



**ANNUAL
FINANCIAL REPORT**

**for the year
ended December 31, 2009**

**In accordance with
L. 3556/2007**

Forthnet S.A.
Registration No S.A. 34461/06/B/95/94
Scientific Technological Park of Crete
Vassilika Vouton, Iraklion Crete 71003
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STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Statements of the Members of the Boards of Directors
(in accordance with article 4 par. 2 of L. 3556/2007)

The following statements, which are effected in accordance with article 4 par. 2 of the L.3556/2007, as applicable, are given by the following Members of the Board of Directors of the Company:

1. Deepak Srinivas Padmanabhan of Velaidam, resident of Dubai, UAE, President of the Board of Directors
2. Pantelis Tzortzakis of Michail, resident of Pallini Attica, Vice-President of the Board of Directors and CEO and
3. Mohsin Majid of Khawaja Abdul, resident of Dubai, UAE, Member of the Board of Directors

The undersigned, in our above-mentioned capacity, and in particular the third as specifically appointed by the Board of Directors of the societe anonyme company under the name “Hellenic Company of Telecommunications and Telematic Applications Societe Anonyme” and trade title “Forthnet S.A.” (hereinafter referred to as “Company” or as “Forthnet”), we state and we assert that to the best of our knowledge:

- (a) the financial statements of the Company and the Group of the societe anonyme company under the name “Hellenic Company of Telecommunications and Telematic Applications Societe Anonyme” and trade title “Forthnet S.A.” for the period from January 01, 2009 to December 31, 2009, which were compiled according to the applicable International Financial Reporting Standards, depict in a truthful way the assets and the liabilities, the equity and the results of the Company, as well as the companies’ which are included in the consolidation as total, according to what is stated in paragraphs 3 to 5 of article 4 of the L.3556/2007 and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.
- (b) the Annual Report of the Board of Directors of the Company depicts in a truthful way the evolution, the achievements and the financial position of the Company, as well as the companies’ which are included in the consolidation as total, including the description of the main risks and uncertainties they face and relevant information that is required according to what is stated in paragraphs 6 to 8 of article 4 of the l. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Athens, March 15, 2010

Deepak Srinivas Padmanabhan

Pantelis Tzortzakis

Mohsin Majid

President of the
Board of Directors

Vice-President
of the Board of Directors and
Chief Executive Officer

Member of the
Board of Directors

BOARD OF DIRECTORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS
of
«Hellenic Company for Telecommunications and Telematic Applications S.A. - Forthnet S.A.»
(according to the regulations of par. 6 of article 5 of L. 3556/2007)

 Regarding the consolidated and separate Financial Statements
 for the year ended December 31, 2009

1. PERFORMANCE AND KEY FINANCIAL DATA
Market data

During 2009, the Greek Economy was affected by the international economic slowdown. Against this background, the Company recorded a healthy revenue growth whilst strengthening its position in the telecommunications segment, and retaining its leadership in the Greek PayTV market. The efforts of the Company were focused on the completion of the investments in broadband access under the Invitation 157 of the Framework program Information Society, funded by EU and the renewal of content rights for the following years. Concurrently, the Company began the functional integration of NOVA, with the launch of the joint sell offerings of PayTV and broadband services.

Thus, at the end of 2009 the Company reported:

- 316k active LLU customers representing a growth of 108k during the year
- 363k active Pay TV subs with and all time high of 319k satellite Pay TV subs in Greece
- Group Revenues of €377m vs €218m in 2008
- 21.1% growth in Telecom revenue
- € 64.9m adjusted EBITDA corresponding to a EBITDA margin of 17.2%
- € 40.5m Operating Cash flow
- € 79.6m Cash Balances

The consolidation of the Pay TV results and the continued improvement of the Telecom results contributed to the significant improvement in the Group results. The Group reported total revenues of € 377m, while the adjusted EBITDA reached € 64.9m corresponding to an EBITDA margin of 17.2% (2008: 7.1%). The Operating Cash Flow was € 40.5m from € (4.5)m in 2008.

<i>(in € '000 except for losses per share)</i>	2008		2009	
	Group	Group	PayTV	Telecom
Revenue (including other income)	218,193	376,985	200,339	176,646
Reported EBITDA	6,474	64,025	45,720	18,305
Adjusted EBITDA (non-cash adjustments)	15,446	64,938	45,720	19,218
<i>EBITDA margin</i>	<i>7.08%</i>	<i>17.23%</i>	<i>22.82%</i>	<i>10.88%</i>
Losses before interest and taxes	(44,557)	(21,734)	(23,999)	2,265
Losses before taxes	(54,573)	(40,520)	(27,723)	(12,797)
Losses after taxes	(40,871)	(41,183)	(26,626)	(14,556)
Loss per share	(0.4855)	(0.2617)		
Operating Cash Flow	(4,463)	40,498		

Telecommunication Services

The completion of the investments for the Invitation 157 of the Framework program Information Society enabled the Company to offer LLU services in smaller cities and towns, apart from the Prefecture capitals, in the areas of Central Macedonia, Thrace, Northeastern Aegean Islands and Dodecanese.

Thus the Company's LLU customer evolution for 2009 was as follows:

<i>(in thousand euros)</i>	Q4 '09	Q3 '09	Q2 '09	Q1 '09
New LLU customers	41,694	19,091	22,484	24,576
Market share in new LLU customers	41%	33%	24%	27%
Active LLU customers	315,533	273,839	254,748	232,264
LLU market share¹	31.96%	30.89%	30.80%	31.50%

Forthnet is the leading unbundler in Greece with an overall market share of 32% by the end of 2009, and an average market share of 31% in new LLU customers during the year. The Forthnet 2play continues to be the major growth driver with an ARPU for the Q4 2009 of €41.7 (excl VAT).

The migration of the existing customer base from wholesale services to LLU services continued during 2009.

Forthnet Broadband Customers	31/12/09	30/09/09	30/06/09	31/03/09
Total ¹ Broadband Customers	364,419	333,727	302,658	286,339
New broadband customers	30,692	31,069	16,319	12,189
LLU active Customers	315,533	273,839	254,748	232,264

Telecommunication financial results

For 2009, the Telecom segment reported revenues of € 176.6m representing a 21.1% growth over the past year. The LLU services remained the key growth driver for the group.

Revenue Analysis	<i>(in thousand euros)</i>	2009	2008	Δ (%)
Residential LLU services		111,347	65,199	70.8%
Residential Wholesale Services		19,011	35,471	-69.3%
Business Services and Applications		46,287	46,881	-1.3%
Total Revenue (including other income)		176,645	147,551	21.1%

Operating profitability continued its improvement throughout the year.

<i>(in thousand euros)</i>	Q4 '09	Q3 '09	Q2 '09	Q1 '09
Revenues (including other income)	47,302	46,419	43,675	39,249
Adjusted EBITDA	3,306	7,129	5,190	3,592
EBITDA margin	6.99%	15.36%	11.88%	9.15%
CAPEX	13,904	25,828	19,485	9,832

¹ Active & Pending wholesale plus active and pending LLU subscribers

Pay TV services

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

During 2009, despite the economic slowdown that started affecting the discretionary spending of the average household in Greece, NOVA retained its customer base. Furthermore, piracy through different means remains a significant factor that affects customer acquisition. Since November, the company began replacing its smartcards with new generation ones that are expected to manage illegal viewership and eventually lead to subscriber growth.

