



**INTERIM CONDENSED
FINANCIAL STATEMENTS
(PARENT COMPANY AND CONSOLIDATED)
FOR THE PERIOD
JANUARY 1 – MARCH 31, 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.

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Statement of Comprehensive Income

(amounts in Euro, unless stated otherwise)

	Notes	The Group		The Company	
		01.01- 31.03.2010	01.01- 31.03.2009	01.01- 31.03.2010	01.01- 31.03.2009
Revenues	4	98,339,636	88,835,058	48,135,170	37,163,045
Cost of sales	8	(81,215,842)	(74,656,339)	(37,299,196)	(36,676,110)
Gross profit/(loss)		17,123,794	14,178,719	10,835,974	486,935
Selling and distribution expenses	8	(18,447,874)	(9,948,756)	(16,447,344)	(4,606,516)
Administrative expenses	8	(7,217,564)	(7,634,090)	(2,361,794)	(2,667,503)
Research and development expenses	8	(188,959)	(608,735)	(188,959)	(608,735)
Other income	8	1,050,258	1,403,068	1,015,308	1,080,996
Share of profits of associates accounted for under the equity method		(1,500)	750	-	-
Financial income	7	158,360	850,188	110,123	6,278
Financial expenses	7	(7,698,176)	(6,075,525)	(1,193,343)	(1,174,283)
Loss before income taxes		(15,221,661)	(7,834,381)	(8,230,035)	(7,482,828)
Income taxes	9	(368,824)	(1,125,428)	(1,550,786)	215,720
Loss after tax (A)		(15,590,485)	(8,959,809)	(9,780,821)	(7,267,108)
Other total comprehensive income after tax (B)		-	-	-	-
Total comprehensive income after tax (A)+(B)		(15,590,485)	(8,959,809)	(9,780,821)	(7,267,108)
Loss for the period attributable to:					
Shareholders of the Parent		(15,347,423)	(8,861,147)	(9,780,821)	(7,267,108)
Minority interests		(243,062)	(98,662)	-	-
		(15,590,485)	(8,959,809)	(9,780,821)	(7,267,108)
Total comprehensive income for the period attributable to:					
Shareholders of the Parent		(15,347,423)	(8,861,147)	(9,780,821)	(7,267,108)
Minority interests		(243,062)	(98,662)	-	-
		(15,590,485)	(8,959,808)	(9,780,821)	(7,267,108)
Loss per share (Basic)		(0.0987)	(0.1064)	(0.0629)	(0.0863)
Weighted Average Number of Shares (Basic)		155,431,324	84,191,967	155,431,324	84,191,967
Weighted Average Number of Shares (Diluted)		155,431,324	84,191,967	155,431,324	84,191,967

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

Statement of Financial Position

(amounts in Euro, unless stated otherwise)

	Notes	The Group		The Company	
		31.03.2010	31.12.2009	31.03.2010	31.12.2009
ASSETS					
Non current assets					
Property, Plant and Equipment	11	297,809,677	305,357,127	175,620,350	179,268,579
Intangible assets	12	235,022,263	241,364,207	17,274,549	15,645,799
Goodwill	10	286,692,695	286,692,695	512,569	512,569
Investments in subsidiaries	10	-	-	289,313,232	289,313,232
Investments in associates accounted under the equity method		66,795	68,295	44,500	44,500
Other non-current assets		1,921,548	1,913,426	272,864	264,741
Available for sale financial assets	13	399,506	379,877	330,149	330,149
Deferred tax assets	9	33,601,973	34,232,303	24,018,852	25,569,637
Total non current assets		855,514,457	870,007,930	507,387,065	510,949,206
Current assets					
Inventories	15	4,559,864	5,537,891	2,523,120	2,269,943
Programme and film rights	14	29,629,116	43,547,921	-	-
Trade Receivables	16	56,904,427	54,219,167	35,736,241	31,134,051
Prepayments and other receivables	17	33,401,586	31,159,273	19,112,664	17,858,073
Financial assets at fair value through profit or loss		53,842	53,847	-	-
FEC Asset		194,443	-	-	-
Cash and cash equivalents	18	71,981,312	79,549,226	20,981,145	40,621,678
Total Current Assets		196,724,590	214,067,325	78,353,170	91,883,745
TOTAL ASSETS		1,052,239,047	1,084,075,255	585,740,235	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		-168,881,926	(153,470,168)	(147,792,697)	(138,011,876)
Total		329,224,100	344,571,523	349,626,324	359,407,145
Minority interests		3,642,976	3,886,038	-	-
Total equity		332,867,076	348,457,561	349,626,324	359,407,145
Non current liabilities					
Long-term liabilities	20	321,077,508	330,890,404	99,380,645	109,349,677
Long-term transponder leases	22	109,555,394	111,553,434	-	-
Other long-term leases	21	1,951,476	1,940,634	1,936,498	1,918,167
Other long-term obligations		187,600	154,900	187,600	154,900
Long-term obligations of programmes and film rights	23	1,645,950	1,752,073	-	-
Reserve for staff retirement indemnities		3,409,432	3,689,562	1,766,261	1,711,452
Government grants	26	21,720,115	22,500,536	21,087,491	21,850,605
Deferred tax liability		44,869,891	46,733,989	-	-
Total Non-Current Liabilities		504,417,366	519,215,532	124,358,495	134,984,801
Current Liabilities					
Trade accounts payable	24	102,707,282	102,532,721	68,857,621	61,334,432
Short-term borrowings	20	1,539,334	1,112,127	-	-
Current portion of long-term borrowings	20	30,014,000	20,144,000	20,000,000	10,000,000
Deferred income		39,017,065	37,566,425	17,214,251	15,840,517
Current portion of transponder leases	22	9,701,502	10,402,563	-	-
Short-term portion of other obligations	21	170,050	182,411	139,358	150,057
Current portion of programmes and film rights obligations	23	10,061,424	11,099,960	-	-
Income tax payable		6,770,320	5,529,165	200,000	200,000
Accrued and other current liabilities	25	14,973,628	27,832,790	5,344,186	20,915,999
Total Current Liabilities		214,954,605	216,402,162	111,755,416	108,441,005
Total Liabilities		719,371,971	735,617,694	236,113,911	243,425,806
TOTAL LIABILITIES AND EQUITY		1,052,239,047	1,084,075,255	585,740,235	602,832,951

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



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Interim Condensed Financial Statements for the period ended March 31, 2010

Statement of Changes in Shareholders Equity

(amounts in Euro, unless stated otherwise)

The Group	Attributable to equity holders of the parent company					Minority Interests	Total Equity
	Share capital	Share premium	Other reserves	Accumulated deficit	Total		
Total Equity beginning at the period January 1, 2009	183,408,963	300,981,286	12,864,883	(112,790,260)	384,464,872	4,388,902	388,853,774
Total comprehensive income after income taxes of the period (continuing and discontinuing operations)	-	-	-	(8,861,147)	(8,861,147)	(98,662)	(8,959,809)
Total Equity ending at the period March 31, 2009	183,408,963	300,981,286	12,864,883	(121,651,407)	375,603,725	4,290,240	379,893,965
Total Equity beginning at the period January 1, 2010	183,408,963	300,981,286	13,651,442	(153,470,168)	344,571,523	3,886,038	348,457,561
Total Comprehensive income after income taxes of the period (continuing and discontinuing operations)	-	-	-	(15,347,423)	(15,347,423)	(243,062)	(15,590,485)
Stock option plan	-	-	64,335	(64,335)	-	-	-
Total Equity ending at the period March 31, 2010	183,408,963	300,981,286	13,715,777	(168,881,926)	329,224,100	3,642,976	332,867,076
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 income after income taxes of the period (continuing and discontinuing operations)	-	-	-	(7,267,108)	(7,267,108)		
Total Equity ending at the period March 31, 2009	183,408,963	300,981,286	12,242,213	(119,442,875)	377,189,587		
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 income after income taxes of the period (continuing and discontinuing operations)	-	-	-	(9,780,821)	(9,780,821)		
Total Equity ending at the period March 31, 2010	183,408,963	300,981,286	13,028,772	(147,792,697)	349,626,324		

