

FORTHNETGROUP



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**INTERIM CONDENSED
FINANCIAL STATEMENTS
(PARENT COMPANY AND CONSOLIDATED)**

**FOR THE PERIOD
JANUARY 1 – SEPTEMBER 30, 2010
OF**

**HELLENIC COMPANY FOR TELECOMMUNICATIONS
AND TELEMATIC APPLICATIONS S.A. (Forthnet S.A.)**

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
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INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	The Group				The Company			
		01.01-30.09.2010	01.01-30.09.2009	01.07-30.09.2010	01.07-30.09.2009	01.01-30.09.2010	01.01-30.09.2009	01.07-30.09.2010	01.07-30.09.2009
Revenues	4	299,087,242	272,046,149	100,326,918	92,087,863	157,557,767	121,370,595	54,489,248	43,193,320
Cost of sales	8	(258,969,454)	(228,620,095)	(89,935,815)	(78,617,261)	(123,492,337)	(113,641,155)	(43,807,155)	(39,310,868)
Gross profit		40,717,788	43,426,054	10,391,103	13,470,602	34,065,430	7,729,440	10,682,093	3,882,452
Selling and distribution expenses	8	(44,931,089)	(35,041,447)	(12,103,079)	(12,857,959)	(36,998,207)	(19,105,258)	(8,609,862)	(7,050,331)
Administrative expenses	8	(23,100,935)	(20,619,544)	(8,550,645)	(6,065,688)	(9,869,373)	(7,450,773)	(5,048,302)	(2,327,849)
Research and development expenses	8	(740,662)	(1,490,072)	(219,702)	(513,935)	(740,662)	(1,490,072)	(219,702)	(513,935)
Other income	8	4,143,093	3,580,131	1,526,282	1,125,398	3,777,915	3,536,342	1,234,308	1,205,550
Share of profits of associates accounted for under the equity method		(30,705)	300	(12,393)	150	-	-	-	-
Financial income	7	2,010,120	1,115,518	1,616,634	195,177	170,044	214,440	29,718	106,296
Financial expenses	7	(22,419,595)	(15,113,471)	(6,403,062)	(4,437,396)	(3,778,159)	(2,842,378)	(1,405,807)	(730,054)
Loss before income taxes		(43,751,985)	(24,142,531)	(13,754,862)	(9,083,651)	(13,373,012)	(19,408,259)	(3,337,554)	(5,427,871)
Income taxes	9	(1,696,375)	(905,297)	770,509	459,690	(3,915,029)	1,694,398	(384,090)	539,993
Loss after tax (A)		(45,448,360)	(25,047,828)	(12,984,353)	(8,623,961)	(17,288,041)	(17,713,861)	(3,721,644)	(4,887,878)
Other total comprehensive income after tax (B)		-	-	-	-	-	-	-	-
Total comprehensive losses after tax (A)+(B)		(45,448,360)	(25,047,828)	(12,984,353)	(8,623,961)	(17,288,041)	(17,713,861)	(3,721,644)	(4,887,878)
Loss for the period attributable to:									
Shareholders of the Parent		(44,210,015)	(24,650,930)	(12,473,388)	(8,441,881)	(17,288,041)	(17,713,861)	(3,721,644)	(4,887,878)
Non-controlling interests		(1,238,345)	(396,898)	(510,965)	(182,080)	-	-	-	-
		(45,448,360)	(25,047,828)	(12,984,353)	(8,623,961)	(17,288,041)	(17,713,861)	(3,721,644)	(4,887,878)
Total comprehensive income for the period attributable to:									
Shareholders of the Parent		(44,210,015)	(24,650,930)	(12,473,388)	(8,441,881)	(17,288,041)	(17,713,861)	(3,721,644)	(4,887,878)
Non-controlling interests		(1,238,345)	(396,898)	(510,965)	(182,080)	-	-	-	-
		(45,448,360)	(25,047,828)	(12,984,353)	(8,623,961)	(17,288,041)	(17,713,861)	(3,721,644)	(4,887,878)
Loss per share (Basic and diluted)		(0.2844)	(0.1586)	(0.0803)	(0.0543)	(0.1112)	(0.1140)	(0.0239)	(0.0314)
Weighted Average Number of Shares (Basic)		155,431,324	155,431,324	155,431,324	155,431,324	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	38,799,573	155,431,324	155,431,324	155,431,324	38,799,573

The accompanying notes are an integral part of the Interim Condensed Financial Statements

INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	The Group		The Company	
		30.09.2010	31.12.2009	30.09.2010	31.12.2009
ASSETS					
Non current assets					
Property, plant and equipment	11	317,066,410	305,357,127	172,179,387	179,268,579
Intangible assets	12	219,928,052	241,364,207	17,957,701	15,645,799
Goodwill	10	286,692,695	286,692,695	512,569	512,569
Investments in subsidiaries	10	-	-	289,889,228	289,313,232
Investments in associates accounted under the equity method		47,505	68,295	54,415	44,500
Other non-current assets		1,962,237	1,913,426	297,476	264,741
Available for sale financial assets	13	402,395	379,877	330,149	330,149
Deferred tax assets		31,641,519	34,232,303	21,654,609	25,569,637
Total non current assets		857,740,813	870,007,930	502,875,534	510,949,206
Current assets					
Inventories	15	3,853,143	5,537,891	2,531,625	2,269,943
Programme and film rights	14	54,115,231	43,547,921	-	-
Trade receivables	16	67,564,376	54,219,167	75,479,871	31,134,051
Prepayments and other receivables	17	29,011,860	31,159,273	12,056,248	17,858,073
Financial assets at fair value through profit or loss		44,610	53,847	-	-
Cash and cash equivalents	18	45,097,963	79,549,226	20,756,288	40,621,678
Total Current Assets		199,687,183	214,067,325	110,824,032	91,883,745
TOTAL ASSETS		1,057,427,996	1,084,075,255	613,699,566	602,832,951
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	19	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		13,715,777	13,651,442	13,028,772	13,028,772
Accumulated deficit		(197,744,518)	(153,470,168)	(155,299,917)	(138,011,876)
Total		300,361,508	344,571,523	342,119,104	359,407,145
Non-controlling interests		2,651,696	3,886,038	-	-
Total equity		303,013,204	348,457,561	342,119,104	359,407,145
Non current liabilities					
Long-term liabilities	20	298,879,717	330,890,404	89,442,580	109,349,677
Long-term transponder leases	22	131,826,058	111,553,434	-	-
Other long-term leases	21	1,799,281	1,940,634	1,799,281	1,918,167
Other long-term obligations		245,000	154,900	245,000	154,900
Long-term obligations of programmes and film rights	23	970,478	1,752,073	-	-
Reserve for staff retirement indemnities		3,272,781	3,689,562	1,776,377	1,711,452
Government grants	26	20,057,966	22,500,536	19,459,294	21,850,605
Deferred tax liability		41,141,694	46,733,989	-	-
Total Non-Current Liabilities		498,192,975	519,215,532	112,722,532	134,984,801
Current Liabilities					
Trade accounts payable	24	100,797,949	102,532,721	86,279,491	61,334,432
Short-term borrowings	20	1,606,190	1,112,127	-	-
Current portion of long-term borrowings	20	37,586,000	20,144,000	20,000,000	10,000,000
Deferred income		38,822,034	37,566,425	17,328,883	15,840,517
Current portion of transponder leases	22	13,239,803	10,402,563	-	-
Short-term portion of other obligations	21	187,614	182,411	157,287	150,057
Current portion of programmes and film rights obligations	23	10,859,988	11,099,960	-	-
Income tax payable		5,806,400	5,529,165	200,000	200,000
Accrued and other current liabilities	25	47,315,839	27,832,790	34,892,269	20,915,999
Total Current Liabilities		256,221,817	216,402,162	158,857,930	108,441,005
Total Liabilities		754,414,792	735,617,694	271,580,462	243,425,806
TOTAL LIABILITIES AND EQUITY		1,057,427,996	1,084,075,255	613,699,566	602,832,951