In November 2009 Nova activated a new 5th transponder in order to upgrade its satellite capacity, allowing the company to offer new channels and services.

By the end of December 2009 NOVA Greece had increased its customer base from 346,308 to an all time high 350,462 customers (an increase of 1.17%). The number of Digital Subscribers in Greece was an all time high. In contrast, NOVA Cyprus saw a decline in its subscriber base from 16,331 customers by end of 2008 to 11,909 customers, mainly due to strong competition in the Cypriot market and lack of local sport rights.

	2009	2008
Digital Platform Greece	318,634	305,220
Analogue Platform Greece	31,828	41,188
Digital Platform Cyprus	11,909	16,331
Totals	362,371	362,739

Pay-TV financial results

Nova's high profitability contributed in Group's total profitability:

<i>(in thousand euros)</i>	2009	2008
Revenue	200,339	203,902
EBITDA	45,720	53,384
EBITDA Margin	22.82%	26.18%

Liquidity and Debt

As of December 31st 2009, Forthnet Group's cash and cash equivalents amounted to € 79.6m. The total net bank debt for the Group at the end of December '09 stood at € 272.6m while short term portion of the long term debt amounts to € 20.1m.

2. MAJOR EVENTS FOR THE YEAR 2009

Investments

During 2009 Forthnet activated 189 Collocations, thus offering LLU services to 366 Local Exchanges covering 51 prefecture capitals and the vast majority of the cities and towns of Central Macedonia, Thrace, North-eastern Aegean Islands and Dodecanese. At the end of 2009 the LLU coverage had reached 70.5% in the penetration of the total lines in Greece.

In parallel, during 2009 the Company concluded the construction of Optical Fibre backbone between Thessaloniki and Alexandroupolis, covering most of the collocations with fibre backhaul, while we also constructed local fibre networks in the big Islands (Rhodes, Lesbos, Chios, Samos) for the backhaul needs of the new collocations.

During 2009 Forthnet upgraded significantly both the international IP interconnections and interconnections to GRIX. Thus by the end of 2009 the GRIX was connected with a 10Gbps private Fibre connection, while the total capacity of the international IP connections reached 30Gbps.

Forthnet Shops

The Forthnet shops chain continued to expand during 2009 in selected areas with high demand for broadband services. Thus, by the end of December 2009, the total Forthnet shops stood at 113, while during 2010, the Company is expected to selectively expand its retail shop network.

3. RISKS FOR 2010

Credit Risk: The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2009, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets. The Group has no significant concentrations of credit risk with any single counter party. Trade accounts receivable consist mainly of a large, widespread customer base. All Group companies monitor the financial position of their debtors on an ongoing basis. Also, as regards money market instruments, the Group only deals with well established financial institutions of high credit standing.

Foreign Exchange Risk: The Company is active internationally and is exposed to variations in foreign currency exchange rate which arise mainly from US- Dollar. This kind of risk arises mainly from trade transactions in foreign currency. Therefore, the Group is potentially exposed to market risk related to possible foreign currency exchange rate fluctuations, which is however, mitigated to some extent by the set-off of credit and debit balances in the same currencies. In order to minimise the currency risk, The Company has taken forward cover in the form FX forward contracts for period up to 12 months.

Interest Rate Risk: With respect to both long-term and short-term borrowings, Management monitors on a constant basis the interest rate variances and evaluates the need for assuming certain positions for the hedging of such risks. The fact that the majority of the total Group debt is based on Euribor plus agreed pre-arranged interest rate spreads has as a result that the base interest volatility has a significant impact on cash flow and P&L as presented in the Sensitivity Analysis of Group's Borrowings due to Interest Rate Changes:

	The Group		The Group	
	December 31, 2009		December 31, 2008	
	Interest Rate Variation	Effect on income	Interest Rate Variation	Effect on income
EURO	1.0%	(2,825,000)	1.0%	(2,859,945)
	-1.0%	2,825,000	-1.0%	2,859,945

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

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

Liquidity Risk and Capital Management: The Group manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn committed and uncommitted borrowing facilities that can be utilized to fund any potential shortfall in cash resources. Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business or project.

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

Risks Relating to Forthnet's Business

- Forthnet's growth prospects depend on the continued increase in demand for broadband services and general economic development in Greece. The telecommunications market in Greece is characterised by intense competition that produces price pressures
- Forthnet may face delays and cost overruns in expanding its network, relating to factors outside its control.
- The expansion of Forthnet's network substantially depends on its ability to unbundle an increasing number of local loops and also on factors outside its control.
- Forthnet's sales and distribution network is dependent on the success of its franchisees.
- Forthnet relies on third parties to sell its products and services to retail customers.
- Non achievement of loan covenants.
- Write-off of deferred tax asset if the required Group restructure does not materialize.

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

- Nova business may suffer if it cannot acquire or retain attractive content for its services.
- The success of Nova operations will depend on its ability to grow its customer base.
- A decline in consumer expenditure could adversely affect the growth of customer numbers, the scope of price increases and the revenue and profitability of Nova.
- Nova may experience high deactivation rates among its pay-TV customers.
- Nova business is subject to seasonality.
- Lack of satellite space or satellite failures could adversely affect Nova business.
- Unauthorised access to Nova programming signals may adversely affect Nova revenues and programming arrangements.
- Nova may be found to infringe on intellectual property rights of others.
- Nova is subject to the risk of exchange rate fluctuations.
- Regulatory authorities may withdraw or fail to renew Nova existing broadcasting licenses or fail to grant future licenses.
- Nova could lose some of its most important programming rights if the European Union or national antitrust authorities disallow the acquisition of long-term, exclusive broadcast rights.

4. 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>Fiscal Years</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Technology and Research Foundation	Shareholder	2008	196,393	74,216	5,686	12,126
		2009	171,017	83,976	26,682	27,142
Forth CRS S.A.	Subsidiary	2008	122,340	28,719	161,090	32,072
		2009	103,119	5,904	283,802	38,450
Telemedicine Technologies S.A.	Subsidiary	2008	-	-	336,675	-
		2009	-	-	136,677	-
Athlonet S.A.	Associated	2008	8,539	25,846	2,489	17,131
		2009	19,658	27,796	7,024	22,646
MultiChoice Hellas S.A	Subsidiary	2008	8,930	168,634	10,626	147,905
		2009	2,048,693	1,292,666	1,498,327	1,672,047
NetMed Hellas	Subsidiary	2008	40,278	-	47,931	-
		2009	37,831,438	22,312	85,342	26,551
Forthnet Media Holdings S.A.	Subsidiary	2008	720	28,000	3,128	33,320
		2009	-	98,000	103,331	-
NetMed S.A.	Subsidiary	2008	-	-	-	-
		2009	169	-	29	-
Syned S.A.	Subsidiary	2008	-	-	-	-
		2009	121	-	-	-
	Total	2008	377,200	325,415	567,625	242,554
	Total	2009	40,174,215	1,530,654	2,141,214	1,786,836

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

Technology and Research Foundation owned 4.20%, of the ordinary shares of Forthnet as at December 31, 2009 and 2008, respectively and is represented by one non-executive member on Forthnet's Board of Directors.