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



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Interim Condensed Financial Statements for the period ended March 31, 2010

Cash Flow

(amounts in Euro, unless stated otherwise)

	The Group		The Company	
	01.01- 31.03.2010	01.01- 31.03.2009	01.01- 31.03.2010	01.01- 31.03.2009
Cash flows from Operating Activities				
Loss before income taxes	(15,221,661)	(7,834,381)	(8,230,035)	(7,482,828)
Adjustments for:				
Depreciation and amortisation	24,941,887	21,687,615	12,910,696	10,729,124
Amortisation of subsidies	(780,422)	(841,428)	(763,115)	(822,532)
Losses (Gains) on disposal of tangible and intangible assets	(27,559)	(19,339)	(3,895)	(19,339)
Financial (income)/expenses	7,539,816	5,225,337	1,083,221	1,168,005
Share of profits of associates accounted for under the equity method	1,500	(750)	-	-
Allowance for doubtful accounts receivable	788,280	1,416,000	835,756	919,324
Provision for staff retirement indemnities	152,105	146,380	76,342	70,370
Other Provision	38,729	-	-	-
Operating profit/(loss) before working capital changes	17,432,675	19,779,434	5,908,970	4,562,124
(Increase)/Decrease in:				
Inventories	978,027	(1,183,797)	(253,177)	(468,470)
Trade accounts receivable	(3,473,540)	511,715	(5,437,946)	1,165,563
Programme and Film Rights	12,005,472	2,726,121	-	-
Prepayments and other receivables	(2,242,313)	(4,503,884)	(1,254,592)	330,007
Increase/(Decrease) in:				
Trade accounts payable	(2,063,736)	(3,054,494)	5,268,543	(2,491,896)
Deferred income	1,450,640	(1,655,944)	1,373,734	845,626
Accrued and other current liabilities	(14,943,595)	(1,895,525)	(15,604,211)	13,137,236
Interest paid	(5,046,410)	(4,807,566)	(1,160,943)	(1,051,574)
Income taxes paid	(361,436)	(1,625,830)	-	-
Payment of staff retirement indemnities	(432,236)	-	(21,532)	-
Increase in other non-current assets	(8,118)	(634,266)	(8,122)	(1,068)
Increase in other long-term liabilities	32,700	(123,471)	32,700	19,900
Net cash from/(used in) Operating Activities	3,328,130	3,532,493	(11,156,576)	16,047,448
Cash flow from Investing activities				
Capital expenditure for property, plant and equipment and Intangible Assets	(7,867,649)	(14,741,715)	(7,780,109)	(14,394,850)
Purchase/development of intangible assets	(945,821)	(796,165)	(864,457)	(757,624)
Disposals for property, plant and equipment and intangible assets	43,178	19,339	11,886	19,339
Interest and related income received	246,694	516,190	110,123	6,278
Investment in subsidiary	-	-	-	(199,998)
Net cash used in Investing Activities	(8,523,598)	(15,002,351)	(8,522,557)	(15,326,855)
Cash flows from Financing Activities				
Net change in long-term borrowings	328,175	-	30,968	-
Repayment of long-term borrowings	-	10,322	-	10,323
Net change in short-term borrowings	-	(34,021)	-	-
Net change in leases	(2,700,621)	(1,779,266)	7,632	(34,408)
Net cash from Financing Activities	(2,372,446)	(1,802,965)	38,600	(24,085)
Net increase/(decrease) in cash and cash equivalents	(7,567,914)	(13,272,823)	(19,640,533)	696,508
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	71,981,312	66,238,037	20,981,145	15,560,524

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



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Interim Condensed Financial Statements for the period ended March 31, 2010

Notes to the Interim Condensed Financial Statements for the period ended March 31, 2010

(amounts in Euro, unless stated otherwise)

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 Athens at 4 Atthidon Street, 176 71 Kallithea. 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, gained a participating interest of 21% in Forthnet's share capital. During 2009 and 2010, Forgoing Ltd acquired a further participating interest resulting in a total participation as at March 31, 2010 of 61,984,015 shares representing 39.87% of Forthnet's share capital.

The accompanying financial statements for the period ended March 31, 2009, 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., 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 € 491,653,113 (Note 10).

NetMed N.V.'s subsidiaries which are consolidated 100% in Forthnet Media Holdings S.A. are the following:

Entity name	Date of incorporation	Country of incorporation	Operating activities
NetMed N.V.	January 12, 1996	Netherlands	Holding company
NetMed Hellas S.A.	January 23, 1992	Greece	The Company compiles and produces all of the NovaCinema and NovaSport channels, which are licensed to MultiChoice Hellas S.A. NetMed Hellas S.A. acquires sports rights and additional content directly from local suppliers. Studio content is licensed to NetMed Hellas S.A through Intervision.
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 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 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 absorbed by Forthnet Media Holdings S.A. in December 2009.

Intervision (Services) B.V., which is consolidated in the accompanying financial statements in the current year for the first time, 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 March 31, 2010 amounted to 1,474, while that of the Company to 853. At March 31, 2009, the respective number of employees was 1,487 for the Group and 871 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 March 31, 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 publiced annual financial statements for the year ended 2009, which are available on the internet in 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/period financial statements were reclassified in order to conform to the current period's presentation.

The following new and amended IFRS and IFRIC interpretations have been issued but are not effective for the financial year beginning January 1, 2010. They have not been early adopted and the Group and the Company are in the process of assessing their impact, if any, on the financial statements:

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, the interpretation is 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 derecognised 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.

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

IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement, the new standard is 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), the amendment is 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), the revision is 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), effective for annual periods beginning on or after July 1, 2010. This amendment was issued on January 28 2010 and exempts first-time adopters of IFRSs from providing the additional disclosures introduced by IFRS 7 on March 3, 2009.

(b) Approval of Financial Statements:

The Board of Directors of Forthnet approved the separate and consolidated condensed financial statements for the period ended at March 31, 2010, on May 19, 2010.

(d) 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 3i).
- (e) **Impairment of goodwill and intangible assets:** The Group tests annually whether goodwill has suffered any impairment 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 method of discounted projected cash flows. The application of this methodology is based on the actual operating results, future business plans, economic extensions as well as market data (statistic and non) which are estimated by the Group's management. In the case of concluding to a recoverable amount lower than the carrying amount, this carrying amount needs to be diminished to the recoverable amount and such difference is recorded to the Income Statement.

The group tests annually whether goodwill has suffered any impairment (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 regarding the recognition of intangible assets based on the business plan of acquired companies and take into consideration the average capital cost used, in combination with assumptions related the interest rate the most optimal capital structure of the sector, the equity cost, as well as the borrowing cost.