The accompanying notes are an integral part of the Interim Condensed Financial Statements

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

The Group	Attributable to equity holders of the parent company				Non-controlling interests	Total Equity
	Share capital	Share premium	Other reserves	Accumulated deficit		
Total Equity beginning at the 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 of the period (continuing and discontinuing operations)	-	-	-	(24,650,930)	(396,898)	(25,047,828)
Stock option plan	-	-	399,967	-	-	399,967
Total Equity ending at the period September 30, 2009	183,408,963	300,981,286	13,264,850	(137,441,190)	3,992,004	364,205,913
Total Equity beginning at the 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 of the period (continuing and discontinuing operations)	-	-	-	(44,210,015)	(1,238,345)	(45,448,360)
Minority share of increase in share capital	-	-	-	-	4,003	4,003
Transfer to non distributable reserve (Statutory Reserve)	-	-	64,335	(64,335)	-	-
Total Equity ending at the period September 30, 2010	183,408,963	300,981,286	13,715,777	(197,744,518)	2,651,696	303,013,204
The Company	Share capital	Share premium	Other reserves	Accumulated deficit	Total	
Total Equity beginning at the 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 of the period (continuing and discontinuing operations)	-	-	-	(17,713,861)	(17,713,861)	
Stock option plan	-	-	399,967	-	399,967	
Total Equity ending at the period September 30, 2009	183,408,963	300,981,286	12,642,180	(129,889,628)	367,142,801	
Total Equity beginning at the 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 of the period (continuing and discontinuing operations)	-	-	-	(17,288,041)	(17,288,041)	
Total Equity ending at the period September 30, 2010	183,408,963	300,981,286	13,028,772	(155,299,917)	342,119,104	

The accompanying notes are an integral part of the Interim Condensed Financial Statements

INTERIM CASH FLOW STATEMENT

	The Group		The Company	
	01.01- 30.09.2010	01.01- 30.09.2009	01.01- 30.09.2010	01.01- 30.09.2009
Cash flows from Operating Activities				
Loss before income taxes	(43,751,985)	(24,142,531)	(13,373,012)	(19,408,259)
Adjustments for:				
Depreciation and amortisation	76,568,303	65,643,567	40,462,879	32,865,761
Amortisation of subsidies	(2,442,571)	(2,537,769)	(2,391,312)	(2,484,243)
Gains on disposal of tangible and intangible assets	(11,008)	(49,867)	(6,142)	(1,358)
Financial (income)/expenses	20,409,475	13,997,953	3,608,115	2,627,938
Share of profits of associates accounted for under the equity method	30,705	(300)	-	-
Allowance for doubtful accounts receivable	2,710,134	4,127,909	2,668,166	3,207,183
Provision for staff retirement indemnities	467,047	551,131	229,025	211,110
Stock option plan	-	706,634	-	706,634
Other provisions	27,534	-	-	-
Operating profit before working capital changes	54,007,634	58,296,727	31,197,719	17,724,766
(Increase)/Decrease in:				
Inventories	1,684,747	1,011,948	(261,683)	(9,704)
Trade accounts receivable	(16,055,342)	(9,295,709)	(47,013,986)	(6,437,552)
Programme and film rights	(10,476,237)	(30,860,313)	-	-
Prepayments and other receivables	(2,352,588)	(2,177,301)	1,301,825	(7,460,059)
Increase/(Decrease) in:				
Trade accounts payable	(10,251,106)	32,947,526	16,238,572	39,547,630
Deferred income	1,255,609	(1,697,058)	1,488,366	1,108,891
Accrued and other current liabilities	14,283,330	640,391	13,642,169	2,536,633
Interest paid	(16,474,801)	(12,954,790)	(3,351,150)	(3,457,573)
Income taxes paid	(4,420,651)	(6,924,493)	-	(78,169)
Payment of staff retirement indemnities	(883,828)	(255,470)	(164,101)	(138,952)
Increase in other non-current assets	(52,364)	(616,162)	(32,735)	2,135
Increase in other long-term liabilities	83,255	94,900	90,100	94,900
Net cash from Operating Activities	10,347,658	28,210,196	13,135,096	43,432,946
Cash flow from Investing activities				
Capital expenditure for property, plant and equipment and intangible assets	(28,864,781)	(46,779,478)	(27,023,938)	(45,299,485)
Disposals of property, plant and equipment and intangible assets	80,067	49,417	50,974	33,456
Increase in participation in subsidiaries	-	-	(575,996)	-
Increase in investments in associates	(12,804)	-	(9,915)	-
Government grants received	4,500,000	-	4,500,000	-
Interest and related income received	496,042	1,115,518	170,044	214,440
Investment in subsidiary	-	-	-	(199,998)
Net cash used in Investing Activities	(23,801,476)	(45,614,543)	(22,888,831)	(45,251,587)
Cash flows from Financing Activities				
Net proceeds from the issuance of share capital in subsidiary	4,003	-	-	-
Net change in long-term borrowings	(15,130,000)	30,489,312	(10,000,000)	35,092,903
Net change in short-term borrowings	494,062	18,230	-	-
Net change in leases	(6,365,510)	(6,410,794)	(111,655)	(93,462)
Net cash (used in)/from Financing Activities	(20,997,445)	24,096,748	(10,111,655)	34,999,441
Net increase/(decrease) in cash and cash equivalents	(34,451,263)	6,692,401	(19,865,390)	33,180,800
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	45,097,963	86,203,261	20,756,288	48,044,816

The accompanying notes are an integral part of the Interim Condensed Financial Statements

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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 has been granted a general license with respect to the provision of telecommunications services by the Greek Telecommunications and Postal Commission (‘EETT’). Its license also includes the provision of Data Network and Internet services, as well as data and voice unification services for intra company networks and closed groups of users. Also, in accordance with the decision No. 198/11.12.2000 of the plenary assembly of EETT, Forthnet was granted a special license regarding the installation of a Public Wire Telecommunications Network. An amendment of the above granted special license followed, so that the provision of public fixed voice telephony service is included therein, in accordance with the decision No. 214/23 of the plenary assembly of EETT, dated April 20, 2001.

On February 14, 2008, Forgoing Ltd, which is based in Cyprus, acquired a participating interest of 21% of Forthnet’s share capital. During the fiscal year 2009 and the six month period ended June 30, 2010, Forgoing Ltd acquired further participating interest and its participation increased at September 30, 2010 to 39.88% in Forthnet’s share capital.

The accompanying interim financial statements for the six months period ended September 30, 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., Myriad Development B.V., Intervision (Services) B.V., Dikomo Investment Sarl (Luxembourg), Tiledrasi S.A. (Luxembourg), Multichoice Holdings (Cyprus) Ltd, Multichoice (Cyprus) Public Company Ltd, NetMed Hellas S.A., Multichoice Hellas S.A., NetMed S.A., Syned S.A., RPO S.A. and Ad Value S.A.

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.

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 10).

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 May 31, 2010.

On July 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 December 31, 2009.