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

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

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

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

<u>Related Party</u>	<u>Relation with the Group</u>	<u>Fiscal Years</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Technology and Research Foundation	Shareholder	2008	196,393	74,216	5,686	12,126
		2009	171,017	83,976	26,682	27,142
Lumiere Productions S.A	Shareholder	2008	-	1,562,700	-	6,378
		2009	-	6,298,799	-	415,823
Lumiere Television Ltd	Shareholder	2008	-	792,353	320,301	337,627
		2009	-	-	320,301	-
Lumiere Cosmos Communications	Shareholder	2008	-	-	-	10
		2009	-	-	-	10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	2008	-	54,384	-	16,179
		2009	-	163,152	-	16,209
Gambritsos Georgios	Members of the B.O.D. – Executive members	2008	-	91,945	-	-
		2009	-	294,084	-	27,324
Athlonet S.A.	Associated	2008	8,539	25,846	2,489	17,131
		2009	19,658	27,796	7,024	22,646
	Σύνολα	2008	204,932	2,601,444	328,476	389,451
	Σύνολα	2009	190,675	6,867,807	354,007	509,154

Lumiere Productions S.A. provides NetMed Hellas SA with services related to the production of football events.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the fiscal years 2009 and 2008, are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Salaries and fees for executive members of the BoD	355,500	483,806	296,058	483,806
Salaries and fees for non executive members of the BoD	137,750	139,200	137,750	139,200
Salaries and fees for Senior Managers	2,749,154	1,902,828	942,103	1,181,026
Total	3,242,404	2,525,834	1,375,911	1,804,032

Furthermore, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Management relating to Pension Fund Insurances amounted to € 26,000 (December 31, 2008 € 0), whereas benefits relating to stock option plans amounted to € 137,224 and € 89,317 respectively (December 31, 2008 € 126,945 and € 79,038 respectively).

5. 2010 PROSPECTS AND INVESTMENTS

During 2010 the Company will continue its investment plan for the development of a national broadband network that will facilitate the offering of bundled services with internet access, telephony and premium content. The Company's primary target is to continue the expansion of the private infrastructure in order to improve both the operating profitability and quality of service.

Concurrently, a major target for the year is the conclusion of the functional integration with NOVA, in order to improve the Group's efficiency and customer experience.

Additionally, the Company will emphasize on the enrichment of the total product portfolio according to our customers' needs, with main purpose to retail the leading position in the Greek Telecom and PayTV market.

More specifically

Regarding Residential Services the Company will focus during 2010 on the expansion of its customer base over LLU and bundled services, through:

- Enhancement of the Forthnet 2play service with new services and value added features.
- Emphasis on the synergies from the acquisition of NOVA, with focus in the migration of the NOVA customer base to 2play LLU services, in order to reduce the churn.
- Emphasis, through specific activities, on upselling to 2play through LLU, while exerting our efforts to reduce the related service churn.
- Migration, wherever possible, the remaining wholesale customer base to ULL services.
- Maintain the competitive pricing policy, by further exploiting the Forthnet shops retail chain.

Additionally, the Forthnet Shop retail chain will continue the geographical expansion with the target of reaching 139 shops by end of 2010. Emphasis will be given on the sales growth per shop on the improvement on the quality of the offered services to the customers and on the optimization of the geographical coverage following the expansion of the LLU network. The ultimate drivers are:

- Reorganization of the retail sales, so that the majority of the retail sales will come from the Forthnet shop chain.
- Improvement of the market share and profitability.

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

Regarding the Business and SME services the emphasis during 2010 will be given on the greatest exploitation of the private infrastructure by migrating our customers from wholesale circuits to our private network, in order to further improve the profit margin. In parallel, the Company will focus on cross-selling to existing customers in order to be their sole telecom provider.

More specifically the main targets for 2010 are:

- Migration of existing customers to private infrastructure.
- Expansion of the Ethernet Leased Lines services to cover the needs for smaller speed connections.
- The expansion of our Fiber networks, which together with the faster adoption of the DWDM technology will help the strengthening of our position as a Wholesaler of Leased Lines to large Organisations and other Telecom and TV Operators.
- The redesign of the business data services in order to remain competitive within the Greek market, and also to come closer to the respective services offered by international providers.
- Emphasis will be given on the services of streaming. Already from 2009 we have recorded big interest in services that allow the live or on-demand content streaming on Internet.
- Exerting our efforts to gain large projects of MPLS VPNs making the best use of our experience from 2009 when we successfully completed large scale VPNs

Regarding the SME market, our main targets are:

- Official launch of the Forthnet Professional service, our basic LLU service for SMEs after the initial commencement during 2009. The service is an integrated solution, combining broadband Internet, telephony and hosting services.
- Gradual addition of value added features to our basic Forthnet Professional package
- Introduction of a new telephony service for the professionals as a competitive alternative to OTE's ISDN service
- Effort to retain the market share in domain registration and hosting of .gr and .eu. These services will supplement the integrated services for SMEs.

Finally, regarding the Public Sector Contracts, we project revenue of 1.9m euro for 2010.

Investments:

Our efforts for 2010 will focus on the expansion of the Optical Fiber network outside Athens and Thessaloniki areas and the construction of Metropolitan Access Networks in main Greek cities in order to cover with private network infrastructure the maximum possible number Local Exchanges and, by the end of 2010, provide redundancy and protection of the Fiber Networks in order to maximize the quality of service.

More specifically:

- *Attica Metropolitan Network:* The target is to reach 350km by end of 2010 covering 73 OTE Local Exchanges.
- *Thessaloniki Metropolitan Network:* Conclude the construction of the Optical Ring to provide redundancy.
- *Backbone Athens – Patras- Ioannina – Thessaloniki:* During 2010 we expect to start the implementation of the redundant route from Athens to Thessaloniki, in order to form a ring with total length of 1,134km. The Fiber ring will connect major cities, like Tripolis, Kalamata, Patras, Ioannina, Grevena and Veria.
- *Customer Access MAN infrastructure:* During 2010 the deployment of cable fibers and multiducts of 76km in total will commence in Athens Thessaloniki and Iraklio for the connection of business customers
- *Construction/expansion of the Physical Collocations:*
 1. During 2010 is expected that 14 new Physical Collocations will become commercially ready, therefore increasing the number of physical collocations of Forthnet to 173 in end 2010.
 2. The Company participates in the construction plan of OTE regarding the expansion of 5 Physical Collocation sites, securing the necessary space for the installation of new racks.
- *Remote Collocations construction:* During 2010 it is planned to activate 11 more remote collocations
- *IP network upgrade:* During 2010 the IP core network will be upgraded with new equipment supporting speeds of 1Tbps.
- *International and National Internet Interconnections* The Company will continue the upgrade of the international and National interconnections. By the end of 2010 the international connections are planned to reach 38Gbps from 30Gbps by end of 2009. The GR-IX connection already supports speed of 10Gbps.