3. PRINCIPAL ACCOUNTING POLICIES:

The financial statements have been prepared using accounting policies consistent with those of the previous year except for the adoption of the following new amended IFRS and IFRIC interpretations which became effective for the accounting period beginning January 1, 2010:

- IFRIC 17 Distributions of Non-cash Assets to Owners
- Amendment to IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements
- IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items
- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)
- IFRS 1 Additional Exemptions for First-time Adopters (Amended)
- In April 2009 the International Accounting Standards Board (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 July 1, 2009. This annual improvements project has not yet been endorsed by the EU.

The adoption of the above new and amended IFRS and IFRIC interpretations did not have an impact on the financial statements or performance of the Group or the Company.

- (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.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the subsidiary acquired plus any costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income. Paragraph (f) outlines the accounting policy on goodwill.

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

Minority interests are stated at the minority's proportion of the fair values of the identifiable assets and liabilities at the date of acquisition including the minority's proportion on the subsidiary's equity movement up to balance sheet date.

Acquisitions of minority interests, effectively representing step acquisitions made after obtaining control of an entity, are accounted for by recognising the reduction in minority interest based on the carrying amount of equity at the date of acquisition. Any excess of amounts paid over the percentage of the carrying amount of equity acquired are recognised as goodwill. Any deficit of amounts paid over the percentage of the carrying amount of equity acquired is recognised directly in the statement of income.

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 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 balance sheet dates, 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 income. Gains or losses resulting from transactions are also reflected in the accompanying statement of 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 income.

Profit and losses arising from the write-off of assets are included in the income of statement that 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 balance sheet. 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.

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 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 income statement 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 income. 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 is 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 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 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 balance sheet 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 can not 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 pre-received 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 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 recognized 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 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 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 income.

- (s) **Government Grants:** The Group obtains grants from the European Union 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 balance sheet 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 balance sheet 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 statement of 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 the bank exchange rate floating of foreign currency. The contracts of foreign currency protect the Group from bank ratefloating by defining the bank rate in which an asset or an obligation in foreign currency will be arranged. It is the Group's policy not to deal with derivatives for profiting reasons.

Derivatives are recognized on the statement of financial position in the fair value.

The deposit exchange accounts, even though they offer effective financial hedging according to the Group's policy regarding the risk management, do not meet with the standards of accounting hedging. The changes in fair value are recognized in the statement of 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 recognized 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 recognized 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 March 31, 2010 amount to € 39,017,065, and € 17,214,251 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 March 31, 2010 amounted to € 4,377,657 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 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 information considering as criterion of segment segregation its business segments. The operating business 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 set on 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-March 31		January 1-March 31	
	2010	2009	2010	2009
Operating Revenues				
Direct Retail Services	80,440,983	69,573,505	34,275,673	23,733,981
Bundled services (2play)	28,949,984	20,075,263	28,949,984	20,075,263
Telephony	4,208,346	2,340,341	4,208,346	2,340,341
ADSL	1,117,343	1,318,377	1,117,343	1,318,377
Pay-TV Revenues	46,165,310	45,839,524	-	-
Indirect Retail Services	2,312,396	5,646,281	2,312,396	5,646,281
Telephony	1,045,929	3,559,163	1,045,929	3,559,163
ADSL	1,018,387	1,583,572	1,018,387	1,583,572
Other	248,080	503,546	248,080	503,546
Direct Business Services	8,384,626	6,162,724	8,384,626	6,162,724
E-business	1,032,187	1,117,509	1,032,187	1,117,509
Pay-TV Advertising Revenue	2,491,413	-	-	-
Forth CRS	998,939	572,954	-	-
Equipment	1,126,066	1,179,778	577,262	267,389
Other services	1,553,026	4,587,307	1,553,026	235,161
Total Operating Revenues	98,339,636	88,835,058	48,135,170	37,163,045
Other Revenue	1,050,258	1,403,068	1,015,308	1,080,996
Total Revenues	99,389,894	90,238,126	49,150,478	38,244,041

5. GROUP SEGMENT INFORMATION:

The Group mainly provides telecommunications services and pay-tv services and operates in Greece. The Group presents the required information considering as criterion of segment segregation its business segments. The operating business 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 set on arm's length basis in a manner similar to transactions with third parties.

The segment information for the period ended March 31, 2010 is analysed as follows:

	<u>Telecommunications</u>	<u>Pay-TV</u>	<u>Eliminations</u>	<u>Total</u>
Revenues	47,593,448	50,746,188	-	98,339,636
Intersegment revenue	1,599,300	621,104	(2,220,404)	-
Total revenues	49,192,748	51,367,292	(2,220,404)	98,339,636
Depreciation and Amortization	13,141,561	11,800,326	-	24,941,887
Amortization of subsidies	(763,115)	(17,307)	-	(780,422)
Profit before interest, taxes and depreciation	3,716,236	12,764,885	-	16,481,121
Profit/(Loss) before interest and taxes	(8,662,211)	981,866	-	(7,680,345)
(Loss) before taxes	(9,763,434)	(5,458,227)	-	(15,221,661)
Less: income tax	(1,410,232)	1,041,408	-	(368,824)
(Loss)/Profit after taxes	(11,173,667)	(4,416,818)	-	(15,590,485)
Total assets	589,185,021	763,748,747	(300,694,721)	1,052,239,047
Capital expenditure	9,770,514	93,602	-	9,864,116
Segment liabilities	240,157,883	494,862,160	(15,648,072)	719,371,971

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>March 31,</u>		<u>March 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Wages and salaries	9,845,776	9,613,852	5,567,696	5,562,026
Social security costs	1,923,665	1,996,606	1,118,098	1,182,832
Staff retirement indemnities	155,682	144,117	76,342	70,370
Other staff costs	529,844	257,341	476,630	97,751
Total	12,454,967	12,011,916	7,238,766	6,912,979
Less: Amounts capitalised	(667,681)	(704,993)	(612,681)	(654,310)
Payroll Cost (Note 8)	11,787,286	11,306,923	6,626,085	6,258,669

7. FINANCIAL INCOME / (EXPENSES):

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

	The Group		The Company	
	March 31,		March 31,	
	2010	2009	2010	2009
Interest on long-term borrowings (Note 20)	(3,052,767)	(4,561,383)	(962,100)	(934,241)
Interest on short-term borrowings (Note 20)	(167)	(20,323)	-	-
Finance charges paid under finance leases	(1,957,119)	(1,280,060)	(32,400)	(134,808)
Bond loan cost	(30,968)	-	(30,968)	-
Other financial costs	(2,657,155)	(225,859)	(167,875)	(117,334)
Total financial expenses	(7,698,176)	(6,087,625)	(1,193,343)	(1,186,383)
Less: Amounts capitalised	-	12,100	-	12,100
Total financial expenses	(7,698,176)	(6,075,525)	(1,193,343)	(1,174,283)
Interest earned on cash at banks and on time deposits (Note 18)	158,360	516,190	110,123	6,278
Other financial income	-	333,998	-	-
Total financial income	158,360	850,188	110,123	6,278
Total financial income/(expenses), net	(7,539,816)	(5,225,337)	(1,083,220)	(1,168,005)

