(2,825,000)
	-1,0%	3,814,279	-1,0%	2,825,000

Note: Table above excludes the positive impact of interest received from deposits.

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps agreements amounting to € 60m.

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

Losses from the evaluation of the fair values of the swaps for the year ended at December 31, 2010 were € 3,671 thousand (at December 31, 2009: €498 thousand).

Liquidity Risk: The Group manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn committed and uncommitted borrowing facilities that can be utilized to fund any potential shortfall in cash resources.

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business or project.

The table below summarizes the maturity profile of financial liabilities at December 31, 2010 and 2009, respectively, based on contractual undiscounted payments.

Group

<u>Year ended December 31, 2010</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	-	27,771,450	27,405,404	272,720,813	45,685,425	373,583,092
Leases	-	12,012,945	12,012,946	96,379,455	76,873,655	197,279,001
Trade, programme and film rights and other payables	-	80,935,888	80,935,888	2,969,707	3,410,527	168,252,010
Total	-	120,720,283	120,354,238	372,069,975	125,969,607	739,114,103

<u>Year ended December 31, 2009</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	-	10,476,865	21,316,423	275,122,260	97,402,500	404,318,048
Leases	-	9,124,752	9,124,752	62,203,057	92,349,546	172,802,107
Trade, programme and film rights and other payables	-	132,464,334	9,001,137	-	-	141,465,471
Total	-	152,065,951	39,442,312	337,325,317	189,752,046	718,585,626

Company

<u>Year ended December 31, 2010</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	-	11,844,325	11,668,675	96,586,875	-	120,099,875
Leases	-	137,945	137,946	1,379,454	873,654	2,528,999
Trade and other payables	-	66,162,028	66,162,027	2,151,736	3,410,527	137,886,318
Total	-	78,144,298	77,928,648	100,118,065	4,284,181	260,510,192

<u>Year ended December 31, 2009</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	-	1,920,000	11,840,000	119,200,000	-	132,960,000
Leases	-	137,945	137,946	1,379,454	1,149,545	2,804,890
Trade and other payables	-	79,519,569	2,730,862	-	-	82,250,431
Total	-	81,577,514	14,708,808	120,579,454	1,149,545	218,015,321

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong internal calculation credit rating and healthy capital ratios in order to support its operations and maximize shareholder value. The Group's policy is to maintain leverage targets in line with an investment grade profile. The Group monitors capital with the use of the ratio and Net indebtedness to Adjusted EBITDA. The Group includes within Net indebtedness, interest bearing loans and borrowings, less cash and cash equivalents, whereas Adjusted EBITDA is defined as Earnings before interest taxes, depreciation and amortization as well as any cash adjustments associated with stock option valuation and extraordinary impairment charges of assets.

	The Group		The Company	
	December 31,		December 31,	
	2010	2009	2010	2009
Long-term borrowings	286,494,821	330,890,404	89,473,548	109,349,677
Short-term borrowings	46,563,258	21,256,127	20,000,000	10,000,000
Total Debt	333,058,079	352,146,531	109,473,548	119,349,677
Less : Cash and cash equivalents	36,418,891	79,549,226	18,329,631	40,621,678
Net Debt/(cash)	(296,639,188)	(272,597,305)	91,143,917	(78,727,999)
-Adjusted EBITDA (non-cash adjustments)	65,661,923	64,812,539	38,517,847	18,999,038

37. LITIGATION – ARBITRATION:

A. FORTHNET S.A.

I. Forthnet's outstanding judicial claims against third parties amount to approximately € **43.3** million.

1. Approximately € **26.7** million of this amount concern a claim against OTE by virtue of the law suit filed on December 31, 2002, with regard to the positive damages claimed to have been suffered by the Company in the case of EPAK (preferential treatment by OTE to its subsidiary, OTEnet), approximately € 293 thousand consisting of a claim against OTE for moral damages that the Company has suffered for the same cause.