On August 30, 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.
Syned S.A.	February 23, 1996	Greece	The Company operates and maintains the digital satellite transmission and signal distribution networks for the DTH broadcast of the Nova bouquet in Greece and Cyprus on behalf of MultiChoice Hellas S.A. Syned S.A. is authorised to provide digital satellite services (including uplinking, downlinking, multiplexing and leasing of space capacity), pursuant to a license granted by the Greek government. Syned S.A. also operates and maintains the analogue terrestrial transmission network for NetMed Hellas S.A. Finally, Syned provides digital satellite transmission and signal distribution services to deliver the signal of each of the seven national commercial Greek free-to-air (FTA) channels to their respective terrestrial relays.
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.
Ad Value S.A.	December 14, 2000	Greece	The Company administers airtime sales, together with advertising on NovaCinema and NovaSport websites on behalf of NetMed Hellas S.A. ADV also administers airtime sales (including interactive services) 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.
Myriad Development B.V.	April 15, 1994	Netherlands	Holding company
Dikomo Investment Sarl	June 18, 2003	Luxembourg	Holding company
Tiledrasi S.A.	June 18, 2003	Luxembourg	Holding company

Intervision (Services) B.V., was incorporated in January 1996 and its principle activity is the content acquisition services.

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.

The Group's number of employees at September 30, 2010, amounted to 1,535, while that of the Company to 855. At September 30, 2009, the respective number of employees was 1,459 for the Group and 839 for the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

(a) Basis of Preparation of Financial Statements:

The accompanying separate and consolidated condensed financial statements that refer to the period ended on September 30, 2010, have been prepared in accordance with the International Financial Reporting Standard (IFRS) 34 "Interim Financial Reporting".

The accompanying separate and consolidated financial statements do not include all the information required in the annual financial statements and therefore should be examined in combination with the published annual financial statements for the year ended 2009, which are available on the internet at the address www.forthnet.gr.

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's/period's financial statements were reclassified in order to conform to the current period's presentation.

The accounting policies adopted are consistent with those of the financial year ended December 31, 2009 except as follows:

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)

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

- **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.
- **In April 2009** the IASB issued its second 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 on or after July 1, 2009.

Standards issued but not yet effective and not early adopted

As at the date of preparation of the financial statements accounting standards and interpretations have been issued that are not yet in effect in the current accounting period. Except for those accounting standards and interpretations that are not yet in effect and were referred to in the financial statements of December 31, 2009, the following have been added:

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.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, effective for annual periods beginning on or after July 1, 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 derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation has not yet been endorsed by the EU.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended), effective for annual periods beginning on or after January 1, 2011. The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions. Earlier application is permitted and must be applied retrospectively. This amendment has not yet been endorsed by the EU.

IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement, effective for annual periods beginning on or after January 1, 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.

IAS 32 Classification on Rights Issues (Amended), effective for annual periods beginning on or after February 1, 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.

IAS 24 Related Party Disclosures (Revised), effective for annual periods beginning on or after January 1, 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. This interpretation has not yet been endorsed by the EU.

IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for first time adopters (Amended), is effective for annual periods beginning on or after July 1, 2010. This interpretation has not yet been endorsed by the EU.

IFRS 7 Financial Instruments: Disclosures, effective for annual periods beginning on or after January 1, 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.

(b) Approval of Financial Statements:

The Board of Directors of Forthnet approved the separate and consolidated condensed financial statements for the period ended at September 30, 2010, on November 15, 2010.

(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 10). 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:

The principal accounting policies adopted in the preparation of the accompanying interim condensed 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):

- (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.

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 consideration transferred over the Group's 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.

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.

- (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:** As of January 1, 2009, 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 September 30, 2010, amounted to € 38,822,034, and € 17,328,883, 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 September 30, 2010, amounted to € 4,120,750 and € 3,610,564, 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. REVENUES:

Revenues in the accompanying interim condensed financial statements are analysed as follows:

	The Group		The Company	
	January 1-September 30		January 1-September 30	
	2010	2009	2010	2009
Operating Revenues				
Direct Retail Services	247,858,680	218,176,631	109,689,057	79,821,385
Bundled services (2play)	91,924,305	67,405,805	91,924,305	67,405,805
Telephony	14,671,063	8,434,178	14,671,063	8,434,178
ADSL	3,093,689	3,981,402	3,093,689	3,981,402
Pay-TV Revenues	138,169,623	138,355,246	-	-
Indirect Retail Services	6,557,268	15,311,046	6,557,268	15,311,046
Telephony	2,756,259	9,671,004	2,756,259	9,671,004
ADSL	3,275,140	4,324,498	3,275,140	4,324,498
Other	525,869	1,315,544	525,869	1,315,544
Direct Business Services	27,166,177	19,719,872	27,688,751	19,719,872
E-business	2,442,732	2,387,044	2,786,553	2,387,044
Pay-TV Advertising Revenue	5,780,837	5,875,125	-	-
Forth CRS	4,071,747	3,100,283	-	-
Equipment	4,796,906	3,695,188	2,603,591	1,297,663
Other services	412,895	3,780,960	8,232,547	2,833,585
Total Operating Revenues	299,087,242	272,046,149	157,557,767	121,370,595
Other Income	4,143,093	3,580,131	3,777,915	3,536,342
Total Revenues	303,230,335	275,626,280	161,335,682	124,906,937

5. 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 period ended September 30, 2010, is analysed as follows:

<u>September 30, 2010</u>	<u>Telecommunications</u>	<u>Pay-TV</u>	<u>Eliminations</u>	<u>Total</u>
Revenues	153,184,682	145,902,560	-	299,087,242
Intersegment revenue	8,726,803	2,418,114	(11,144,917)	-
Total Revenue	161,911,485	148,320,674	(11,144,917)	299,087,242
Depreciation and amortization	41,110,390	35,457,913	-	76,568,303
Amortization of subsidies	(2,391,312)	(51,259)	-	(2,442,571)
Profit before interest, taxes and depreciation	22,001,134	28,812,793	-	50,813,927
Profit/(loss) before interest and taxes	(16,717,944)	(6,593,861)	-	(23,311,805)
Loss before taxes	(20,412,297)	(23,339,688)	-	(43,751,985)
Less: income tax	(3,774,475)	2,078,100	-	(1,696,375)
Loss after taxes	(24,186,772)	(21,261,588)	-	(45,448,360)
Total assets	415,972,459	716,805,748	(75,350,211)	1,057,427,996
Capital expenditure	36,029,243	30,824,633	-	66,853,876
Liabilities	276,708,392	552,668,311	(74,961,911)	754,414,792

The segment information for the period ended September 30, 2009, is analysed as follows:

	<u>Telecommunications</u>	<u>Pay-TV</u>	<u>Eliminations</u>	<u>Total</u>
Sales to customers	125,768,986	146,277,163	-	272,046,149
Revenues between segment activity	820,959	829,144	(1,650,103)	-
Total revenues	126,589,945	147,106,307	(1,650,103)	272,046,149
Profit /(loss) before taxes	(19,561,370)	14,138,910	(18,720,071)	(24,142,531)
Goodwill	83,359,167	203,333,528	-	286,692,695
Total assets				
as at September 30, 2009	423,654,318	650,306,057	(19,428,577)	1,054,531,798
as at December 31, 2008	561,245,129	503,371,216	(36,058,332)	1,028,558,013

6. PAYROLL COST:

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

	<u>The Group</u>		<u>The Company</u>	
	<u>January 1-September 30</u>		<u>January 1-September 30</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Wages and salaries	29,070,528	28,493,489	16,861,998	15,870,553
Social security costs	6,434,753	6,289,310	3,801,120	3,691,721
Staff retirement indemnities	467,047	551,131	229,025	211,110
Stock option plans	-	706,634	-	706,634
Other staff costs	1,058,858	506,967	851,192	334,418
Total	37,031,186	36,547,531	21,743,335	20,814,436
Less: Amounts capitalised	(2,036,514)	(2,373,702)	(2,036,514)	(2,101,846)
Payroll Cost (Note 8)	34,994,672	34,173,829	19,706,821	18,712,590