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	
	March 31,		March 31,	
	2010	2009	2010	2009
Payroll and related costs (Note 6)	11,787,286	11,306,923	6,626,085	6,258,669
Third party fees and services	12,206,569	11,285,470	6,465,413	5,129,266
Telecommunication Costs ULL	23,939,479	18,878,692	23,883,700	18,878,692
Royalties / Licenses	22,729,530	18,814,186	-	-
Taxes and duties	306,055	251,611	271,373	232,145
Sundry expenses	2,167,854	2,260,984	291,579	105,775
Advertising and promotion costs	5,464,983	3,543,188	3,906,347	977,925
Depreciation and amortisation (Note 16)	24,941,887	21,687,615	12,910,696	10,729,124
Allowance for doubtful accounts receivable (Note 17)	788,280	1,416,000	835,756	919,324
Cost of sales of inventory and consumables	2,738,316	3,403,251	1,106,344	1,327,944
Total expenses	107,070,239	92,847,920	56,297,293	44,558,864

The above expenses are analysed as follows:

	The Group		The Company	
	March 31,		March 31,	
	2010	2009	2010	2009
Cost of sales	81,215,842	74,656,339	37,299,196	36,676,110
Selling and distribution expenses	18,447,874	9,948,756	16,447,344	4,606,516
Administrative expenses	7,217,564	7,634,090	2,361,794	2,667,503
Research and development expenses	188,959	608,735	188,959	608,735
Total expenses	107,070,239	92,847,920	56,297,293	44,558,864

9. INCOME TAXES:

In accordance with the tax Law, the corporate tax rate which is effective to the Greek societe anonyms up to December 31, 2008 is 25%. In accordance with the new tax Law 3697/2008, the corporate tax rate of the societe anonyms is gradually decreased from 25% to 20%. More specifically, the tax rate is decreased to 24% for the fiscal years 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 on.

The amounts of income taxes which are reflected in the accompanying interim condensed statements of income are analysed as follows:

	The Group		The Company	
	March 31,		March 31,	
	2010	2009	2010	2009
Current income taxes	1,602,591	2,958,493	-	-
Deferred income taxes	(1,233,767)	(1,833,065)	1,550,786	(215,720)
Total income taxes (credit) / debit reflected in the statements of income	<u>368,824</u>	<u>1,125,428</u>	<u>1,550,786</u>	<u>(215,720)</u>

As for Forthnet's subsidiaries, they have not been audited for the fiscal years shown as follows:

SUBSIDIARY COMPANIES	UNAUDITED TAX YEARS/PERIODS
Forth-Crs S.A.	2007-2009
NetMed S.A.	01/04/2006 – 31/12/2009
Syned S.A.	01/04/2003 – 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 absorbed subsidiaries, Mediterranean Broadband Access S.A. (MBA), Internet Hellas S.A and Hellas Net International Distribution Systems S.A., have been audited by the tax authorities through to the date of absorption by Forthnet. 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. Moreover, it has not been recognized for offset and respectively it has not been recorded deferred tax asset for tax losses amounted to € 4.5 for the Group and the Company in order to cover probable additional taxes that may be assessed to the Group at a future tax audit.

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	
				31.03.2010	31.12.2009	31.03.2010	31.12.2009
Forth CRS S.A.	P. Faliro, Attica, Greece	Full	Direct	99.31%	99.31%	3,738,753	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
						289,313,232	289,313,232

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

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest		Balance	
				31.03.2010	31.12.2009	31.03.2010	31.12.2009
Athlonet S.A.	Kallithea, Attica, Greece	Equity method	Direct	44.00%	44.00%	66,795	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 31.03.2010
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 31.03.2010
Intervision (Services) B.V.	Holland	Full	Indirect	100.00%
NetMed N.V.	Holland	Full	Indirect	100.00%
Multichoice Hellas S.A.	Greece	Full	Indirect	9.39%

In the subsidiary Forthnet Media Holdings S.A. is incorporated NetMed N.V. in which are consolidated the following companies, which are included in the accompanying interim condensed consolidated financial statements:

Company	Registered Office	Consolidation Method	Participation Relationship	Percentage participation
			31.03.2010	31.03.2010
Myriad Development BV (Besloten Vennotschap)	Holland	Full	Indirect	100%
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%
NetMed Hellas S.A.	Kantza, Attica, Greece	Full	Indirect	100%
Multichoice Hellas S.A.	Kantza, Attica, Greece	Full	Indirect	87%
NetMed S.A.	Kantza, Attica, Greece	Full	Indirect	100%
Syned S.A.	Kantza, Attica, Greece	Full	Indirect	100%
Ad Value S.A.	Kantza, Attica, Greece	Full	Indirect	100%

Multichoice Holdings (Cyprus) LTD has control of the subsidiary company Multichoice (Cyprus) Public Company LTD with a percentage of 50.98% and moreover appoints the majority of the members of the Board of Directors.

Goodwill in the accompanying interim condensed consolidated financial statements is analysed as follows:

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	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 derived from the increase of Forthnet's share capital, which was completed on August 4, 2008, and the partial issuance of the bond facility amounting to € 245,000,000 by Forthnet Media Holdings S.A., which were 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 balance sheet of the acquired companies as at August 27, 2008.

Within twelve months from the date of acquisition, the Group finalized the purchase price allocation against the various assets and liabilities of the acquired companies and fixed the value of goodwill acquired. There was no adjustment in the fair values which had been recognized in the accompanying consolidated financial statements.

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:

	CARRYING VALUES	FAIR VALUE AT ACQUISITION DATE
ASSETS		
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
LIABILITIES		
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
Minority interest		(4,732,111)
Total net value of assets		160,061,577
Goodwill during acquisition		285,965,176
Total acquisition cost		446,026,753

The total acquisition cost is analysed as follows:

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 March 31, 2010, was € 285,965,176 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.

The Group performed its annual impairment test as at 31 December 2009. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2009, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of each operating segment. The recoverable amount of the two operating segments has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been calculated in such a way so as reflect the demand conditions of each segment. The pre-tax discount rate applied to cash flow projections is 11,25% for Telecommunications segment and 10,66% for the PayTV segment, while growth rate to perpetuity (beyond the five-year period) is 1% growth rate after taking into account the long-term prospective of the group for both segments.

The above percentages were based on management estimates. In particular, management considers that the Telecommunication segment has demonstrated a consistent performance and has outperformed the market expectations. Additionally, the management anticipates that that Forthnet will remain a leading provider in terms of Local Loop Unbundling. Regarding the PayTV segment, there is an expectation for growth in subscriber base which is driven by a combination of initiatives such as the confrontation of piracy and the introduction of new services. As a result of this analysis, management concluded to the fact that the Value in Use of both segments exceeds the relevant carrying amounts and consequently, there is no impairment issue.

The calculation of value-in-use for both segments is most sensitive to the following assumptions:

- a) Margin of earnings before interest, taxes, depreciation and amortisation
- b) Discount rates
- c) Market share during the budget period
- d) Growth rate to perpetuity

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

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

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

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

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of both segments, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

In particular, the sensitivity analysis was performed on positive or negative discount rate changes of 0,4%, on positive or negative growth rate to perpetuity changes of 0,5% and on positive or negative free cash flow changes of 5%. Regarding the Telecommunication segment, the carrying amount appears much higher than the estimated Value in Use and therefore, it not probable that impairment issue will come up in case of a reverse change in the above assumptions. However, the PayTV segment is more sensitive to possible changes in assumptions but there is no obvious impairment issue.