In addition, there is a pending claim of approximately € **4.1** million against OTE with regard to the positive and indirect damages claimed to have been suffered from OTE's unlawful practices of customer winback.

There are outstanding opposing applications before the Council of State 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 and, (d) the fees for leased lines. The Company's position has basis though, the significance of the cases and the circumstances make it difficult for the prediction of any positive outcome of the above cases in the sense of the denial 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 Management 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 new regulation of pre-selection.

In addition, there are outstanding 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 return of amounts unduly paid. Furthermore, there are outstanding decisions relating to the Company's accusations associated to violations relating to the purchases of wholesale broadband access as well as with leased lines.

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

2. The remaining (apart from the above claims concerning regulatory and telecommunication law matters) judicial claims of the Company against third parties amount to approximately **€ 10.6** million.
3. Furthermore, there is a Claim against the Greek State for the project of the Ministry of Internal Affairs "National Network of Public Government - SYZEYXIS", which for the first half of 2010 amounts to €993,929 plus VAT. For this amount the Company has already filled a motion before the Legal Council of the State for the acknowledgment of the aforementioned debt and a positive outcome is expected. The respective claim of the Company for the third semester of 2010 amounts to €468,827 plus VAT and a relevant motion of acknowledgment of the said debt has been already filled by the Company before the Legal Council of the State. The respective claim of the Company for the forth semester of 2010 amounts to €470,623 plus VAT and a relevant motion of acknowledgment of the said debt will be filled by the Company before the Legal Council of the State.

For the above mentioned judicial claims a related provision of income has been made by the company in its financial statements which amounts to € 1.4 million.

4. During an audit, the Company discovered the abuse of a significant amount of money by an employee of its accounting department together with her spouse of € 2.4 million approximately. Consequently, the Company directly filed charges against the above persons for the criminal acts of counterfeiting after use and fraud while at the same time took the necessary legal actions before the civil courts for compensation of the damages suffered. In any case, the Company has already taken the necessary provisions in its published financial statements.

II. Judicial claims of third parties against Forthnet

1. € 350 thousands concern a private lawsuit filed against Forthnet as restitution for the moral damages that he incurred due to the alleged violation of the plaintiff's right to personality due to the Company's unlawful behavior concerning its contractual obligations for the provision to the plaintiff of internet services.
2. 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. The said violation is based on the unauthorized use of OTE's corporate name in the Company's advertising campaign. With its legal action, OTE claims amongst other the payment of compensation amounting to € 5,000,000.00 due to moral damages claimed to have been suffered by it, plus interest from the date of legal notice of the said action (namely from 21/08/2009) and until payment thereof.
3. Complaint filed by OTE before the National Competition Authority concerning alleged breach, on the part of Multichoice Hellas SA, of provisions of articles 1 and 2 of L. 703/77 on competition, with relation to the agreements of audiovisual content executed between Multichoice and Greek Free-To-Air Stations. The case is still pending and its financial impact cannot, for the time being, be assessed.

For the above judicial claims the Management believes that the Group will not have significant impact on its financial statements and, therefore, no related provision has been made.

B. FORTHNET MEDIA HOLDINGS SA (ex NETMED HELLAS S.A.)

(a) The outstanding judicial claims of third parties against the subsidiary Forthnet Media Holdings SA (hereinafter FMH, which merged and absorbed **NetMed Hellas S.A.** amount to € 13.87 million approximately, plus interest and legal expenses. From the abovementioned amount:

- i) € 4.7 million approximately, plus interest and moral damages, concerns an action filed by the heirs of a company's CEO claiming payment of lost cheques, plus interest. Although the case was heard without FMH being present (since FMH was never officially called for the hearing), there has been reached a partial judicial compromise between the plaintiffs and the rest co-defendants (GEAR FORUM, ΕΛΛΑΣ SA and LUMIERE PRODUCTIONS SA), the plaintiffs are still entitled to file a new lawsuit against FMH.
- ii) € 7.4 million approximately plus interest, concern claims of PAE (Football Clubs), for the restitution of the alleged damage they incurred due to the claimed unlawful termination –on the part of FMH (ex NetMed Hellas S.A.) of the agreements for the TV/radio broadcasting of their football games.
- iii) € 0,37 million approximately plus interest concern an action filed by Sports Trade Group Ltd (STG) against FMH, before the First Instance Court of Goteborg, for the payment of due invoices for the supply of audiovisual content to FMH (for the period 2005-2007). Given that STG has provided the agreed services/content, both parties are in discussions for the extrajudicial settlement of the case.