Pay TV

The main target for 2010 is to preserve and grow the customer base despite the adverse economic environment. In order to achieve this, our main effort will be to effectively fight piracy, the enrichment of the PayTV content and services, and offering of bundled services with telephony and broadband.

More specifically:

1. Further upgrading the Novacinema and NovaSports digital channels ensuring exploitation of all rights (especially Superleague rights).
2. Agreements (with the smallest cost possible) for main sports events both nationally and internationally, agreements for enrichment of the movie content and addition/renewal of thematic channels.
3. Necessary upgrades of the transmitted signal with investments in the equipments needed in order to enhance the quality of service and further investment to new technologies.
4. Effective cost control in all levels in order to improve the profit margins.
5. Preserving the image of the NOVA brand.
6. Heavily promote the joint sell bundled services in order to fully utilise the synergies within the Group and reduce PayTV subscriber churn.

Athens, March 15, 2010

Deepak Srinivas Padmanabhan
President of the
Board of Directors

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

The present Explanatory Report of the Board of Directors to the Ordinary General Assembly of its Shareholders includes additional detailed information in accordance with paragraphs 7 & 8 of Article 4, L. 3556/2007 and constitutes a unified and integral part of the Annual Board of Directors' Report.

(a) Structure of the Company's Share Capital

The company's share capital amounts to one hundred and eighty three million four hundred and eight thousand nine hundred and sixty two euros and thirty two eurocents (€ 183,408,962.32) and is divided into one hundred and fifty five million four hundred and thirty one thousand three hundred and twenty four (155,431,324) common nominal shares with a nominal value of one euro and eighteen cents (1.18) each.

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

The quality of shareholder implies the legal, automatic and unlimited exercise of all rights and the undertaking of all responsibilities arising from the legislation on limited companies, the provisions of the Company's Articles of Association, the decisions of the General Assembly of Shareholders and the decisions of the Board of Directors. Shareholders shall exercise their rights as regards company management only through the General Assembly and each share shall the right to one (1) vote at the General Assembly.

Moreover, each share shall provide:

- a right to dividend from the Company's annual shares, in accordance with the stipulations of legislation and the articles of association.
- the right to withdraw the contribution after the end of liquidation and the balance of the product of liquidation of company property, in accordance with their participation in the paid-up share capital;
- preference rights to any increase in the Company's share capital in cash and the undertaking of new shares;
- the right to obtain a copy of the financial statements and the reports issued by the auditors and the Company's Board of Directors;
- the right to participate at the General Assembly, which includes the following rights: legalisation, presence, participation at discussions, submission of proposals on issues on the agenda, recording of views in the minutes and voting

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

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

(b) Limitations on the transfer of Company shares

The transfer of Company shares takes place as stipulated by Law and there are no limitations on their transfer, given that these are dematerialised shares listed on the Athens Stock Exchange.

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

Shareholders (natural or legal persons) who on 31/12/2009 directly or indirectly held more than 5% of the total number of shares are presented in the following table:

CORPORATE NAME	SHARES	PERCENTAGE
FORGENDO LIMITED*	57,667,084	37.101%
APG ALGEMENE PENSIOEN GROEP N.V.**	18,802,516	12.097%
CYRTE INVESTMENTS GP I B.V.	15,976,838	10.279%

* Controlled by Emirates International Telecommunications LLC

** Controlled by 98% by STICHTING PENSIOENFONDS ABP

On 12/03/2010, the following shareholders held more than 5% participation in the share capital:

CORPORATE NAME	SHARES	PERCENTAGE
FORGENDO LIMITED*	57,667,084	37.101%
APG ALGEMENE PENSIOEN GROEP N.V.**	18,802,516	12.097%
CYRTE INVESTMENTS GP 1 B.V.	15,976,838	10.279%

* Controlled by Emirates International Telecommunications LLC

** Controlled by 98% by STICHTING PENSIOENFONDS ABP

(d) Shares providing special control rights

There are no Company shares providing special control rights to their holders.

(e) Limitations on voting rights

The Company's Articles of Association do not foresee any limitations on voting rights arising from its shares.

(f) Company shareholders' agreements

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

(g) Rules applicable to the appointment and replacement of members of the BoD and amendment of the Articles of Association

The rules set out in the Company's articles of association as regards the appointment and the replacement of members of the Board of Directors and amendments to the provisions of its articles of association do not differ from those stipulated by C. L. 2190/1920, as amended by L. 3604/2007, other than those referred to below:

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

(h) Responsibilities of the BoD or certain members of the BoD as regards the issuance of new shares or the purchase of own shares in accordance with article 16 of the C.L. 2190/1920.

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

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

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

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

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

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

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

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

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

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

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

A. SHORT-TERM STOCK OPTION PLAN

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

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

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

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

B. LONG TERM STOCK OPTION PLAN

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

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

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

- 1. The category that includes the members of the Boards of Directors of the Company and the affiliated companies according to the above and General Managers, Managers.
 - 2. The category that includes other executives of the Company, the contribution, duties, critical post and the responsibility of the post of whom, are considered a key factor for the achievement of the Company's objectives, and their stay in its resources is necessary.
- II.** The BoD reserved its right to grant 3,552,454 Options for the term of the Plan 2009-2016, as well as of the remaining options that will arise by a voluntary waiver of the beneficiaries of the plan 2006-2012 and any options that will not be disposed from the as above short-term Plan on the basis of the criteria and targets, defined each time by the Board of Directors. The Creation of the Options will be effected through individual resolutions of its and their exercise will be possible, only if the as above targets will have been materialized. The exercise of the Options will be effected according to the provisions in force.

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

The Board of Directors has not yet exercised this power.

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

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

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

There are no agreements between the Company and the members of the Board of Directors of the Company or its staff, foreseeing payment of compensation especially in the case of resignation or dismissal without justified reasons or termination of their term or employment, due to a public offer.

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. (Forthnet)

Report on the Financial Statements

We have audited the accompanying parent and consolidated financial statements of Hellenic Company for Telecommunications and Telematic Applications S.A. «Forthnet S.A» and its subsidiaries which comprise of the parent and consolidated statement of financial position as at December 31, 2009, the parent and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the aforementioned parent and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We confirm that the information given in the Directors' Report is consistent with the accompanying financial statements in the context of the requirements of articles 43a, 107 and 37 of C. L. 2190/1920.

Athens, March 15, 2010

The Certified Auditors Accountants

GEORGIOS ANASTOPOULOS
R.N. ICA (GR) 15451

STAVROS SALOUSTROS
R.N. ICA (GR) 14611

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

 **ERNST & YOUNG**

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


ΟΡΚΩΤΟΙ ΛΟΓΙΣΤΕΣ
 Crowe Horwath.