11. PROPERTY, PLANT AND EQUIPMENT:

During the period from 01.01.2010 until 31.03.2010, the total investments of the Group's tangible assets amounted to € 5,031,542 and those of the Company's amounted to € 4,344,003 and refer mainly to the expansion of Forthnet's private network and also to the development of new Forthnet shops (at March 31, 2009 amounted to € 7,430,724 and € 7,045,319 for the Group and the Company respectively).

There is no property, plant and equipment that has been pledged as security. The title of the capitalized leased assets has been retained by the lessor. The net book value of the Company's capitalized leased assets at March 31, 2010 and at December 31, 2009, amounted to € 2,482,352 and € 2,495,689, respectively. For the Group the related amounts are € 117,688,989 and € 121,155,821 at March 31, 2009 and at December 31, 2009.

12. INTANGIBLE ASSETS:

During the period from 01.01.2010 until 31.03.2010, the total investments of the Group's intangible assets amounted to € 4,832,574 and those of the Company's amounted to € 4,751,210 and refer mainly to acquisition costs of new subscribers and also to the upgrade of IT software systems (at March 31, 2009 amounted to € 2,757,495 and € 2,598,753 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	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Shares – unlisted	399,506	379,877	330,149	330,149
Total	399,506	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	
	31.03.2010	31.12.2009
Purchased sports rights	37,053,114	81,098,066
Licensed film rights	7,443,298	11,332,586
Sports and Film Rights	44,496,412	92,430,652
Purchased sports rights	13,842,916	44,561,623
Licensed film rights	1,024,380	4,321,108
Sports and Film Rights Amortization	14,867,296	48,882,731
Purchased sports rights	23,210,198	36,536,443
Licensed film rights	6,418,918	7,011,478
Sports and Film Rights, net	29,629,116	43,547,921
Less: Programme and film rights short term	29,629,116	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	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Merchandise	6,511,645	7,650,539	2,523,120	2,269,943
Consumables	142,666	115,641	-	-
Total	6,654,311	7,766,180	2,523,120	2,269,943
Less obsolescence	(2,094,447)	(2,228,289)	-	-
Total inventories	4,559,864	5,537,891	2,523,120	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	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Domestic customers	75,065,964	73,734,366	47,068,962	43,339,176
Foreign customers	2,183,594	1,489,826	554,022	452,771
Receivables from Greek State	1,596,456	1,780,529	1,594,628	1,780,529
Cheques and notes receivable	4,123,112	4,556,595	1,656,846	1,778,545
Unbilled revenue	4,377,657	2,463,148	4,377,657	2,463,148
	87,346,783	84,024,464	55,252,115	49,814,169
Less: Allowance for doubtful accounts receivable	(30,442,356)	(29,805,297)	(19,515,874)	(18,680,118)
Balance of trade accounts receivable	56,904,427	54,219,167	35,736,241	31,134,051

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

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Beginning balance	29,805,297	26,465,071	18,680,118	16,326,897
Provision (Note 8)	788,280	4,271,241	835,756	3,183,931
Less: Utilisation	(151,221)	(931,015)	-	(830,710)
Ending balance	30,442,356	29,805,297	19,515,874	18,680,118

17. PREPAYMENTS AND OTHER RECEIVABLES:

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

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Receivables due from the Greek State	13,159,099	12,972,148	10,764,594	10,725,018
Prepaid expenses	960,131	1,098,141	855,138	1,021,758
Value Added Tax	7,195,029	5,837,401	5,281,218	4,197,273
Advances to staff	9,885	-	2,511	-
Advances to suppliers	3,641,197	4,099,205	68,116	170,788
Other debtors	8,436,245	7,152,378	2,141,087	1,743,236
Total balance of other receivables and prepayments	33,401,586	31,159,273	19,112,664	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	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Cash in hand	130,408	96,879	85,755	64,022
Cash at banks	29,013,053	14,334,594	13,624,890	4,807,255
Time deposits	42,837,851	65,117,753	7,270,500	35,750,401
Total	71,981,312	79,549,226	20,981,145	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 March 31, 2009, amounted to € 158,360 and € 110,123 for the Group and the Company, respectively, (for the period ended March 31, 2008, € 516,190 and € 6,278 for the Group and the Company) and are included in the financial income in the accompanying interim condensed financial statements of 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, is € 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 preemption 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 share capital of the Company 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 March 31, 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 March 31, 2009, are analysed as follows:

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Bond loan	350,789,508	350,602,404	119,380,645	119,349,677
Other long term loans	302,000	432,000	-	-
Total	351,091,508	351,034,404	119,380,645	119,349,677
Less current portion:				
- Bond loan	30,000,000	20,000,000	20,000,000	10,000,000
- Other	14,000	144,000	-	-
Long-term portion	321,077,508	330,890,404	99,380,645	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 were drawn from the signing of the Agreement to March 31, 2008.
- ii) The second tranche amounting to € 35,000,000 were drawn from April 1, 2008 to March 31, 2009.
- iii) The third tranche amounting to € 35,000,000 were drawn from April 1, 2009 to March 31, 2010.

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

The remaining € 30,000,000 may be drawn subject to a mutual agreement between the parties until March 31, 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 recognized 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 are 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 will be subscribed for 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 will be 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 will provide 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 with the ones described in the previous paragraph for the parent Company Bond Loan.

At December 31, 2009 and according to the profit and loss statements of the year 2008, the Group was in compliance with the above financial covenants.

Total interest expenses on long-term loans for the Group for the periods ended March 31, 2010 and 2009, amounted to € 3,052,767 and € 4,561,383 respectively for the Group and € 962,100 and € 934,241 respectively for the Company and are included in financial expenses (Note 7), in the accompanying interim condensed financial statements of comprehensive income.

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 utilized portion.

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Credit lines available	2,675,634	14,266,427	11,600,000	11,600,000
Unused portion	(1,136,300)	(13,154,300)	(11,600,000)	(11,600,000)
Used portion	1,539,334	1,112,127	-	-

The total interest expense for short-term borrowings for the periods ended March 31, 2010 and 2009, amounted to € 167 and € 20,323, respectively, for the Group and € 0 and € 0, for the Company respectively 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 installments 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	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Obligation under finance lease	2,121,526	2,123,045	2,075,856	2,068,224
Less: Current portion	(170,050)	(182,411)	(139,358)	(150,057)
Long-term portion	1,951,476	1,940,634	1,936,498	1,918,167

22. FINANCE LEASE TRANSPONDER OBLIGATIONS:

The Company's subsidiary, Syned S.A. leases transmission equipment of a total value of € 144,886,344, with duration of twelve years, repayable in equal monthly installments bearing interest at 6.5% to 9.57%.