For the above judicial claims the Management believes that the Group will not have significant impact on its financial statements and, therefore, no related provision has been made except for the action filed by Sports Trade Group Ltd (STG) against FMH where an extra provision was made which amounts to approximately € 0.2 million.

(b) The outstanding judicial claims of the subsidiary FMH (ex NetMed Hellas S.A.) against third parties amount to € 135 million approximately, plus interest and expenses. The abovementioned amount is mainly related to the company's claims against several PAE (football clubs) for the restitution of (pecuniary and moral) damage incurred by FMH (ex NetMed Hellas S.A.) due to the unlawful and void termination –on the part of PAE- of the agreements which the PAE had concluded with FMH (ex NetMed Hellas S.A.) for the TV/radio broadcast of their football matches. We note that most of these claims have not been judged irrevocably, whilst most of the PAE are inactive (either due to downgrading or due to liquidation).

C. MULTICHOICE HELLAS S.A.

(a) The outstanding judicial claims of third parties against the subsidiary **Multichoice Hellas S.A.** amount to € 15.32 million approximately, plus interest and legal expenses. From the abovementioned amount:

- i) € 7.7 million approximately (as it stood on March 9, 2006) plus interest concerns a claim of the Greek State relating to differences resulting from tax audits. Multichoice Hellas S.A. has filed appeals against the above actions before the Administrative Court of Athens. Trial date has not yet been set.
- ii) € 810 thousand approximately, plus interest, concern a lawsuit by MSG Media Services S.A. as compensation (lost profits and moral damages) for the alleged abusive, on the part of Multichoice Hellas S.A., rescission of their cooperation agreement regarding the purchase of technical equipment and the provision of technical services. The judgement issued by the first instance court, rejected the request of the plaintiff for compensation, yet accepting the invalidity of the rescission. The trial before the Court of Appeals accepted the appeal of Multichoice Hellas S.A. and

rejected the lawsuit of the litigant party. The case is considered pending on the reasoning that the litigant party is entitled to file an appeal.

- iii) € 1.8 million approximately concerns a lawsuit by Unitek S.A, an agent of Multichoice Hellas S.A, by which demands the amount to be paid to it, for disputes arising from their agreement. Unitek S.A. resigned from the claim, but it has not waived its rights and, consequently, it may come back with another claim.
- iv) € 0,46 million approximately concerns a lawsuit by Unitek S.A., an agent of Multichoice Hellas S.A. by which it demands the amount to be paid as a restitution for the loss of its clientele, by virtue of Presidential Decree 219/1991, due to the termination of contract made by Multichoice Hellas SA. The First Instance court judgment accepted Unitek S.A.'s lawsuit. Multichoice Hellas SA shall file an appeal.
- v) € 2.94 million approximately concerns a lawsuit filed by an attorney at law, by which she 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 dispute between FMH (ex Netmed Hellas SA)/Multichoice Hellas SA and the TV station "ALPHA" (during the period 2002-2006).

For the above judicial claims the Management believes that the Group will not have significant impact on its financial statements and, therefore, no related provision has been made.

- (b) The outstanding judicial claims of the subsidiary Multichoice Hellas S.A. against third parties amount to € 125 million approximately, plus interest and legal expenses. The abovementioned amount is mainly related to the company's claims against several PAE for the restitution of (pecuniary and moral) damage incurred by Multichoice Hellas S.A. due to the unlawful and void termination –on the part of PAE- of the agreements which the PAE had concluded with FMH (ex NetMed Hellas S.A.) for the TV/radio broadcast of their football matches. We note that most of these claims have not been judged irrevocably, whilst most of the PAE are inactive (either due to downgrading or due to liquidation).