7. FINANCIAL INCOME / (EXPENSES):

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

	The Group		The Company	
	January 1-September 30		January 1-September 30	
	2010	2009	2010	2009
Interest on long-term borrowings (Note 20)	(9,318,293)	(11,384,622)	(3,003,999)	(3,073,729)
Interest on short-term borrowings (Note 20)	(30,990)	(40,712)	-	-
Finance charges paid under finance leases	(6,724,019)	(2,957,414)	(95,457)	(90,634)
Other financial (Note 25)	(6,346,293)	(1,529,456)	(678,703)	(476,748)
Total financial expenses	(22,419,595)	(15,912,204)	(3,778,159)	(3,641,111)
Less: Amounts capitalised	-	(798,733)	-	(798,733)
Total financial expenses	(22,419,595)	(15,113,471)	(3,778,159)	(2,842,378)
Interest earned on cash at banks and on time deposits (Note 18)	496,042	1,115,518	170,044	214,440
Other financial income	1,514,078	-	-	-
Total financial income	2,010,120	1,115,518	170,044	214,440
Total financial income/(expenses), net	(20,409,475)	(13,997,953)	(3,608,115)	(2,627,938)

8. ANALYSIS OF EXPENSES:

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

	The Group		The Company	
	January 1-September 30		January 1-September 30	
	2010	2009	2010	2009
Payroll and related costs (Note 6)	34,994,672	34,173,829	19,706,821	18,712,590
Third party fees and services	37,007,952	32,257,116	19,889,609	16,311,693
Telecommunication costs	73,354,757	56,680,887	73,240,669	56,680,887
Royalties / Licenses	70,796,216	62,440,053	-	-
Taxes and duties	947,361	345,977	838,546	278,451
Sundry expenses	2,870,146	2,710,763	701,143	594,137
Advertising and promotion costs	15,221,983	16,126,559	10,090,244	8,541,492
Depreciation and amortisation	76,568,303	65,643,567	40,462,879	32,865,761
Allowance for doubtful accounts receivable (Note 16)	2,710,134	4,127,909	2,668,166	3,207,183
Cost of sales of inventory and consumables	12,070,616	11,264,498	3,502,502	4,495,064
Total expenses	326,542,140	285,771,158	171,100,579	141,687,258

The above expenses are analysed as follows:

	The Group		The Company	
	January 1-September 30		January 1-September 30	
	2010	2009	2010	2009
Cost of sales	258,369,454	228,620,095	123,492,337	113,641,155
Selling and distribution expenses	44,331,089	35,041,447	36,998,207	19,105,258
Administrative expenses	23,100,935	20,619,544	9,869,373	7,450,773
Research and development expenses	740,662	1,490,072	740,662	1,490,072
Total expenses	326,542,140	285,771,158	171,100,579	141,687,258

9. INCOME TAXES:

In accordance with the tax laws, the corporate tax rate which is effective to the Greek corporations through to December 31, 2009 is 25%. In accordance with the tax Law 3697/2008, the corporate tax rate is gradually reduced from 25% to 20%. More specifically, the tax rate is reduced to 24% for the fiscal year 2010, 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 interim condensed statements of comprehensive income are analysed as follows:

	The Group		The Company	
	January 1-September 30		January 1-September 30	
	2010	2009	2010	2009
Current income taxes	4,838,439	7,320,440	-	284,829
Deferred income taxes	(3,142,064)	(6,415,143)	3,915,029	(1,979,227)
Total income taxes (credit) / debit reflected in the statements of comprehensive income	<u>1,696,375</u>	<u>905,297</u>	<u>3,915,029</u>	<u>(1,694,398)</u>

On May 5, 2010, the Greek Government put in force the Law regarding the exceptional one-off income taxation (L. 3845/2010). According to article 5 the exceptional taxation is applied retrospectively to the net income of fiscal year 2009 and amounted to € 2.8 million.

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

SUBSIDIARY COMPANIES	UNAUDITED TAX YEARS/PERIODS
Forth-Crs S.A.	2007-2009
NetMed S.A.	01/04/2006 – 31/12/2009
Syned S.A.	01/04/2008 – 31/12/2009
Ad Value S.A.	01/04/2008 – 31/12/2009
NetMed Hellas S.A.	01/04/2004 – 31/12/2009
Multichoice Hellas S.A.	01/04/2007 – 31/12/2009
RPO S.A.	16/0//2006 – 31/12/2008
Tiledrasi S.A.	From date of incorporation – 31/12/2009

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

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. As at June 30 and at the third quarter, 2010 the Company re-assessed its deferred tax assets that had been recognized through December 31, 2009 and proceeded to decrease such asset by approximately € 3.5 million which related to part of the deferred tax asset recognised on the assessed losses (€ 15 million) of 2006. The decrease was made as the anticipated taxable income through December 31, 2011, will not be adequate to cover the tax carry forward losses.

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.

10. SUBSIDIARIES AND ASSOCIATES - GOODWILL:

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

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest		Balance	
				30.09.2010	31.12.2009	30.09.2010	31.12.2009
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	96.43%	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

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

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest		Balance	
				30.09.2010	31.12.2009	30.09.2010	31.12.2009
Athlonet S.A.	Kallithea, Attica, Greece	Equity method	Direct	44.00%	44.00%	37,590	68,295

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

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest 30.09.2010
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 interim condensed consolidated financial statements:

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest 30.09.2010
Intervision (Services) B.V.	Holland	Full	Direct	100.00%
NetMed N.V.	Holland	Full	Direct	100.00%
Multichoice Hellas S.A.	Greece	Full	Indirect	9.39%
NetMed Hellas S.A.	Greece	Full	Direct	100.00%
SyNeD S.A.	Greece	Full	Direct	100.00%

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 interim condensed consolidated financial statements:

Company	Registered Office	Consolidation Method	Participation Relationship	Percentage participation
			30.09.2010	30.09.2010
Dikomo Investment Sarl (Luxembourg)	Luxembourg	Full	Indirect	100%
Tiledrasi S.A. (Luxembourg)	Luxembourg	Full	Indirect	100%
Multichoice Holdings (Cyprus) LTD	Cyprus	Full	Indirect	69.02%
Multichoice (Cyprus) Public Company LTD	Cyprus	Full	Indirect	35.19%
Multichoice Hellas S.A.	Kantza, Attica, Greece	Full	Indirect	87%
NetMed S.A.	Kantza, Attica, Greece	Full	Indirect	100%
Ad Value S.A.	Kantza, Attica, Greece	Full	Indirect	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.

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

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	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	-	-
Total	286,692,695	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.

On August 27, 2008, Forthnet completed the acquisition of all of the 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.

The funds for the payment of the total consideration of the acquisition was derived from the increase of Forthnet's share capital, which was completed on August 4, 2008 and the partial issuance of the bond facility of € 245,000,000 by Forthnet Media Holdings S.A., which was subscribed by National Bank of Greece S.A., Alpha Bank S.A., Agricultural Bank of Greece S.A. and Millennium Bank S.A.

The goodwill which arose from the above acquisition, which is included in the accompanying statement of financial position, was based on the fair values of the consolidated statement of financial position of the acquired companies as at August 27, 2008.