The finance lease transponders obligations are analysed as follows:

	The Group	
	31.03.2010	31.12.2009
Obligation under finance lease	119,256,896	121,955,997
Less: Current portion	(9,701,502)	(10,402,563)
Long-term portion	109,555,394	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	
	31.03.2010	31.12.2009
Programmes and Rights	11,707,374	12,852,033
Less: Current portion	(10,061,424)	(11,099,960)
Long-term portion	1,645,950	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	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Domestic suppliers	80,825,150	88,548,518	57,252,525	55,937,093
Foreign suppliers	8,914,752	10,136,162	2,176,208	2,783,899
Post dated cheques payable	12,967,380	3,848,041	9,428,888	2,613,440
	102,707,282	102,532,721	68,857,621	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	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Social security payable	1,042,456	2,026,674	592,722	1,177,314
Value added tax	2,852,737	1,372,054	-	-
Other taxes and duties	1,829,330	2,645,452	171,087	446,068
Customer advances	139,975	320,073	-	-
Other current liabilities (intercompany amounts, etc)	6,261,622	20,970,864	4,580,377	19,292,617
Interest rates swaps	2,847,508	497,673	-	-
	14,973,628	27,832,790	5,344,186	20,915,999

26. GOVERNMENT GRANTS:

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

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Grants received	567,701	567,701	-	-
Government Grant N. 3299/2004 (Note 28)	9,430,001	9,430,000	9,000,001	9,000,000
Subprojects 6 & 7 of the Operational Programme "Information Society" (Note 28)	19,532,612	19,532,612	19,532,612	19,532,612
Previous year amortisation of subsidies	(6,682,007)	(3,910,986)	(6,682,007)	(3,634,058)
Credit to the comprehensive income	(1,128,192)	(3,118,791)	(763,115)	(3,047,949)
Ending Balance	21,720,115	22,500,536	21,087,491	21,850,605

Subsidy amortisation is included in other income in the accompanying interim condensed statements of income for the period ended March 31, 2010.

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:

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	31.03.2009	26,180	18,489
		31.03.2010	22,697	17,535
Forth CRS S.A.	Subsidiary	31.03.2009	129,033	475
		31.03.2010	5,649	1,190
Telemedicine Technologies S.A.	Subsidiary	31.03.2009	-	-
		31.03.2010	-	-
Athlonet S.A.	Associated	31.03.2009	1,505	-
		31.03.2010	866	2,000
MultiChoice Hellas S.A.	Subsidiary	31.03.2009	76,047	64,250
		31.03.2010	892,344	621,084
SYNED S.A.	Subsidiary	31.03.2009	96	-
		31.03.2010	-	-
NETMED S.A.	Subsidiary	31.03.2009	145	-
		31.03.2010	-	-
NetMed Hellas	Subsidiary	31.03.2009	31,154	3,123
		31.03.2010	700,118	20
Forthnet Media Holdings S.A.	Subsidiary	31.03.2009	240	42,000
		31.03.2010	-	-
	Total	31.03.2009	264,400	128,337
	Total	31.03.2010	1,621,674	641,829

<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	31.03.2009	22,362	160
		31.03.2010	34,405	31,042
Forth CRS S.A.	Subsidiary	31.03.2009	314,734	32,548
		31.03.2010	304,175	39,865
Telemedicine Technologies S.A.	Subsidiary	31.03.2009	136,677	-
		31.03.2010	136,677	-
Athlonet S.A.	Associated	31.03.2009	921	10,229
		31.03.2010	1,031	16,928
MultiChoice Hellas S.A.	Subsidiary	31.03.2009	101,122	2,305,709
		31.03.2010	2,572,786	11,315,763
SYNED S.A.	Subsidiary	31.03.2009	115	-
		31.03.2010	-	-
NETMED S.A.	Subsidiary	31.03.2009	172	-
		31.03.2010	-	-
NetMed Hellas	Subsidiary	31.03.2009	-	12,918,712
		31.03.2010	85,482	1,193,241
Forthnet Media Holdings S.A.	Subsidiary	31.03.2009	3,555	83,300
		31.03.2010	92	-
	Total	31.03.2009	579,658	15,350,658
	Total	31.03.2010	3,134,648	12,596,839

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

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	31.03.2009	26,180	18,489
		31.03.2010	22,697	17,535
Lumiere Productions S.A.	Shareholder	31.03.2009	-	1,312,821
		31.03.2010	-	1,518,690
Lumiere Television Ltd	Shareholder	31.03.2009	-	344,704
		31.03.2010	-	311,900
Tagmatarchis Charalampos	Members of the B.O.D. – Executive members	31.03.2009	-	40,788
		31.03.2010	-	40,788
Gambritsos Georgios	Members of the B.O.D. – Executive members	31.03.2009	-	68,958
		31.03.2010	-	235,539
Athlonet S.A.	Associated	31.03.2009	1,505	-
		31.03.2010	866	2,000
	Total	31.03.2009	27,685	1,785,760
	Total	31.03.2010	23,563	2,126,452

<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	31.03.2009 31.03.2010	22,362 34,405	160 31,042
Forth e-com S.A.	Associated	31.03.2009 31.03.2010	- -	- -
Lumiere Productions S.A.	Shareholder	31.03.2009 31.03.2010	- -	396,333 357,331
Lumiere Television Ltd	Shareholder	31.03.2009 31.03.2010	320,301 320,301	169,089 156,950
Lumiere Cosmos Communications	Shareholder	31.03.2009 31.03.2010	- -	10 10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.03.2009 31.03.2010	- -	16,179 16,541
Gambritsos Georgios	Members of the B.O.D. – Executive members	31.03.2009 31.03.2010	- -	- -
Athlonet S.A.	Associated	31.03.2009 31.03.2010	921 1,031	10,229 16,928
	Σύνολα	31.03.2009	343,584	592,000
	Σύνολα	31.03.2010	355,737	578,802

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the period ending March 31, 2010 and March 31, 2009, are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31.03.2010</u>	<u>31.03.2009</u>	<u>31.03.2010</u>	<u>31.03.2009</u>
Salaries and fees for executive members of the BoD	205,800	65,845	65,845	65,845
Salaries and fees for non executive members of the BoD	35,516	34,800	35,516	34,800
Salaries and fees for Senior Managers	1,185,225	623,366	320,638	171,159
Total	1,426,541	724,011	421,999	271,804

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 36).

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

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

Development Law 3299/2004: According to decision no. 28757/YPE/4/00447/L.3299/E/ 22.12.2006 of the Minister and Deputy-Minister of Finance and Economics (GG 358/15.03.2007), the Company's business plan relating to the establishment of an integrated, high-speed broadband network applying a cutting-edge technology for the provision of new data, voice and content services in the regions of Attica and Thessaloniki, in accordance with the provisions of Development Law 3299/2004 was approved. The amount of investment approved amounts to approximately €30 million. The percentage of subsidy equals to 30% of the total investment, i.e. equal to the amount of € 9 million. Up to December 31, 2009, the Company had completed its investment of the above amount and a related provision of approximately € 9 million has been included in Government grants and receivable from State, respectively and the Company has submitted an application for the receipt of the approved grant. Moreover up to March 31, 2010 the Company had collected part of the above grant which amounts to € 2.4 million.

Moreover 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. The amount of investment approved amounted originally 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 has completed its investment of the above amount and has paid the amount of € 1,892,337 for the above investments and after the publication of the GG 1561/06.08.2008, on October 10, 2008, the Company collected the amount of € 567,701 and a related provision has been included in Government grants.

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., 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. On December 31, 2009, the Company's investment amounted to € 1.4 million and a related provision of € 430 thousand has been included in Government grants and receivable from State.