**ANNUAL
FINANCIAL STATEMENTS**

for the year ended
December 31, 2009

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

	Notes	The Group		The Company	
		01.01- 31.12.2009	01.01- 31.12.2008	01.01- 31.12.2009	01.01- 31.12.2008
Revenues	4	371,767,395	211,756,540	169,297,218	136,110,828
Cost of sales	9	(320,627,535)	(198,531,525)	(153,509,528)	(137,466,991)
Gross profit/(loss)		51,139,860	13,225,015	15,787,690	(1,356,163)
Selling and distribution expenses	9	(48,889,780)	(44,259,825)	(33,094,734)	(33,197,630)
Administrative expenses	9	(27,408,082)	(17,363,861)	(9,250,372)	(10,481,388)
Research and development expenses	9	(1,792,128)	(2,599,468)	(1,792,128)	(2,599,468)
Other income		5,217,357	6,436,748	5,122,591	5,253,140
Share of profits of associates accounted for under the equity method	11	(989)	3,274	-	-
Financial income	8	1,359,421	2,271,456	272,225	1,386,135
Financial expenses	8	(20,146,095)	(12,286,739)	(3,903,611)	(5,076,117)
Loss before income taxes		(40,520,436)	(54,573,400)	(26,858,339)	(46,071,491)
Income taxes	10	(662,336)	13,702,043	1,022,230	5,886,337
Loss after tax (A)		(41,182,772)	(40,871,357)	(25,836,109)	(40,185,154)
Other total comprehensive income after tax (B)		-	-	-	-
Total comprehensive income after tax (A)+(B)		(41,182,772)	(40,871,357)	(25,836,109)	(40,185,154)
Loss for the period attributable to:					
Shareholders of the Parent		(40,679,908)	(40,484,720)	(25,836,109)	(40,185,154)
Non-controlling interest		(502,864)	(386,637)	-	-
		(41,182,772)	(40,871,357)	(25,836,109)	(40,185,154)
Total comprehensive income for the period attributable to:					
Shareholders of the Parent		(40,679,908)	(40,484,720)	(25,836,109)	(40,185,154)
Non-controlling interest		(502,864)	(386,637)	-	-
		(41,182,772)	(40,871,357)	(25,836,109)	(40,185,154)
Loss per share (Basic)		(0,2617)	(0,4855)	(0,1662)	(0,4773)
Weighted Average Number of Shares (Basic)	31	155,431,324	84,191,967	155,431,324	84,191,967
Weighted Average Number of Shares (Diluted)	31	155,431,324	84,191,967	155,431,324	84,191,967

The accompanying notes are an integral part of the Financial Statements

	Notes	The Group		The Company	
		31.12.2009	31.12.2008	31.12.2009	31.12.2008
ASSETS					
Non current assets					
Property, Plant and Equipment	12	305,357,127	230,382,168	179,268,579	153,775,026
Intangible assets	13	241,364,207	269,166,534	15,645,799	15,002,342
Goodwill	11	286,692,695	286,692,695	512,569	512,569
Investments in subsidiaries	11	-	-	289,313,232	289,113,234
Investments in associates accounted under the equity method	11	68,295	69,284	44,500	44,500
Other non-current assets		1,913,426	1,291,429	264,741	240,022
Available for sale financial assets	14	379,877	379,877	330,149	330,149
Programme and film rights	15	-	297,864	-	-
Deferred tax assets	10	34,232,303	34,092,165	25,569,637	24,162,579
Total non current assets		870,007,930	822,372,016	510,949,206	483,180,421
Current assets					
Inventories	16	5,537,891	6,846,673	2,269,943	1,859,398
Programme and film rights	15	43,547,921	31,865,284	-	-
Trade Receivables	17	54,219,167	55,183,317	31,134,051	31,970,470
Prepayments and other receivables	18	31,159,273	32,779,863	17,858,073	21,130,099
Financial assets at fair value through profit or loss		53,847	-	-	-
Cash and cash equivalents	19	79,549,226	79,510,860	40,621,678	14,864,016
Total Current Assets		214,067,325	206,185,997	91,883,745	69,823,983
TOTAL ASSETS		1,084,075,255	1,028,558,013	602,832,951	553,004,404
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	20	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	21	13,651,442	12,864,883	13,028,772	12,242,213
Accumulated deficit		(153,470,168)	(112,790,260)	(138,011,876)	(112,175,767)
Total		344,571,523	384,464,872	359,407,145	384,456,695
Minority interests		3,886,038	4,388,902	-	-
Total equity		348,457,561	388,853,774	359,407,145	384,456,695
Non current liabilities					
Long-term liabilities	23	330,890,404	315,285,988	109,349,677	84,225,806
Long-term transponder leases	25	11,553,434	60,441,236	-	-
Other long-term leases	24	1,940,634	2,068,223	1,918,167	2,068,223
Other long-term obligations		154,900	35,000	154,900	35,000
Long-term obligations of programmes and film rights	26	1,752,073	1,840,217	-	-
Reserve for staff retirement indemnities	30	3,689,562	3,157,009	1,711,452	1,524,902
Government grants	29	22,500,536	11,252,053	21,850,605	10,531,280
Deferred tax liability	10	46,733,989	54,501,066	-	-
Total Non-Current Liabilities		519,215,532	448,580,792	134,984,801	98,385,211
Current Liabilities					
Trade accounts payable	27	102,532,721	92,791,139	61,334,432	54,892,198
Short-term borrowings	23	1,112,127	1,184,499	-	-
Current portion of long-term borrowings	23	20,144,000	10,144,000	10,000,000	-
Deferred income	3	37,566,425	37,389,950	15,840,517	12,382,307
Current portion of transponder leases	25	10,402,563	9,525,898	-	-
Short-term portion of other obligations	24	182,411	465,765	150,057	140,930
Current portion of programmes and film rights obligations	26	11,099,960	21,447,115	-	-
Income tax payable		5,529,165	8,875,999	200,000	206,009
Accrued and other current liabilities	28	27,832,790	9,299,082	20,915,999	2,541,054
Total Current Liabilities		216,402,162	191,123,447	108,441,005	70,162,498
Total Liabilities		735,617,694	639,704,239	243,425,806	168,547,709
TOTAL LIABILITIES AND EQUITY		1,084,075,255	1,028,558,013	602,832,951	553,004,404

The accompanying notes are an integral part of the Financial Statements



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Annual Financial Report for the year ended December 31, 2009

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2009

(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, 2008	45,852,241	143,510,993	6,415,982	(72,305,540)	123,473,676	43,428	123,517,104
Acquisition of subsidiary	-	-	-	-	-	4,732,111	4,732,111
Issuance of share capital	137,556,722	162,037,155	-	-	299,593,877	-	299,593,877
Share capital issuance costs (net from deferred tax)	-	(4,566,862)	-	-	(4,566,862)	-	(4,566,862)
Total comprehensive income after income taxes of the period (continuing and discontinuing operations)	-	-	-	(40,484,720)	(40,484,720)	(386,637)	(40,871,357)
Stock option plan	-	-	6,448,901	-	6,448,901	-	6,448,901
Total Equity ending at the period December 31, 2008	183,408,963	300,981,286	12,864,883	(112,790,260)	384,464,872	4,388,902	388,853,774
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)	-	-	-	(40,679,908)	(40,679,908)	(502,864)	(41,182,772)
Stock option plan	-	-	786,559	-	786,559	-	786,559
Total Equity ending at the period December 31, 2009	183,408,963	300,981,286	13,651,442	(153,470,168)	344,571,523	3,886,038	348,457,561
The Company	Share capital	Share premium	Other reserves	Accumulated deficit	Total		
Total Equity beginning at the period January 1, 2008	45,852,241	143,510,993	5,793,312	(71,990,613)	123,165,933		
Total comprehensive income after income taxes of the period (continuing and discontinuing operations)	-	-	-	(40,185,154)	(40,185,154)		
Stock option plan	-	-	6,448,901	-	6,448,901		
Issuance of share capital	137,556,722	162,037,155	-	-	299,593,877		
Stock option plan	-	(4,566,862)	-	-	(4,566,862)		
Total Equity ending at the period December 31, 2008	183,408,963	300,981,286	12,242,213	(112,175,767)	384,456,695		
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)	-	-	-	(25,836,109)	(25,836,109)		
Stock option plan	-	-	786,559	-	786,559		
Total Equity ending at the period December 31, 2009	183,408,963	300,981,286	13,028,772	(138,011,876)	359,407,145		