Within twelve months from the date of the acquisition, the Group finalised the allocation to the purchase price to the assets and liabilities of the acquired companies and the related amount of goodwill. There was no adjustment in the fair values which had been recognised in the consolidated financial statements as of December 31, 2008.

The carrying and fair values of the consolidated statement of financial position of the acquired companies, the total cost of acquisition and the goodwill for the Group as at August 27, 2008, (date of the acquisition), are as follows:

<u>ASSETS</u>	<u>CARRYING</u> <u>VALUES</u>	<u>FAIR VALUE AT</u> <u>ACQUISITION</u> <u>DATE</u>
Property, plant and equipment	15,803,670	15,803,670
Intangible assets	66,771,559	265,132,121
Deferred tax asset	12,285,088	12,285,088
Inventories	8,313,049	8,313,049
Current assets	73,715,745	73,715,745
Cash and cash equivalents	55,270,307	55,270,307
Total assets	232,159,418	430,519,980
<u>LIABILITIES</u>		
Long-term and short-term borrowings	(21,000,001)	(21,000,001)
Other long-term liabilities	(67,212,457)	(67,212,457)
Other short-term liabilities	(111,381,334)	(111,381,334)
Deferred tax liability	-	(66,132,500)
Total liabilities	(199,593,792)	(265,726,292)
Net Assets acquired	32,565,626	164,793,688
Non-controlling interests		(4,732,111)
Total net value of assets		160,061,577
Goodwill on acquisition		285,965,176
Total acquisition cost		446,026,753
<u>The total acquisition cost is analysed as follows:</u>		
Cash		491,653,113
Acquisition expenses		16,026,098
Less: Repayment of long-term loan		(61,652,458)
Net assets acquired		446,026,753

Goodwill as at September 30, 2010, amounted to € 285,965,176 as it was at December 31, 2009, due to recognition of intangible assets which were valued at the date of acquisition and are analysed as follows:

Brand name	69,770,000
Customer relationships	114,230,000
Greek Superleague Contractual Rights	51,720,000
FTA channels carrying agreement	28,810,000
Total	264,530,000

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.

The aggregated carrying amounts of goodwill allocated to each CGU are as follows:

Telecommunications	82,631,648
Pay-TV	203,333,528
Total	285,965,176

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.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired.

The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the annual financial statements for the year ended 31 December 2009.

As at 30 June 2010, there were not indicators of impairment. As a result management will perform an impairment calculation as at 31 December 2010.

11. PROPERTY, PLANT AND EQUIPMENT:

During the period January 1, 2010 to September 30, 2010, the Group's investments in tangible assets amounted to € 19,116,600 and those of the Company to € 17,698,568 and relate mainly to the expansion of Forthnet's private network and also to the development of new Forthnet shops (at September 30, 2009, the additions of tangible assets amounted to € 48,460,816 and € 47,192,411 for the Group and the Company, respectively).

Additionally, during the period January 1, 2010 to September 30, 2010, the Group's investment in capitalised leased assets amounted to € 29,339,224 and those of the Company to €0 (at September 30, 2009, there were no additions of capitalised leased assets).

There is no property, plant and equipment that has been pledged as security. The title of the capitalised leased assets has been retained by the lessor. The net book value of the Group's capitalised leased assets at September 30, 2010 and at December 31, 2009, amounted to € 140,172,407 and € 121,115,821, respectively. For the Company the related amounts are € 2,455,669 and € 2,495,689 at September 30, 2010 and at December 31, 2009.

12. INTANGIBLE ASSETS:

During the period January 1, 2010 to September 30, 2010, the Group's investment in intangible assets amounted to € 18,398,052 and those of the Company's to € 18,033,385 and relate mainly to acquisition costs of new subscribers and also to the upgrade of IT software systems (at September 30, 2009, these amounted to € 8,164,418 and € 7,952,829 for the Group and the Company, respectively).

13. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analysed as follows:

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
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.

14. PROGRAMME AND FILM RIGHTS:

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

	The Group	
	30.09.2010	30.12.2009
Purchased sports rights	91,587,654	81,098,066
Licensed film rights	9,728,019	11,332,586
Sports and Film Rights	101,315,673	92,430,652
Purchased sports rights	44,257,006	(44,561,623)
Licensed film rights	2,943,435	(4,321,108)
Sports and Film Rights Amortisation	47,200,441	(48,882,731)
Purchased sports rights	47,330,647	36,536,443
Licensed film rights	6,784,584	7,011,478
Sports and Film Rights, net	54,115,231	43,547,921
Less: Programme and film rights short-term	54,115,231	43,547,921
Programme and film rights, long-term	-	-

15. INVENTORIES:

Inventories in the accompanying interim condensed financial statements are analysed as follows:

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Merchandise	6,026,078	7,650,539	2,531,625	2,269,943
Consumables	126,336	115,641	-	-
Obsolete & slow moving provision	(2,299,271)	(2,228,289)	-	-
Total	3,853,143	5,537,891	2,531,625	2,269,943

16. TRADE ACCOUNTS RECEIVABLE:

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

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Domestic customers	85,712,048	73,734,366	88,880,679	43,339,176
Foreign customers	4,165,795	1,489,826	599,495	452,771
Receivables from Greek State	2,090,722	1,780,529	2,083,428	1,780,529
Cheques and notes receivable	3,839,272	4,556,595	1,653,989	1,778,545
Unbilled revenue	4,120,750	2,463,148	3,610,564	2,463,148
	99,928,587	84,024,464	96,828,155	49,814,169
Less: Allowance for doubtful accounts receivable	(32,364,211)	(29,805,297)	(21,348,284)	(18,680,118)
Balance of trade accounts receivable	67,564,376	54,219,167	75,479,871	31,134,051

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

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Beginning balance	29,805,297	26,465,071	18,680,118	16,326,897
Provision (Note 8)	2,710,134	4,271,241	2,668,166	3,183,931
Less: Utilisation	(151,220)	(931,015)	-	(830,710)
Ending period balance	32,364,211	29,805,297	21,348,284	18,680,118

The amount of € 2,710,134 charged to the Group's half year results is net of an amount of € 98,032 which represents a provision release.

17. PREPAYMENTS AND OTHER RECEIVABLES:

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

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Receivables due from the Greek State	7,080,236	12,972,148	4,791,428	10,725,018
Prepaid expenses	8,724,083	1,098,141	990,736	1,021,758
Value Added Tax	865,535	5,837,401	-	4,197,273
Advances to employees	38,020	-	6,544	-
Advances to suppliers	2,959,630	4,099,205	2,766,816	170,788
Other debtors	9,344,356	7,152,378	3,500,724	1,743,236
Total balance of other receivables and prepayments	29,011,860	31,159,273	12,056,248	17,858,073

18. CASH AND CASH EQUIVALENTS:

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

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Cash in hand	79,159	96,879	58,091	64,022
Cash at banks	38,804,304	14,334,594	19,483,697	4,807,255
Time deposits	6,214,500	65,117,753	1,214,500	35,750,401
Total	45,097,963	79,549,226	20,756,288	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 period ended September 30, 2010, amounted to € 496,042 and € 170,044 for the Group and the Company, respectively, (for the period ended September 30, 2009, € 1,115,518 and € 214,440 for the Group and the Company, respectively) and are included in financial income in the accompanying interim condensed statements of comprehensive income.

19. 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 divided 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, 2009 and September 30, 2010, amounted to € 183,408,963 divided into 155,431,324 ordinary shares of € 1.18 par value each.