From the abovementioned amount, the amount of € 325.877 relates to Multichoice Hellas S.A.'s claim against the companies Passpoint S.A. (as the main liable party) and Lannet Communications S.A. (as a guarantor) for non payment to Multichoice Hellas S.A. the amounts of subscriptions received by Passpoint S.A. We note that LANNET is under bankruptcy proceedings (during which Multichoice Hellas SA has notified its claims to the creditors' team and its claim has been approved. PASSPOINT remains inactive without evident assets.

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

D. MYRIAD DEVELOPMENT BV

The outstanding judicial claims of third parties against the subsidiary **Myriad Development BV** amount to approximately € 3.45 million, plus interest and legal expenses. The Cypriot based company, Lumiere TV Public Company Limited is claiming the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Myriad Development BV of the 3,528 shares of Multichoice Hellas S.A., which Lumiere TV Public Company Limited holds.

E. TILEDRAZI S.A. (Greek)

The outstanding judicial claims of third parties against the subsidiary **Tiledrasi S.A.** amount to approximately € 0,81 million, plus interest and legal expenses. The Cypriot based company Lumiere TV Public Company Limited is claiming the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Tiledrasi S.A. of the 828 shares of Multichoice Hellas S.A., which Lumiere TV Public Company Limited holds.

F. 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 the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Dikomo Investment Sarl of the 1,272 shares of Multichoice Hellas S.A., which Lumiere TV Public Company Limited holds.

G. TILEDRASI SA (Luxembourg)

The outstanding judicial claims of third parties against the subsidiary **Tiledrasi S.A.** amount to approximately € 2.81 million, plus interest and legal expenses. The Cypriot based company Lumiere TV Public Company Limited is claiming the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Tiledrasi S.A. of the 2,872 shares of Multichoice Hellas S.A., which Lumiere TV Public Company Limited holds.

The results of the above judicial claims are not expected to effect the Group's financial statements.

38. SUBSEQUENT EVENTS:

At February 11, 2011, Mr Pantelis Tzortzakis resigned from his position as Chief Executive Officer and Vice Chairman of Forthnet S.A. Mr Panagiotis Papadopoulos, founding member of the Company, undertakes duties as Vice Chairman and Chief Executive Officer of Forthnet S.A.

Iraklion, March 15, 2011

President of the Board of Directors

Vice President of the Board of Directors
and
Chief Executive Officer

Deepak Srinivas Padmanabhan
Passport No. Z 1849335

Panagiotis Papadopoulos
I.D. Σ 676330

Chief Financial Officer

Group Financial Reporting &
Budgeting Manager

Group Accounting Director

Evangelos Raptis
I.D. AE 040547

Georgia Gali
I.D. X 091299

George Mantzoros
I.D. T 106663
Licence No. O.E.E. 00015375
Class A

INFORMATION OF THE ARTICLE 10 OF THE LAW 3401/2005

Forthnet A.E. published the following information of article 10, Law 3401/2005 and made them available to public during the financial year 2010. Information is uploaded both in the official web site of ASE www.ase.gr and in the company's as following:


<u>DATE</u>	<u>DESCRIPTION</u>	<u>INTERNET ADDRESS</u>
18/1/2010	Announcement-Operational integration	http://www.forthnet.gr/templates/corporatePosting.aspx?p=283311
29/1/2010	Announcement-Termination of the cooperation between the Group and Mr. George Gabritsos	http://www.forthnet.gr/templates/corporatePosting.aspx?p=284309
5/2/2010	Announcement of regulated information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=285184
12/3/2010	Financial Calendar	http://www.forthnet.gr/templates/corporatePosting.aspx?p=287614
16/3/2010	Results for the Q4'09, Trading Update and operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=287804
16/3/2010	Comments on publication	http://www.forthnet.gr/templates/corporatePosting.aspx?p=287822
18/3/2010	Announcement-The possible cooperation between the Company and Hellas Online A.E.	http://www.forthnet.gr/templates/corporatePosting.aspx?p=287735
26/3/2010	Announcement of regulated information	http://www.forthnet.gr/templates/corporatePosting.aspx?p=287734
30/3/2010	Announcement of regulated information of Law 3556/2007 and the article 13 of Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=288467
31/3/2010	Announcement of regulated information of Law 3556/2007 and the article 13 of Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=288737
26/5/2010	Results for the Q1'10, Trading Update and operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=293197
31/5/2010	Announcement of regulated information	http://www.forthnet.gr/templates/corporatePosting.aspx?p=293896
2/6/2010	Comments on publication	http://www.forthnet.gr/templates/corporatePosting.aspx?p=293898
3/6/2010	Invitation to the ordinary general shareholders meeting	http://www.forthnet.gr/templates/corporatePosting.aspx?p=293897
23/6/2010	Announcement of regulated information	http://www.forthnet.gr/templates/corporatePosting.aspx?p=295279
28/6/2010	Resolutions of the ordinary general meeting of Forthnet S.A.	http://www.forthnet.gr/templates/corporatePosting.aspx?p=295504
9/7/2010	Announcement of regulated information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=296610
30/8/2010	Results for the Q2'10, Trading Update and operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=300432
3/9/2010	Announcement-Renewed cooperation with Euroleague Basketball for years 2010-2014	http://www.forthnet.gr/templates/corporatePosting.aspx?p=300759
12/10/2010	Announcement of regulated information	http://www.forthnet.gr/templates/corporatePosting.aspx?p=295362
12/10/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=308524
29/10/2010	Announcement of regulated information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=305597
15/11/2010	Results for the Q3 '10, Trading Update and operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=306728
29/11/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=307733
29/11/2010	Announcement of Regulated Information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=307731
30/11/2010	Announcement of Regulated Information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=307768
1/12/2010	Announcement of regulated information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=307856
1/12/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=307851
1/12/2010	Announcement of Regulated Information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=307857
7/12/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=308249
7/12/2010	Announcement of Regulated Information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=308246
10/12/2010	Announcement of Regulated Information of Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=308524
10/12/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=308526
20/12/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=309730
21/12/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=309727
23/12/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=309966
29/12/2010	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=310293

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

The annual financial statements of the Company in consolidated and non consolidated base, 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

FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010

FORTHNETGROUP

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.
Forthnet S.A.
 Registration No S.A. 34461/06/B/95/94
 Scientific Technological Park of Crete, Vassilika Voutou, Iraklion Crete 71003
FINANCIAL DATA & INFORMATION FOR THE PERIOD JANUARY 1, 2010 - DECEMBER 31, 2010
 (Published based on Corporate Law 2190, article 135 for corporations that report annual financial statements, consolidated or not, according to IFRS)
 The financial data and information provided below, aims to provide a general overview of FORTHNET S.A. financial statements and results and of the Group. As a result of this, we recommend to any potential investor, that before engage in any type of investment activity or any other kind of transaction with the Company, to visit the Company's web site at the electronic address www.forthnet.gr, where all interests concerned financial statements, according to IFRS as well as the Audit Review report, where it is required, are posted.
 (amounts in euro)

GENERAL INFORMATION	
Supervising Authority: Ministry of Development, Secretary of Commerce Date of Approval of the Annual Financial Statements: March 15, 2011 The Certified Auditors - Accountants: Christodoulos Seferis, Stavros Saloustros Auditing Companies: ERNST & YOUNG S.A., SOL S.A. Review Report: Unqualified opinion (with emphasis matter) Website: www.forthnet.gr	Members of the Board of Directors: Padmanabhan Deepak Srinivas, President, Non-executive Member Papadopoulos Panagiotis, Vice-President of the BoD & Chief Executive Officer, Executive Member Botman Franciscus Johannes, Non-executive Member Vasileios Douglis, Non-executive Member Kay David, Non-executive Member Lloyd Edwin, Independent Non-Executive Member Majid Mohsin, Non-executive Member Singh Shaveet, Independent Non-Executive Member Warrington Michael, Non-executive Member