The accompanying notes are an integral part of the Financial Statements


HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Annual Financial Report for the year ended December 31, 2009

CASH FLOW STATEMENT (INDIRECT METHOD) FOR THE YEAR ENDED DECEMBER 31, 2009

(amounts in Euro, unless stated otherwise)

	The Group		The Company	
	01.01- 31.12.2009	01.01- 31.12.2008	01.01- 31.12.2009	01.01- 31.12.2008
Cash flows from Operating Activities				
Loss before income taxes	(40,520,436)	(54,573,400)	(26,858,339)	(46,071,491)
Adjustments for:				
Depreciation and amortisation	88,877,544	54,205,558	44,487,381	36,121,102
Amortisation of subsidies	(3,118,791)	(3,169,775)	(3,047,949)	(2,960,597)
Losses (Gains) on disposal of tangible and intangible assets	50,292	(292,446)	57,547	(113,605)
Financial (income)/expenses	18,786,674	10,015,283	3,631,385	3,689,982
Share of profits of associates accounted for under the equity method	989	(3,274)	-	-
Allowance for doubtful accounts receivable	4,271,241	5,153,006	3,183,931	4,580,000
Provision for staff retirement indemnities	1,135,363	467,792	387,272	354,672
Other Provision	1,491,331	6,448,901	786,559	6,448,901
Operating profit/(loss) before working capital changes	70,974,207	18,251,645	22,627,787	2,048,965
(Increase)/Decrease in:				
Inventories	1,308,782	2,782,759	(410,544)	(676,467)
Trade accounts receivable	(4,457,092)	(8,586,614)	(3,497,512)	(8,412,191)
Programme and Film Rights	(22,130,410)	(10,139,413)	-	-
Prepayments and other receivables	2,770,590	5,308,887	4,422,027	(1,805,514)
Increase/(Decrease) in:				
Trade accounts payable	8,518,821	(7,995,906)	4,989,183	(9,798,429)
Deferred income	176,475	7,027,192	3,458,210	4,616,064
Accrued and other current liabilities	16,429,294	(398,611)	17,418,816	(22,655)
Interest paid	(20,080,789)	(8,557,812)	(4,785,687)	(4,944,641)
Income taxes paid	(11,919,862)	(2,086,453)	(390,837)	-
Payment of staff retirement indemnities	(603,060)	(78,154)	(200,722)	(72,554)
Increase in other non-current assets	(608,396)	(25,133)	(24,720)	(19,881)
Increase in other long-term liabilities	119,900	35,000	119,900	35,000
Net cash from/(used in) Operating Activities	40,498,460	(4,462,613)	43,725,901	(19,052,303)
Cash flow from Investing activities				
Capital expenditure for property, plant and equipment and intangible	(74,336,191)	(72,902,198)	(69,269,467)	(72,225,252)
Disposals for property, plant and equipment and intangible assets	72,083	144,292	40,583	144,292
Received grants	16,329,348	6,050,966	16,329,348	5,483,265
Interest and related income received	1,280,054	2,466,901	272,225	1,499,718
Acquisition of Loan Obligation	-	(61,652,458)	-	-
Investment in subsidiary	-	(33,660)	(199,998)	-
Increase in participation in subsidiaries	-	(390,756,446)	-	(285,060,000)
Net cash used in Investing Activities	(56,654,706)	(516,682,603)	(52,827,309)	(350,157,977)
Cash flows from Financing Activities				
Net proceeds from the issuance of share capital	-	293,504,728	-	293,504,728
Net change in long -term borrowings	35,000,000	265,464,053	35,000,000	35,000,000
Repayment of long-term borrowings	(10,000,000)	(18,000,000)	-	-
Net change in short -term borrowings	-	7,172,982	-	-
Net change in leases	(8,805,388)	(3,606,105)	(140,930)	(132,360)
Net cash from Financing Activities	16,194,612	544,535,658	34,859,070	328,372,368
Net increase/(decrease) in cash and cash equivalents	38,366	23,390,442	25,757,662	(40,837,912)
Cash and cash equivalents at the beginning of period	79,510,860	56,120,418	14,864,016	55,701,928
Cash and cash equivalents of the end of period	79,549,226	79,510,860	40,621,678	14,864,016

The accompanying notes are an integral part of the Financial Statements



1. CORPORATE INFORMATION:

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. (hereinafter referred to as the “Company” or “Forthnet”), was incorporated in Greece in November 1995 (Government Gazette 6718/27.11.1995) as a société anonyme by the Technology and Research Foundation and “Minoan Lines S.A.”.

The Company’s registered office is in Vassilika Vouton, Iraklion, Crete, while its administrative headquarters are in Pallini, Attica at Manis Street, 153 51 Kantza. The life of the Company, according to its Articles of Incorporation, has been determined to be 40 years from the date of its incorporation with a possible extension permitted following a decision of the General Meeting of the Company’s Shareholders.

Effective October 2000, Forthnet’s shares were listed on the Athens Stock Exchange.

The Company’s principal activities, in accordance with article 3 of its Articles of Incorporation, are the provision of telecommunications services and electronic information systems, the development and use of any telecommunications and network technique and infrastructure in Greece and overseas and the development of any other associated activity.

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

Based on the aforementioned amendment, EETT, with its decision No. 215/43/02.05.2001, granted Forthnet the Access Selection Code 1789, through which it provides public fixed voice telephony.

On February 14, 2008, Forgoing Ltd, which is based in Cyprus, gained a participating interest of 21% of Forthnet’s share capital. During the year 2009 Forgoing Ltd acquired further participating interest and the total participation increased to the percentage of 37.10% in Forthnet’s share capital.

The accompanying financial statements for the year ended 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. The consolidated financial statements include RPO S.A., which was liquidated on December 31, 2008.

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 11).

NetMed N.V.'s subsidiaries which were consolidated 100% in Forthnet Media Holdings S.A. in this fiscal year and the previous as well, 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

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

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

The Group's number of employees at December 31, 2009, amounted to 1,472 while that of the Company to 847. At December 31, 2008, the respective number of employees was 1,538 for the Group and 914 for the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

(a) Basis of Preparation of Financial Statements:

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

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

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

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, 2009. 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 17 Distributions of Non-cash Assets to Owners, this interpretation is effective for annual periods beginning on or after July 1, 2009 with early application permitted. The interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability.

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.

Amendment to IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements, the revision and amendment is effective for annual periods beginning on or after July 1, 2009. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is

accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with minority interests.

IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items, the amendment is effective for annual periods beginning on or after July 1, 2009. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

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.

IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended), the amendment is effective for annual periods beginning on or after January 1, 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. This interpretation 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 Additional Exemptions for First-time Adopters (Amended), effective for annual periods beginning on or after January 1, 2010. According to this amendment entities which adopt IFRS for the first time are able: a) Not to reconsider if an existing agreement contains a leasing (in accordance with IFRIC 4) in case such evaluation has been already performed in accordance with previous GAAP, b) To measure, upon conversion to IFRS, the deemed cost of oil products and natural gas at each carrying value in accordance with previous GAAP (regards companies which operate in oil and natural gas industry).

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 28.1.2010 and exempts first-time adopters of IFRSs from providing the additional disclosures introduced by IFRS 7 on 5.3.2009.

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.

(c) Approval of Financial Statements:

The Board of Directors of Forthnet approved the separate and consolidated financial statements for the period ended at December 31, 2009, on March 15, 2010. The abovementioned financial statements are subject to the final approval of the General Assembly of the Shareholders.

(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 11). 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, 2009:

- IFRIC 13 Customer Loyalty Programmes effective July 1, 2008
- IFRIC 15 Agreements for the Construction of Real Estate effective January 1, 2009
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective October 1, 2008
- IFRIC 9 Remeasurement of Embedded Derivatives (Amended) and IAS 39 Financial Instruments: Recognition and Measurement (Amended) effective for periods ending on or after June 30, 2009
- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amended) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective January 1, 2009
- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (Amended) effective January 1, 2009
- IFRS 8 Operating Segments effective January 1, 2009
- IFRS 7 Financial Instruments: Disclosures (Amended) effective January 1, 2009
- IAS 1 Presentation of Financial Statements (Revised) effective January 1, 2009
- IAS 32 Financial Instruments: Presentation (Amended) and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (Amended) effective January 1, 2009
- IAS 23 Borrowing Costs (Revised) effective January 1, 2009
- Improvements to IFRSs (May 2008)
- IFRIC 18 Transfers of Assets from Customers effective July 1, 2009

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, however the following had an impact in the presentation or disclosures of the financial statements as described below:

IAS 1 Presentation of Financial Statements (Revised)

The revised standard requires that the statement of changes in equity includes only transactions with shareholders; introduces a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income" (either in one single statement or in two linked statements); and requires the inclusion of a third column on the balance sheet to present the effect of restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Group made the necessary changes to the presentation of its financial statements in 2009 and has elected to present a single OR two linked statements for the statement of comprehensive income.

IFRS 7 Financial Instruments: Disclosures (Amended)

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by the source of inputs, using a three-level hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between the levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 35.

IFRS 8 Operating Segments

This Standard replaces IAS 14 'Segment reporting'. IFRS 8 adopts a management approach to segment reporting. The Company / Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14.

IAS 23 Borrowing Costs

The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Company's / Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional requirements of the Standard, the Group / Company adopted the change on a prospective basis. Accordingly, borrowing costs were capitalised on qualifying assets with a commencement date on or after 1 January 2009. During the 12 months to 31 December 2009, €1,055,156 of borrowing costs have been capitalized on qualifying assets (see note 8).

- (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 Company and the Group at December 31, 2009 amount to € 37,566,425, and € 15,840,517 respectively, (at December 31, 2008, amounted to € 37,389,950 and € 12,382,307 for the Company and the Group respectively).

Unbilled revenues for the Group and the Company at December 31, 2009 amounted to € 2,463,148 (at December 31, 2008, amounted to € 1,977,171, 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 financial statements are analysed as follows:

	The Group		The Company	
	January 1-December 31,		January 1-December 31,	
	2009	2008	2009	2008
Operating Revenues				
Direct Retail Services	296,414,210	127,654,490	111,347,301	65,198,691
Bundled services (2play)	93,994,384	53,893,684	93,994,384	53,893,684
Telephony	12,154,110	7,442,259	12,154,110	7,442,259
ADSL	5,198,807	3,862,748	5,198,807	3,862,748
Pay-TV Revenues	185,066,909	62,455,799	-	-
Indirect Retail Services	19,011,317	35,471,297	19,011,317	35,471,297
Telephony	12,012,004	23,430,113	12,012,004	23,430,113
ADSL	5,473,328	9,848,747	5,473,328	9,848,747
Other	1,525,985	2,192,437	1,525,985	2,192,437
Direct Business Services	25,214,064	26,089,460	25,214,064	26,089,460
E-business	5,470,433	4,794,223	5,470,433	4,794,223
Pay-TV Advertisement Revenues	9,116,149	3,149,461	-	-
Forth CRS	3,771,849	4,637,096	-	-
Equipment	6,376,732	2,709,511	3,175,051	696,905
Other services	6,392,641	7,251,002	5,079,052	3,860,252
Total Operating Revenues	371,767,395	211,756,540	169,297,218	136,110,828

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 years ended December 31, 2009 and 2008 are analysed as follows:

2009	Telecommunications	Pay-TV	Eliminations	Total
Revenues	171,600,598	200,166,797	-	371,767,395
Intersegment revenue	3,116,874	1,412,978	(4,529,852)	-
Total Revenue	174,717,472	201,579,775	(4,529,852)	371,767,395
Depreciation and Amortization	45,351,532	43,526,012	-	88,877,544
Amortization of subsidies	(3,047,949)	(70,842)	-	(3,118,791)
Profit before interest, taxes and depreciation	18,304,681	45,720,310	-	64,024,991
Profit/(Loss) before interest and taxes	(23,998,902)	2,265,139	-	(21,733,763)
Loss before taxes	(27,723,134)	(12,797,302)	-	(40,520,436)
Less: income tax	1,096,800	(1,759,136)	-	(662,336)
Loss after taxes	(26,626,334)	(14,556,438)	-	(41,182,772)
Total assets	404,457,271	690,475,505	(10,857,521)	1,084,075,255
Capital expenditure	71,336,706	64,837,375	-	136,174,081
Liabilities	247,641,311	498,833,904	(10,857,521)	735,617,694

2008	Telecommunications	Pay-TV	Total
Revenues	142,177,021	69,579,519	211,756,540
Depreciation and Amortization	37,099,149	17,106,409	54,205,558
Amortization of subsidies	(2,960,597)	(209,178)	(3,169,775)
(Loss)/Profit before interest, taxes and depreciation	(7,739,484)	14,213,876	6,474,392
(Loss) before interest and taxes	(41,877,634)	(2,683,757)	(44,561,391)
(Loss) before taxes	(49,937,996)	(4,635,404)	(54,573,400)
Less: income tax	(5,804,652)	(7,897,391)	(13,702,043)
(Loss)/Profit after taxes	(44,133,344)	3,261,987	(40,871,357)
Total assets	795,241,208	233,316,805	1,028,558,013
Capital expenditure	69,153,470	64,033,707	133,187,177
Liabilities	414,381,533	225,322,706	639,704,239

Note: The prior year's PayTV results include only four months of activity (representing post acquisition results)