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

Long-term loans for the Group and the Company at September 30, 2010 and at December 31, 2009, are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>30.09.2010</u>	<u>31.12.2009</u>	<u>30.09.2010</u>	<u>31.12.2009</u>
Bond loan	226,721,137	350,602,404	-	119,349,677
Other long term loans	109,744,580	432,000	109,442,580	-
Total	336,465,717	351,034,404	109,442,580	119,349,677
Less current portion:				
- Bond loan	37,500,000	20,000,000	20,000,000	10,000,000
- Other	86,000	144,000	-	-
Total	37,586,000	20,144,000	20,000,000	10,000,000
Long-term portion	298,879,717	330,890,404	89,442,580	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. The first instalment which amounted to € 10 million 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.
2. Total net bank borrowing / EBITDA less or equal to 7 to 4 for the fiscal years 2009-2013.
3. Total net bank borrowing / Total equity less or equal to 1.15 to 1 for the fiscal years 2009-2013.
4. Cash Flow / Debt Service greater or equal to 1.02 for the fiscal years 2009-2013.

On December 21, 2007, the first series of the bond was drawn-down 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-down, while on October 14, 2008, the remaining amount of € 45,000,000 was drawn-down.

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 as the ones described in the previous paragraph for the Parent Company's Bond Loan.

Total interest expenses on long-term loans for the periods ended September 30, 2010 and 2009, amounted to € 9,318,293 and € 11,384,622, respectively for the Group and € 3,003,999 and € 3,073,729, respectively for the Company and are included in financial expenses (Note 7), in the accompanying interim condensed 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	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Credit lines available	2.742.490	14,266,427	-	11,600,000
Unused portion	(1.136.300)	(13,154,300)	-	(11,600,000)
Used portion	1,606,190	1,112,127	-	-

The total interest expense for short-term borrowings for the periods ended September 30, 2010 and 2009 amounted to € 30,990 and € 40,712, respectively for the Group and is included in financial expenses (Note 7), in the accompanying interim condensed financial statements.

21. 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 (printers) by the Company's subsidiary, Forth CRS, during 2005 with a total value of € 199,935, with duration of three years, repayable in equal monthly instalments bearing interest at Euribor plus a margin of 2.5%.
- Leasing of equipment studios by the Company's subsidiary, NetMed Hellas S.A., 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:

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Obligation under finance lease	1,986,895	2,123,045	1,956,568	2,068,224
Less: Current portion	(187,614)	(182,411)	(157,287)	(150,057)
Long-term portion	1,799,281	1,940,634	1,799,281	1,918,167

22. FINANCE LEASE TRANSPONDER OBLIGATIONS:

The Company's subsidiary, Syned S.A. 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%.

The finance lease transponders obligations are analysed as follows:

	The Group	
	30.09.2010	31.12.2009
Obligation under finance lease	145,065,861	121,955,997
Less: Current portion	(13,239,803)	(10,402,563)
Long-term portion	131,826,058	111,553,434

23. PROGRAMME AND FILM RIGHTS LIABILITIES:

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

	The Group	
	30.09.2010	31.12.2009
Programmes and Rights	11,830,466	12,852,033
Less: Current portion	(10,859,988)	(11,099,960)
Long-term portion	970,478	1,752,073

24. TRADE ACCOUNTS PAYABLE:

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

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Domestic suppliers	84,784,862	88,548,518	82,073,450	55,937,093
Foreign suppliers	14,120,216	10,136,162	1,302,255	2,783,899
Post dated cheques payable	1,892,871	3,848,041	2,903,786	2,613,440
	100,797,949	102,532,721	86,279,491	61,334,432

25. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Social security payable	1,034,784	2,026,674	586,143	1,177,314
Value added tax	1,591,618	1,372,054	-	-
Other taxes and duties	1,873,617	2,645,452	178,890	446,068
Customer advances	122,910	320,073	-	-
Interest accrued	-	-	-	-
Other current liabilities	37,145,862	20,970,864	34,127,236	19,292,617
Interest rates swaps	5,547,048	497,673	-	-
	47,315,839	27,832,790	34,892,269	20,915,999

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps agreements amounting to € 120 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 period ended as at June 30, 2010, were € 5,049,376 (at December 31, 2009: €498 thousand). The amount of € 5,049,376 is included in other financial costs (note 7).

26. GOVERNMENT GRANTS:

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

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Grants received	567,701	567,701	-	-
Government grant N. 3299/2004 (Note 28)	9,430,000	9,430,000	9,000,000	9,000,000
Subprojects 6 & 7 of the Operational Programme "Information Society" (Note 28)	19,532,613	19,532,612	19,532,613	19,532,612
Accumulated amortization	(7,029,777)	(3,910,986)	(6,682,007)	(3,634,058)
Amortization for the period	(2,442,571)	(3,118,791)	(2,391,312)	(3,047,949)
Ending balance	20,057,966	22,500,536	19,459,294	21,850,605

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

27. RELATED PARTIES:

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

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

Related Party	Relation with Forthnet	Period ending at	Sales to related parties	Purchases from related parties
Technology and Research Foundation	Shareholder	30.09.2009	140,881	57,987
		30.09.2010	76,036	56,934
Forth CRS S.A.	Subsidiary	30.09.2009	65,970	5,743
		30.09.2010	64,908	1,190
Athlonet S.A.	Associated	30.09.2009	12,306	6,600
		30.09.2010	8,018	22,654
MultiChoice Hellas S.A.	Subsidiary	30.09.2009	789,491	714,105
		30.09.2010	5,437,655	2,419,453
SYNED S.A.	Subsidiary	30.09.2009	121	-
		30.09.2010	-	-
NETMED S.A.	Subsidiary	30.09.2009	145	-
		30.09.2010	128,229	-
NetMed Hellas S.A.	Subsidiary	30.09.2009	37,831,202	17,039
		30.09.2010	2,260,766	20
Forthnet Media Holdings S.A.	Subsidiary	30.09.2009	-	98,000
		30.09.2010	823,449	8,748
	Total	30.09.2009	38,840,116	899,474
	Total	30.09.2010	8,799,061	2,508,999

<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
		30.09.2010	49,249	28,964
Forth CRS S.A.	Subsidiary	31.12.2009	283,802	38,450
		30.09.2010	362,557	39,865
Telemedicine Technologies S.A.	Subsidiary	31.12.2009	136,677	-
		30.09.2010	136,677	-
Athlonet S.A.	Associated	31.12.2009	7,024	22,646
		30.09.2010	2,809	22,457
MultiChoice Hellas S.A.	Subsidiary	31.12.2009	1,498,327	1,672,047
		30.09.2010	5,467,039	37,582,408
NetMed Hellas	Subsidiary	31.12.2009	85,342	26,551
		30.09.2010	-	911,112
Forthnet Media Holdings S.A.	Subsidiary	31.12.2009	103,331	-
		30.09.2010	30,269,076	37,164
NetMed S.A.	Subsidiary	31.12.2009	29	-
		30.09.2010	156,012	-
	Total	31.12.2009	2,141,214	1,786,836
	Total	30.09.2010	36,443,419	38,621,970

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	30.09.2009	140,881	57,987
		30.09.2010	76,036	56,934
Lumiere Productions S.A.	Shareholder	30.09.2009	-	2,271,025
		30.09.2010	-	2,877,379
Lumiere Television Ltd	Shareholder	30.09.2009	-	1,264,413
		30.09.2010	-	1,853,400
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	30.09.2009	-	81,576
		30.09.2010	-	122,364
Gambritsos Georgios	Members of the B.O.D. – Executive members	30.09.2009	-	179,603
		30.09.2010	-	235,539
Athlonet S.A.	Associated	30.09.2009	12,306	6,600
		30.09.2010	8,018	22,654
	Total	30.09.2009	153,187	3,861,204
	Total	30.09.2010	84,054	5,168,270