STATEMENT OF FINANCIAL POSITION (parent company and consolidated)				CASH FLOW STATEMENT (parent company and consolidated)					
	GROUP		COMPANY			GROUP		COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009		01.01.-31.12.2010	01.01.-31.12.2009	01.01.-31.12.2010	01.01.-31.12.2009
ASSETS					Cash flows from Operating Activities				
Tangible assets	311,814,651	305,357,127	170,553,382	179,268,579	Loss before taxes (continuing activities)	(80,164,785)	(40,520,436)	(19,264,245)	(26,858,339)
Intangible assets	215,789,271	241,364,207	19,794,317	15,645,799	Add / Less adjustments for:				
Goodwill	268,022,695	286,692,695	512,569	512,569	Depreciation and amortization	105,358,142	88,877,544	55,849,523	44,487,381
Other non-current assets	32,987,566	36,599,901	310,716,367	315,532,259	Amortization of subsidies	(3,307,199)	(3,118,791)	(3,247,269)	(3,047,949)
Inventories	6,708,194	5,537,891	2,254,877	2,269,943	Gains on disposals of tangible and intangible assets	(30,442)	50,292	(9,076)	57,547
Trade receivables	68,314,880	54,219,167	41,064,974	28,992,837	Allowance for doubtful receivable accounts	5,980,043	4,271,241	4,884,190	3,183,931
Other current assets	114,828,170	154,310,267	73,810,371	60,620,965	Other provisions	2,551,658	2,626,694	1,625,736	1,173,831
TOTAL ASSETS	1,018,465,427	1,084,075,255	618,716,857	602,832,951	Gains on disposals of financial investing activities	(2,118,153)	(1,359,421)	(207,150)	(272,225)
EQUITY AND LIABILITIES					Interest and related expenses	26,470,690	20,146,095	4,680,006	3,903,610
Share capital (155,431,324 shares of €1.18 each)	183,408,963	183,408,963	183,408,963	183,408,963	Share of profits of associates accounted for under the equity method	46,246	989	-	-
Retained earnings and other reserves	76,894,651	161,162,560	146,715,730	175,998,182	Impairment of goodwill	18,670,000	-	-	-
Total Shareholders' equity (a)	260,303,614	344,571,523	330,124,693	359,407,145	Add / less adjustments for changes in working capital related to operating activities:				
Minority interests (b)	2,497,831	3,886,038	-	-	Decrease / (increase) inventories	(1,678,767)	1,308,782	(459,621)	(410,544)
Total Equity (c)=(a)+(b)	262,801,445	348,457,561	330,124,693	359,407,145	Decrease / (increase) trade accounts receivable and prepayments	(25,840,039)	(23,816,912)	(54,973,280)	924,515
Long-term borrowings	286,494,821	330,890,404	89,474,548	109,349,677	(Decrease) / (increase) liabilities (other than Bank loans)	19,128,340	24,521,630	54,908,573	25,665,487
Provisions/Other long-term liabilities	199,830,739	188,325,128	27,879,913	25,635,124	Less:				
Short-term borrowings	46,563,258	21,256,127	20,000,000	10,000,000	Interest and related expenses paid	(21,925,404)	(20,080,789)	(4,556,135)	(4,785,687)
Other Current Liabilities	222,775,164	195,146,035	151,238,703	98,441,005	Tax paid	(5,542,994)	(11,919,862)	(390,837)	(390,837)
Total Liabilities (d)	755,664,082	735,617,694	288,592,164	243,425,806	Increase/(decrease) in other long-term receivables	(5,335,033)	(608,396)	(5,343,386)	(24,720)
TOTAL EQUITY AND LIABILITIES (c)+(d)	1,018,465,427	1,084,075,255	618,716,857	602,832,951	Increase/(decrease) in other long-term liabilities	5,407,362	119,900	5,407,362	119,900