Agreements with Information Society S.A.: On March 12, 2007, the Company signed two agreements with Information Society S.A., which are subject to the development programme "INFORMATION SOCIETY" and specifically the sub-projects 6 & 7, within the framework of the action for "Financing Businesses for the development of Broadband Access in the Regions of Greece". Based on the agreements' forecasts the overall budget for the 2 sub-projects equals to € 55.6 million, of which, an amount of € 42.3 million concerns Milestone I (Broadband Access Development), while an amount of € 13.3 million concerns Milestone II (Enhancement of demand for Broadband Services). The available funding for the two milestones reaches 50% of the budgeted amount and its implementation is expected to be completed for the Milestone I by July 31, 2009 and for the Milestone II by October 31, 2009. Up to December 31, 2008, the Company's investment amounted to € 16.7 million, the eligibility of which an amount of € 5.6 million approximately will be determined and approved by the "Information Society S.A." and a related provision has been included in Government grants.

Commitments:

Rent: The Group has entered into commercial operating lease agreements for the lease of a building, office space and offices used as points of presentation for dealers. These lease agreements have an average life of 5 to 10 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancelable operating leases as at March 31, 2010 and at December 31, 2009, are as follows:

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Within one year	3,999,396	4,163,911	1,797,300	1,758,750
2-5 years	13,764,127	14,550,320	5,142,198	5,076,625
Over 5 years	13,802,287	15,571,317	2,746,763	2,744,918
Total	31,565,810	34,285,548	9,686,261	9,580,293

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

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Good execution of agreements	14,938,698	24,165,818	6,765,081	16,469,742
Participation in biddings	70,679	255,727	70,679	255,727
Guarantee for advance payments received	20,342,218	25,252,718	20,342,218	25,252,718
Total	35,351,595	49,674,263	27,177,978	41,978,187

Contractual Commitments: The outstanding balance of the contractual commitments for the Group amounted to approximately € 35.2 million and for the Company amounted to approximately € 11.7 million at March 31, 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 € 7 million.

29. LITIGATION – ARBITRATION:
A. FORTHNET S.A.

I. Forthnet's outstanding judicial claims against third parties amount to approximately € 40,1 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

(amounts in Euro, unless stated otherwise)

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. The remaining (apart from the above claims concerning regulatory and telecommunication law matters) judicial claims of the Company against third parties amount to approximately € 9 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. 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 articles 57-59C.C. regarding the protection of personality, the provisions of Law 146/1914 regarding unfair competition combined with the provisions regarding misleading comparative advertising of Law 2251/1994 on consumer protection which violation, includes the without right of use of OTE's name in the Company's advertising campaign. With its legal action, OTE claims amongst other the payment of compensation amounting to € 500.000,00 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 11/03/2009) and until payment thereof. The adjudication of the above action has been cancelled on June 4th, 2009 due to the Courts' stay (due to the European Parliament Elections). With its Declaration dated 10-11-2009 OTE abandoned the aforementioned legal suit.
2. € 350 thousand concern a lawsuit filed an individual against Forthnet as restitution for the moral damages that he incurred due to the alleged violation of the plaintiff's right to personality due to the Company's unlawful behavior concerning its contractual obligations for the provision to the plaintiff of internet services.
3. 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 action has been set a trial date of May 26, 2010.

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. (a) The outstanding judicial claims of third parties against the subsidiary NetMed Hellas S.A. amount to € 13.5 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 CEO's heirs claiming payment of lost cheques, plus interest. The case has not yet been heard.

- 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 NetMed Hellas S.A. of the agreements for the TV/radio broadcasting of their football games.

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 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 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 NetMed Hellas S.A. for the TV/radio broadcast of their football matches.

- C. (a) The outstanding judicial claims of third parties against the subsidiary Multichoice Hellas S.A. amount to € 15.14 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) € 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 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 NetMed Hellas S.A. for the TV/radio broadcast of their football matches. 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.

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

- D.** 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.** 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.** 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.** 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:

In accordance with L. 3845 a special contribution is imposed on the total profit of fiscal years 2010 (article 2 par. 4 and art. 101 par. 1 of Tax Law).

The total impact on the group for the above special contribution amounts to approximately € 2.8 mil.

Iraklion, May 19, 2010

President of the Board of Directors

Vice President of the Board of Directors
and
Chief Executive Officer

Deepak Srinivas Padmanabhan
Passport I.d. Z 1031032

Pantelis Tzortzakis
I.D. X 072948

Group Financial Reporting & Budgeting
Manager

Chief Accountant

Konstandinos-Sotirakis Theodosiou
I.D. AZ 570755

Spyros Kosmas
I.D. AZ 555377
License No. O.E.E. 0016310
A Class

FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2010

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.				
Forthnet S.A.				
Registration No S.A. 34461/06/B/95/94				
Scientific Technological Park of Crete, Vassilika Vouton, Iraklion Crete 71003				
FINANCIAL DATA & INFORMATION FOR THE PERIOD JANUARY 1, 2010 - MARCH 31, 2010				
(According to 4/507/28.04.2009 resolution of Greek Capital Committee)				
The financial data and information provided below, aim to provide a general overview of FORTHNET S.A. financial statements and results and of the Group. As a result of this, we recommend to any potential investor, that before engage in any type of investment activity or any other kind of transaction with the Company, to visit the Company's web site at the electronic address www.forthnet.gr , where all interim condensed financial statements according to IFRS as well as the Audit Review report, when is required, are posted.				
(amounts in euro)				
GENERAL INFORMATION:				
Website:	www.forthnet.gr			
Date of Approval of the Annual Financial Statements:	May 19, 2010			
The Certified Auditors - Accountants:	Chris Peleniakis, Saloustris Stavros			
Auditing Companies:	ERNST & YOUNG, SOL S.A.			
Review Report:	Upon approval			
STATEMENT OF FINANCIAL POSITION (parent company and consolidated)				
	GROUP		COMPANY	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
ASSETS				
Tangible assets	297,809,677	305,357,127	175,620,350	179,268,579
Intangible assets	235,022,263	241,364,207	17,274,549	15,645,799
Provisional goodwill	286,692,695	286,692,695	512,569	512,569
Other non current assets	35,989,822	36,593,901	313,979,597	315,522,259
Inventories	4,559,864	5,537,891	2,523,120	2,269,943
Trade receivables	56,904,427	54,219,167	35,736,241	31,134,051
Other current assets	135,260,299	154,310,267	40,093,809	58,479,751
Non current assets available for sale				
TOTAL ASSETS	1,052,239,047	1,084,075,255	585,740,235	602,832,951
EQUITY AND LIABILITIES				
Share Capital (155,431,324 shares €1.10 each)	183,408,963	183,408,963	183,408,963	183,408,963
Retained earnings and other reserves	145,815,137	161,162,560	166,217,361	175,998,182
Total Shareholders equity (a)	329,224,100	344,571,523	349,626,324	359,407,145
Minority interests (b)	3,642,976	3,886,038	-	-
Total Equity (c)=(a)+(b)	332,867,076	348,457,561	349,626,324	359,407,145
Long-term borrowings	321,077,508	330,890,404	99,380,645	109,349,677
Provisions/Other long-term liabilities	183,339,858	188,325,128	24,977,850	25,635,124
Short-term borrowings	31,553,334	21,256,127	20,000,000	10,000,000
Other Current Liabilities	183,401,271	195,146,035	91,755,416	98,441,005
Total Liabilities (d)	719,371,971	735,617,694	236,113,911	243,425,806
TOTAL EQUITY AND LIABILITIES (c)+(d)	1,052,239,047	1,084,075,255	585,740,235	602,832,951
TOTAL COMPREHENSIVE INCOME (parent company and consolidated)				
	GROUP		COMPANY	
	01.01.-31.03.2010	01.01.-31.03.2009	01.01.-31.03.2010	01.01.-31.03.2009
Turnover	98,339,636	88,835,058	48,135,170	37,163,045
Gross Profit/(Loss)	17,123,794	14,178,719	10,835,974	486,935
Loss before taxes, financing and investing activities	(7,680,346)	(2,609,793)	(7,146,815)	(6,314,824)
Loss before income taxes	(15,221,661)	(7,834,381)	(8,230,035)	(7,482,828)
Loss after income taxes (A)	(15,590,485)	(8,959,809)	(9,780,821)	(7,267,108)
- Share holders of the parent company	(15,347,423)	(8,861,147)	(9,780,821)	(7,267,108)
- Minority interests	(243,062)	(98,662)	-	-
Other comprehensive income after taxes (B)	-	-	-	-
Total comprehensive income after income (A)+(B)	(15,590,485)	(8,959,809)	(9,780,821)	(7,267,108)
- Share holders of the parent company	(15,347,423)	(8,861,147)	(9,780,821)	(7,267,108)
- Minority interests	(243,062)	(98,662)	-	-
Loss after taxes per share - Basic (in €):	(0.0987)	(0.1064)	(0.0629)	(0.0863)
Profit/(Loss) before taxes, financing, investing activities and depreciation	16,481,121	18,236,394	5,000,766	3,591,768