<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 30.09.2010	26,682 49,249	27,142 28,964
Lumiere Television Ltd	Shareholder	31.12.2009 30.09.2010	- -	415,823 491,196
Lumiere Television Ltd	Shareholder	31.12.2009 30.09.2010	320,301 -	- 542,801
Lumiere Cosmos Communications	Shareholder	31.12.2009 30.09.2010	- -	10 10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.12.2009 30.09.2010	- -	16,209 16,888
Gambritsos Georgios	Members of the B.O.D. – Executive members	31.12.2009 30.09.2010	- -	27,324 -
Athlonet S.A.	Associated	31.12.2009 30.09.2010	7,024 2,809	22,646 22,457
	Total	31.12.2009	354,007	509,154
	Total	30.09.2010	52,058	1,102,316

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the period ended September 30, 2010 and June 30, 2009, are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>January 1-September 30</u>		<u>January 1-September 30</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Salaries and fees for executive members of the BoD	365,335	218,445	225,380	218,445
Salaries and fees for non executive members of the BoD	112,878	104,400	112,878	104,400
Salaries and fees for Senior Managers	3,099,452	1,941,865	1,497,915	650,025
Total	3,577,665	2,264,710	1,836,173	972,870

28. 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 29).

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 € 1.6 million at September 30, 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 September 30, 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.

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 September 30, 2010 and at December 31, 2009, are as follows:

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Within one year	4,131,152	4,163,911	1,956,246	1,758,750
2-5 years	14,206,285	14,550,320	5,569,842	5,076,625
Over 5 years	13,089,613	15,571,317	3,361,905	2,744,918
Total	31,427,050	34,285,548	10,887,993	9,580,293

Guarantees: Letters of guarantee are issued and received by the Group to and from various beneficiaries and, as at September 30, 2010 and at December 31, 2009, are analysed as follows:

	The Group		The Company	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Good execution of agreements	14,856,618	24,165,818	6,304,484	16,469,742
Participation in bids	16,751	255,727	16,751	255,727
Guarantee for advance payments received	14,469,355	25,252,718	14,469,355	25,252,718
Total	29,342,724	49,674,263	20,790,590	41,978,187

Contractual Commitments: The outstanding balance of the contractual commitments for the Group amounted to approximately € 39.6 million and for the Company amounted to approximately € 8.2 million at September 30, 2010. 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 € 6.6 million.

29. LITIGATION – ARBITRATION:

A. FORTHNET S.A.

I. Forthnet's outstanding judicial claims against third parties amount to approximately € 41.27 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 preselection.

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 recognise 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.

2. Claim against the Hellenic Republic deriving from the project "National Network of Public Administration - SIZEYXIS" launched by the Ministry of Internal Affairs, amounting for the first semester of 2010 to € 933,928.98 plus VAT. With regard to that amount the Company has already submitted a claim recognition request to the Legal Council of the State and we anticipate a positive response. The respective claim for the 3rd quarter of 2010 amounts to € 468,827,37 plus VAT and a respective claim recognition request is planned to be submitted to the Legal Council of the State accordingly.
3. The remaining (apart from the above claims concerning regulatory and telecommunication law matters) judicial claims of the Company against third parties amount to approximately € 10.3 millions.

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

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).

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 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 Antigoni Mesaritaki, 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 (already merged, as at August 30, 2010, through its absorption by its affiliate company NETMED NV)

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. TILEDRASI S.A. (Greek) (already absorbed, as at December 31, 2009, through its absorption by "Forthnet Media Holdings")

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.

30. SUBSEQUENT EVENTS:

Forthnet Group has extended its cooperation with the organizing authority of the 1st Division Professional Football Championship, Super League, until the end of the football season 2013 - 2014. Forthnet now holds the exclusive rights for TV, internet and mobile transmission, for both Greece and Cyprus, for all the home games of the 14 teams in the Super League that have signed the Collective TV Rights Agreement and for all available Time Slots, for the football seasons 2010 – 2014.

Iraklion, November 15, 2010

President of the Board of Directors

Vice President of the Board of Directors
and
Chief Executive Officer

Deepak Srinivas Padmanabhan
Passport No. Z 1849335

Pantelis Tzortzakis
I.D. X 072948

Chief Financial Officer

Group Financial Reporting &
Budgeting Director

Group Accounting Director

Evangelos Raptis
I.D. AE 040547

Konstandinos-Sotirakis Theodosiou
I.D. AZ 570755

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

FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2010

FORTHNET GROUP
FORTHNET S.A.
Registration No S.A. 34481/06/1/95/04
Scientific Technological Park of Crete, Vassilika Weston, Iraklion Crete 71003
FINANCIAL STATEMENT FOR THE PERIOD JANUARY 1, 2008 - SEPTEMBER 30, 2010
(Consolidated Financial Statements of the Board of Directors)

GENERAL INFORMATION:
Website: www.forthnet.gr
Date of Approval of the First Half Financial Statements: November 25, 2010
The Certified Auditors - Accountants: Seferis Christodoulos, Sakouros Stavros
Auditing Companies: ERNST & YOUNG S.A., SOI S.A.
Review Report: Unqualified Opinion

STATEMENT OF FINANCIAL POSITION (parent company and consolidated)

	GROUP		COMPANY	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
ASSETS				
Tangible assets	317,066,410	305,357,137	172,179,387	179,268,579
Intangible assets	219,928,052	241,364,207	17,957,701	15,645,799
Goodwill	286,692,695	286,692,695	512,569	512,569
Other non current assets	34,053,656	36,593,901	312,225,877	315,522,259
Inventories	3,853,143	5,537,891	2,531,425	2,269,943
Trade receivables	67,564,376	54,215,167	75,479,871	31,134,051
Other current assets	128,269,664	154,310,287	32,812,336	58,479,571
TOTAL ASSETS	1,037,427,996	1,084,075,255	613,699,566	602,832,951
EQUITY AND LIABILITIES				
Share Capital (155,433,324 shares € 1.18 each)	183,408,963	183,408,963	183,408,963	183,408,963
Retained earnings and other reserves	116,952,545	161,202,560	158,702,141	175,998,282
Total Shareholders equity (a)	300,361,508	344,611,523	342,111,104	359,407,245
Non-controlling interests (b)	2,651,696	3,886,038	-	-
Total Equity (c)=(a)+(b)	303,013,204	348,497,561	342,111,104	359,407,245
Long term borrowings	298,879,717	330,890,404	89,442,580	109,349,677
Provisions/Other long-term liabilities	199,312,258	188,325,128	21,779,952	25,683,124
Short-term borrowings	39,192,190	21,246,127	20,000,000	10,000,000
Other Current Liabilities	217,029,627	195,146,035	138,857,930	98,441,005
Total Liabilities (d)	754,414,792	735,617,694	271,588,462	243,425,806
TOTAL EQUITY AND LIABILITIES (c)+(d)	1,037,427,996	1,084,075,255	613,699,566	602,832,951

STATEMENT OF CHANGES IN EQUITY (parent company and consolidated)

	GROUP		COMPANY	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
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
Total comprehensive income after taxes	(45,448,360)	(25,047,828)	(17,288,041)	(17,713,861)
Minority share of increase in share capital	4,003	-	-	-
Stock option plan	-	399,967	-	399,967
Total equity balance ending period (30.09.2010 and 30.09.2009 respectively)	303,013,204	364,205,913	342,111,104	367,142,801