TOTAL COMPREHENSIVE INCOME (parent company and consolidated)				Net cash from/(used in) operating activities (a)					
	GROUP		COMPANY			GROUP		COMPANY	
	01.01.-31.12.2010	01.01.-31.12.2009	01.01.-31.12.2010	01.01.-31.12.2009		01.01.-31.12.2010	01.01.-31.12.2009	01.01.-31.12.2010	01.01.-31.12.2009
Turnover	404,002,620	371,767,395	214,738,540	169,297,218	Cash flow from Investing Activities				
Gross Profit/(Loss)	47,267,904	51,139,860	44,529,805	15,787,690	Increase in participation in subsidiaries	-	-	-	(199,998)
Loss before taxes, financing and investing activities	(55,766,000)	(21,733,763)	(14,791,389)	(23,226,953)	Purchase of tangible and intangible assets	(57,344,940)	(74,336,191)	(53,660,603)	(69,269,467)
Loss before income taxes	(80,164,785)	(40,520,436)	(19,264,245)	(26,858,339)	Received Grants	4,500,000	16,329,348	4,500,000	16,329,348
Loss after income taxes (a)	(86,828,433)	(41,182,772)	(29,989,434)	(25,836,109)	Proceeds from the sale of tangible and intangible assets	94,824	72,888	65,731	40,583
- Share holders of the parent company	(85,098,182)	(40,679,908)	(29,989,434)	(25,836,109)	Interest received	628,668	1,280,054	207,150	272,225
- Non-controlling interests	(1,730,251)	(502,864)	-	-	Increase in participation in subsidiaries	-	-	(575,996)	-
Other comprehensive income after taxes (b)	-	-	-	-	Absorption of entity by subsidiary	465,335	-	-	-
Total comprehensive income after taxes (a)+(b)	(86,828,433)	(41,182,772)	(29,989,434)	(25,836,109)	Increase in investments in associates and other financial assets	(34,679)	-	(9,000)	-
- Share holders of the parent company	(85,098,182)	(40,679,908)	(29,989,434)	(25,836,109)	Restricted cash	(1,964,500)	-	(1,964,500)	-
- Non-controlling interests	(1,730,251)	(502,864)	-	-	Net cash flow from/(used in) investing activities (b)	(53,655,292)	(56,654,706)	(51,437,218)	(52,827,309)
Loss after taxes per share - Basic (in €):	(0.5475)	(0.2617)	(0.1929)	(0.1662)	Cash flow from Financing Activities				
Profit/(Loss) before taxes, financing, investing activities and depreciation	46,284,941	64,024,980	37,810,865	18,212,479	Net change in long-term borrowings	-	35,000,000	-	35,000,000

STATEMENT OF CHANGES IN EQUITY (parent company and consolidated)				Net cash flows from/(used in) financing activities (c)					
	GROUP		COMPANY			GROUP		COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009		01.01.-31.12.2010	01.01.-31.12.2009	01.01.-31.12.2010	01.01.-31.12.2009
Total equity balance at the beginning of period (01.01.2010 and 01.01.2009 respectively)	348,457,561	388,853,774	359,407,145	384,456,695	Net change in short-term borrowings	307,131	-	-	-
Total comprehensive losses after taxes	(86,828,433)	(41,182,772)	(29,989,434)	(25,836,109)	Net change in leases	(7,285,839)	(8,805,388)	(150,057)	(140,930)
Increase in share capital of subsidiary through absorption	465,335	-	-	-	Net cash flows from/(used in) financing activities (c)	(27,122,708)	16,194,612	(10,150,057)	34,859,070
Stock option plan	706,982	786,559	706,982	786,559	Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	(43,130,335)	38,366	(22,292,047)	25,757,662
Total equity balance end of period (31.12.2010 and 31.12.2009 respectively)	262,801,445	348,457,561	330,124,693	359,407,145	Cash and cash equivalents at beginning of the period	79,549,226	79,510,860	40,621,678	14,864,016
					Cash and cash equivalents at end of the period	36,418,891	79,549,226	18,329,631	40,621,678