STATEMENT OF CHANGES IN EQUITY (parent company and consolidated)				
	GROUP		COMPANY	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Total equity balance at the beginning of period (01.01.2010 and 01.01.2009)	348,457,561	388,853,774	359,407,145	384,456,695
Total comprehensive income after taxes	(15,590,485)	(8,959,809)	(9,780,821)	(7,267,108)
Total equity balance end of period (31.03.2010 and 31.03.2009)	332,867,076	379,893,965	349,626,324	377,189,587

CASH FLOW STATEMENT (parent company and consolidated)				
	GROUP		COMPANY	
	01.01.-31.03.2010	01.01.-31.03.2009	01.01.-31.03.2010	01.01.-31.03.2009
Cash flow from Operating Activities				
Loss before taxes (continuing activities)	(15,221,661)	(7,834,381)	(8,230,035)	(7,482,828)
Add / Less adjustments for:				
Depreciation and amortization	24,941,887	21,687,615	12,910,696	10,729,124
Amortization of subsidies	(780,422)	(841,428)	(763,115)	(822,532)
Decrease / (increase) trade accounts receivable and prepayments	(27,559)	(19,339)	(3,895)	(19,339)
Losses on disposals of tangible and intangible assets	(27,559)	(19,339)	(3,895)	(19,339)
Allowance for doubtful receivable accounts	788,280	1,416,000	835,756	919,324
Other provisions	190,834	146,380	76,342	70,370
Gains on disposals of financial investing activities	(158,360)	(850,188)	(110,123)	(6,278)
Interest and related expenses	7,698,176	6,075,525	1,193,344	1,174,283
Share of profits of associates accounted for under the equity method	1,500	(750)	-	-
Add / Less adjustments for changes in working capital related to operating activities:				
Decrease / (increase) inventories	978,027	(1,183,797)	(253,177)	(468,470)
Decrease / (increase) trade accounts receivable and prepayments	6,289,619	5,435,023	(6,692,538)	1,495,570
(Decrease) / increase liabilities (other than Bank loans)	(15,556,692)	(13,307,034)	(8,961,934)	11,490,966
Less:				
Interest and related expenses paid	(5,046,410)	(4,807,566)	(1,160,943)	(1,051,574)
Tax paid	(361,436)	(1,625,830)	-	-
Increase/(decrease) in other long-term receivables	(8,118)	(634,266)	(8,122)	(1,068)
Increase/(decrease) in other long-term liabilities	32,700	(123,471)	32,700	19,900
Payment of staff retirement indemnities	(432,236)	-	(21,532)	-
Net cash from / (used in) operating activities (a)	3,328,130	3,532,493	(11,156,576)	16,047,448
Cash flow from Investing Activities				
Investment in subsidiary	-	-	-	(199,998)
Purchase of tangible and intangible assets	(8,813,470)	(15,537,880)	(8,644,566)	(15,152,474)
Proceeds from the sale of tangible and intangible assets	43,178	19,339	11,806	19,339
Interest received	246,694	516,190	110,123	6,278
Net cash flow from / (used in) investing activities (b)	(8,523,598)	(15,002,351)	(8,522,557)	(15,326,855)
Cash flow from Financing Activities				
Net proceeds from long-term issuance	-	10,322	-	10,323
Repayment of long-term borrowings	328,175	-	30,968	-
Net change in short-term borrowings	-	(34,021)	-	-
Net change in finance lease creditors	(2,700,621)	(1,779,266)	7,632	(34,408)
Net cash flows from / (used in) financing activities (c)	(2,372,446)	(1,802,965)	38,600	(24,085)
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	(7,567,914)	(13,272,823)	(19,640,533)	696,508
Cash and cash equivalents at beginning of the period	79,549,226	79,510,860	40,621,678	14,864,016
Cash and cash equivalents at end of the period	71,981,312	66,238,037	20,981,145	15,560,524

ADDITIONAL DATA AND INFORMATION				
1. The above financial statements for the period 01/01/2010-31/03/2010 have been approved by the members of the Board of Directors on May 19, 2010				
2. At March 31, 2010 the total number of employees reached 1,474, while those of the Parent Company reached 853. At March 31, 2009 the Group's relative number of employees was 1,487, while that of the parent company was 871.				
3. There are not any real burden on 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 March 31, 2010: 39.87%) under the equity method.				
5. Same accounting methods and assessments have been used as in prior fiscal years.				
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 unaudited 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 unaudited tax-years amounting to € 0.2 m. for the Company and € 2.55 m. for the Group. In addition, no deferred tax asset has been recognised for set-off of tax losses of amount € 4.5 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.				
The amount of the provision for the above issues are € 0.00 for the company and € 0.00 for the group.				
10. The amounts of other provisions are € 1.15 m. for the Company and € 1.15 m. for the Group.				
11. 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.				
12. The accumulated income and expenses since the beginning of the current fiscal year as well as the Company's and the Group's trade accounts receivable and payable balances at the end of the current fiscal year that have resulted from the transactions with their related parties, according to IAS 24, are as follows:				
(Amounts in euro)	Όμιλος	Εταιρεία		
a) Income	23,563	1,621,674		
b) Expenses	2,126,452	641,829		
c) Receivables	355,737	3,134,648		
d) Liabilities	578,802	12,596,839		
e) Fees of Managers and members of the Board of Directors	1,426,541	421,999		
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	0	0		
13. The Group Capital Expenditure for the period ending at March 31, 2010 amounted to € 9,864,116.				

Iraklion, May 19 2010	THE PRESIDENT OF THE B.o.D.	THE VICE PRESIDENT OF THE B.o.D. & CHIEF EXECUTIVE OFFICER	THE GROUP FINANCIAL REPORTING & BUDGETING MANAGER	THE CHIEF ACCOUNTANT
DEEPAK SRINIIVAS PADMANABHAN PASSPORT I.D. Z 1031032	PANTELOS TZORTZANIS I.D. No X 072948	KONSTANTINOS-SOTIRAKIS THEODOSIOU I.D. No AZ 570755	SPIRIDON KOSMAS I.D. No AZ 555377 LICENSE No 0016310 A' Class	