TOTAL COMPREHENSIVE INCOME

	GROUP			
	01.01 - 30.09.2010	01.01 - 30.09.2009	01.01 - 30.09.2010	01.01 - 30.09.2009
Turnover	299,087,242	272,045,149	100,326,918	92,087,863
Gross Profit	40,717,788	43,426,054	10,391,103	13,470,602
Loss before taxes, financing and investing activities	(23,311,805)	(10,144,878)	(8,956,040)	(4,841,582)
Loss before income taxes	(43,151,985)	(24,142,531)	(13,754,862)	(9,083,651)
Loss after income taxes (A)	(45,448,360)	(25,047,828)	(12,984,353)	(8,623,961)
- Share holders of the parent company	(44,210,015)	(24,650,930)	(12,473,388)	(8,441,881)
- Non-controlling interests	(1,238,345)	(396,898)	(510,965)	(182,080)
Other comprehensive income after taxes(B)	-	-	-	-
Total comprehensive income after taxes(A)+(B)	(45,448,360)	(25,047,828)	(12,984,353)	(8,623,961)
- Share holders of the parent company	(44,210,015)	(24,650,930)	(12,473,388)	(8,441,881)
- Non-controlling interests	(1,238,345)	(396,898)	(510,965)	(182,080)
Loss after taxes per share - Basic (in €):	(0.2844)	(0.1586)	(0.0903)	(0.0543)
Profit before taxes, financing, investing activities and depreciation	50,813,927	52,960,920	16,869,972	16,441,306

CASH FLOW STATEMENT (parent company and consolidated)

	GROUP		COMPANY	
	01.01 - 30.09.2010	01.01 - 30.09.2009	01.01 - 30.09.2010	01.01 - 30.09.2009
Cash flow from Operating Activities				
Loss before taxes (continuing activities)	(43,751,985)	(24,142,531)	(13,371,012)	(19,408,259)
Add / Less adjustments for:				
Depreciation and amortization	76,568,303	65,643,567	40,462,879	32,865,761
Amortization of subsidies	(2,442,571)	(2,937,769)	(2,393,312)	(2,484,243)
Gains on disposals of tangible and intangible assets	(15,008)	(40,887)	(6,142)	(1,348)
Allowance for doubtful receivable accounts	2,710,134	4,127,989	2,668,166	3,207,383
Other provisions	494,581	1,257,765	229,025	91,744
Gains on disposals of financial investing activities	(2,030,120)	(1,115,518)	(170,044)	(124,440)
Interest and related expenses	22,419,595	15,113,471	3,778,159	2,842,378
Share of profits of associates accounted for under the equity method	30,705	(300)	-	-
Add/less adjustments for changes in working capital related to operating activities:				
Decrease / (increase) Inventories	1,684,747	1,011,948	(261,683)	(9,704)
Decrease / (increase) trade accounts receivable and prepayments	(28,884,167)	(42,333,323)	(45,712,161)	(13,897,611)
(Decrease) / Increase liabilities (other than Bank loans)	4,404,005	31,655,389	31,205,006	43,654,202
Less:				
Interest and related expenses paid	(16,474,801)	(12,954,790)	(3,351,150)	(3,457,573)
Tax paid	(4,420,651)	(6,924,493)	-	(18,169)
Increase/(decrease) in other long-term receivables	(52,364)	(616,162)	(32,735)	2,135
Increase/(decrease) in other long-term liabilities	83,258	94,900	90,100	94,900
Net cash from operating activities (a)	10,197,658	28,210,196	13,133,096	43,432,846
Cash flow from Investing Activities				
Increase in participation in subsidiaries/associates	(12,804)	-	(585,911)	(199,998)
Purchase of tangible and intangible assets	(28,864,781)	(46,779,478)	(27,023,938)	(45,299,485)
Proceeds from the sale of tangible and intangible assets	40,067	49,417	50,974	33,456
Interest received	496,062	1,115,518	170,044	214,440
Government grants received	4,500,000	-	4,500,000	-
Net cash flow used in investing activities (b)	(23,891,476)	(45,614,948)	(22,889,831)	(45,215,587)
Cash flow from Financing Activities				
Net proceeds from the issuance of share capital in subsidiary	4,003	-	-	-
Net change in long-term borrowings	(15,130,000)	30,489,312	(10,000,000)	35,092,903
Net change in short-term borrowings	496,062	18,230	-	-
Net change in finance lease creditors	(6,365,510)	(6,410,794)	(111,655)	(93,462)
Net cash flow from/(used in) financing activities (c)	(20,997,445)	24,096,748	(10,111,655)	34,959,441
Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	(34,451,263)	6,692,001	(19,866,590)	33,180,800
Cash and cash equivalents at beginning of the period	79,549,226	79,510,880	40,621,678	14,864,016
Cash and cash equivalents at end of the period	45,097,963	86,202,881	20,755,088	48,044,816

ADDITIONAL DATA AND INFORMATION

1. The above financial statements for the period 01/01/2010-30/09/2010 have been approved by the members of the Board of Directors November 15, 2010

2. At September 30, 2010 the total number of employees reached 1,535, while those of the Parent Company reached 855. At September 30, 2009 the Group's relative number of employees was 1,455, while that of the parent company was 839.

3. There is no burden against title to the Group's real estate.

4. The financial statements of the Group are included in the financial statement of Company "FORGENDO LIMITED"
(Head Office: Cyprus, Percentage Participation at September 30, 2010: 39.88%) under the equity method.

5. The same accounting methods and assessments have been used as in prior fiscal years except for those referred to in note 3 of the financial statements.

6. The Group's subsidiaries, their registered offices, the equity interest as well as the participation relationship with the Group which are incorporated in the interim consolidated financial statements of the year, are stated in note 10 of the interim condensed financial statements.

7. The unaffiliated tax years of the Company and of the companies of the Group are stated in Note 9 of the interim condensed financial statements.

8. The Company and the Group have made cumulative provisions for additional taxes assessments for the unaffiliated tax years amounting to € 0.2 for the Company and € 2.55 for the Group. In addition, no deferred tax assets has been recognised for set-off of tax losses of amount € 15 m. for the Group and the Company in order to cover any additional taxes which will occur in future tax audit.

9. There are no disputes or issues under arbitration, or decisions issued by legal or arbitration bodies affecting the Group's financial status.

10. The amount of the provisions for the above issues are: € 0.00 for the company and € 0.00 for the group.

11. The amounts of other provisions are: € 1.15 for the Company and € 1.15 for the Group.

12. At the end of current period no shares of the parent company are possessed by either the parent company or any subsidiary or associate companies.

13. 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:

(Amounts in euro)	Group	Company
a) Income	84,054	8,799,061
b) Expenses	5,168,270	2,508,999
c) Accruals	52,058	36,643,459
d) Liabilities	112,316	38,621,970
e) Fees of Managers and members of the Board of Directors	3,577,665	1,836,173
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	16,888	0

14. Forthnet Group has extended its cooperation with the organizing authority of the 1st Division Professional Football Championship, Super League, until the end of the football season 2013 - 2014. Forthnet now holds the exclusive rights for TV, internet and mobile transmission, for both Greece and Cyprus, for all the home games of the 14 teams in the Super League that have signed the CollaTivo TV rights Agreement and for all available Time Slots, for the football seasons 2011 - 2014.

Iraklion, November 15, 2010

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 1849335	PANTELOS TZORTZAKIS ID Number: X 072948	EVANGELOS RAPTIS ID Number AE 040547	KONSTANTINOS-SOTIRAKIS THEODOSIU ID Number AZ 570755	GEORGE MANTZOROS ID Number T 106663 License Number O.E.E.005375 A Class