ADDITIONAL DATA AND INFORMATION			
1. The above financial statements during the year 01/01/2010-31/12/2010 have been approved by the members of the Board of Directors on March 15, 2011.	10. There are no disputes or issues under arbitration, or decisions issued by legal or arbitration bodies affecting the Group's financial status.		
2. The independent auditors' report includes, without qualifying their opinion, an attention to Note 4 to the separate and consolidated financial statements which indicate that, at December 31, 2010, the Group's current liabilities exceeded its current assets and, accordingly, it may not be able to meet part of its contractual principal repayment obligations under its long-term loan agreements. In addition, it is possible that the Group may not be in compliance with certain of its loan covenants in 2011.	11. At the end of current period no shares of the parent company or any subsidiary or associate companies.		
3. At December 31, 2010 the Group's total number of employees reached 1,545, while the parent Company's 862. At December 31, 2009 the Group's relative number of employees was 1,472, while the parent company's was 847.	12. The accumulated income and expenses since the beginning of the current fiscal year as well as the Company's and the Group's trade accounts receivable and payable balances at the end of the current fiscal year that have resulted from the transactions with their related parties, according to IAS 24, are as follows:		
4. There are not any real burden on the Group's real estate.	(Amounts in Euro)	Group	Company
5. The financial statements of the Group are included in the financial statements of Company "FORONDO LIMITED" (Head Office: Cyprus, Percentage Participation at December 31, 2010: 40.95%) under the equity method.	a) Income	121,394	11,606,888
6. Same accounting methods and assessments have been used as in prior fiscal years.	b) Expenses	5,194,402	3,358,304
7. The Group's subsidiaries, their registered offices, the equity interest as well as the participation relationship with the Group which are incorporated in the annual consolidated financial statements of the year, are stated in note 12 of the annual financial statements.	c) Receivables	26,095	44,286,944
8. The unaudited tax years of the Company and of the companies of the Group are stated in Note 11 of the annual financial statements.	d) Liabilities	1,890,670	51,789,270
9. The Company and the Group have made cumulative provisions for additional taxes assessments for the unaudited tax years amounting to € 0.2m. for the Company and € 2.55m. for the Group. As at December 31, 2010 the Company re-assessed its deferred tax assets that had been recognized and proceeded to decrease such asset by € 12,637,526 which related to part of the deferred tax asset recognised on the assessed losses of 2006 and 2007.	e) Fees of Managers and members of the Board of Directors	4,414,660	2,962,666
	f) Amounts owed by Managers and members of the Board of Directors	0	0
	g) Amounts to Managers and members of the Board of Directors	195	0
	13. The goodwill that arose from the acquisition that was completed on August 27, 2008 was impaired in the current fiscal year and amounted to € 268,022,695. (note 11 of the annual financial statements).		
	14. The Group Capital Expenditure for the year ended December 31, 2010 amounted to € 86,397,167 in which is included the renewal of transporter leases of one transporter amounting to € 29,339,224.		

Iraklion, March 15, 2011

PRESIDENT OF THE B.O.D.

THE VICE PRESIDENT & CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

GROUP FINANCIAL REPORTING & BUDGETING DIRECTOR

GROUP ACCOUNTING DIRECTOR

DEEPAK SRINIVAS PADMAHANABHAN
Passport No. Z 3849335

PANAGIOTIS PAPADOPOULOS
ID Number: 5 676330

EVANGELOS RAPTIS
ID Number: AE 040547

GEORGIA GALI
ID Number: X 091299

GEORGE MANTZOROS
ID Number: I 106663
License Number O.E.E. 0005375 A Class