6. PAYROLL COST:

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

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Wages and salaries	37,426,881	29,073,359	21,318,441	22,378,374
Social security costs (Note 30)	8,804,733	6,555,853	5,176,828	5,370,710
Staff retirement indemnities (Note 30)	1,135,363	467,792	387,272	354,672
Stock option plans	913,226	6,448,901	913,226	6,448,901
Other staff costs	892,007	571,016	471,482	405,814
Total	49,172,210	43,116,921	28,267,249	34,958,471
Less: Amounts capitalised	(3,388,683)	(3,386,077)	(2,935,341)	(2,931,055)
Payroll Cost (Note 9)	45,783,527	39,730,844	25,331,908	32,027,416

7. DEPRECIATION AND AMORTISATION:

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

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Depreciation on buildings	6,184,331	4,616,825	6,163,136	4,547,095
Depreciation on network equipment	34,204,810	23,771,425	22,951,228	19,872,933
Depreciation on transportation equipment	99,179	6,101	4,791	4,868
Depreciation on furniture and equipment	3,075,781	2,214,543	1,982,278	1,825,191
Depreciation on property, plant and equipment (Note 12)	43,564,101	30,608,894	31,101,433	26,250,087
Amortisation on fixed wireless access license	659,218	659,218	659,218	659,218
Amortisation on software and other intangible assets	13,240,337	9,814,435	12,726,730	9,211,797
Amortization of other intangible assets identified from PPA exercise	31,413,888	13,123,011	-	-
Amortisation on intangible assets (Note 13)	45,313,443	23,596,664	13,385,948	9,871,015
Depreciation and amortisation (Note 9)	88,877,544	54,205,558	44,487,381	36,121,102

8. FINANCIAL INCOME / (EXPENSES):

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

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Interest on long-term borrowings (Note 23)	(14,444,962)	(10,295,714)	(3,974,117)	(4,353,619)
Interest on short-term borrowings (Note 23)	(65,457)	(262,851)	(2,261)	(133,221)
Finance charges paid under finance leases	(4,784,666)	(262,077)	(123,604)	(131,476)
Bond loan costs (Note 23)	(123,871)	(123,871)	(123,871)	(123,871)
Other financial costs	(1,782,295)	(1,342,226)	(734,914)	(333,930)
Total financial expenses	(21,201,251)	(12,286,739)	(4,958,767)	(5,076,117)
Less: Amounts capitalized	1,055,156	-	1,055,156	-
Total interest paid	(20,146,095)	(12,286,739)	(3,903,611)	(5,076,117)
Interest earned on cash at banks and on time deposits (Note 19)	1,359,421	2,271,456	272,225	1,386,135
Total financial income	1,359,421	2,271,456	272,225	1,386,135
Total financial income/(expenses), net	(18,786,674)	(10,015,283)	(3,631,386)	(3,689,982)

9. ANALYSIS OF EXPENSES:

Expenses (selling, general, administrative, research and development) are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Payroll and related costs (Note 6)	45,783,527	39,730,844	25,331,908	32,027,416
Third party fees and services	49,097,020	32,973,881	23,239,885	20,306,353
Telecommunication Costs ULL	79,524,362	72,548,593	79,252,479	72,548,593
Royalties / Licenses	31,425,864	24,992,414	-	-
Taxes and duties	1,049,092	1,270,091	961,430	799,885
Sundry expenses	6,132,813	3,665,645	2,119,094	2,367,185
Advertising and promotion costs	26,706,136	15,408,868	11,009,885	9,177,613
Depreciation and amortisation (Note 7)	88,877,544	54,205,558	44,487,381	36,121,102
Allowance for doubtful accounts receivable (Note 17)	4,271,241	5,153,006	3,183,931	4,580,000
Cost of sales of inventory and consumables	65,849,926	12,805,779	8,060,769	5,817,330
Total expenses	398,717,525	262,754,679	197,646,762	183,745,477

The above expenses are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Cost of sales	320,627,535	198,531,525	153,509,528	137,466,991
Selling and distribution expenses	48,889,780	44,259,825	33,094,734	33,197,630
Administrative expenses	27,408,082	17,363,861	9,250,372	10,481,388
Research and development expenses	1,792,128	2,599,468	1,792,128	2,599,468
Total expenses	398,717,525	262,754,679	197,646,762	183,745,477

10. INCOME TAXES:

In accordance with the tax Law, the corporate tax rate which is effective to the Greek societie anonyms up to December 31, 2008 is 25%. In accordance with the new tax Law 3697/2008, the corporate tax rate of the societie 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% fort he fiscal year 2013and 20% for the fiscal year 2014 and on.

The amounts of income taxes which are reflected in the accompanying statement of income are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Current income taxes	6,163,129	1,193,588	-	-
Income taxes from prior years	530,694	-	184,828	-
Income taxes from unaudited tax years	250,000	-	200,000	-
Special contribution (L. 3808/2009)	1,625,728	-	-	-
Deferred income taxes	(7,907,215)	(14,895,631)	(1,407,058)	(5,886,337)
Total income taxes (credit) / debit reflected in the statements of income	662,336	(13,702,043)	(1,022,230)	(5,886,337)

Following the enactment of L. 3808/2009, a special, one time contribution of social responsibility was charged to the Greek profitable entities calculated on their total net income of the fiscal year 2008, if it exceeded the amount of € 5 million, based on a progressive scale.

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

	December 31,	
	2009	2008
<u>The Group</u>		
Loss before tax	(40,520,436)	(54,573,400)
Income tax calculated at the nominal applicable tax rate (25%)	(10,130,109)	(13,643,350)
Tax effect of non tax deductible expenses and non taxable income	8,386,126	3,953,505
Reversal of deferred income tax on previously recognized tax losses	(37,022)	56,397
Special contribution (L. 3808/2009)	1,625,728	-
Income taxes from prior years	567,613	-
Income taxes from unaudited tax years	250,000	-
Tax effect of change in tax rates	-	(4,068,595)
Income tax reported in the statements of income	662,336	(13,702,043)
<u>The Company</u>		
Loss before tax	(26,858,339)	(46,071,491)
Income tax calculated at the nominal applicable tax rate (25%)	(6,714,585)	(11,517,872)
Tax effect of non tax deductible expenses and non taxable income	5,307,527	2,185,444
Income taxes from prior years	184,828	-
Income taxes from unaudited tax years	200,000	-
Tax effect of change in tax rates	-	3,446,091
Income tax reported in the statements of income	(1,022,230)	(5,886,337)

Greek tax laws and regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

At September 30, 2009, Forthnet accepted the outcome of the tax-audit concerning concerning unaudited fiscal years from 2003 to 2006. According to the said tax audit, the total tax for the above four fiscal years amounted to €390,837. The Company for the above unaudited tax years had made a provision in the financial statements amounting to € 206,008. Consequently the condensed financial statements for the parent company and the group were charged by an amount of € 184,828. Moreover, in the current period a provision was made for the unaudited tax years 2007, 2008 and 2009 amounting to € 200,000.

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

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

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.	2007-2008
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 € 0.20 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.

The movement of the deferred tax asset is as follows:

	December 31,	
	2009	2008
The Group		
Beginning balance	(20,408,901)	17,017,253
Income taxes [credit/(debit)]	7,907,215	14,895,631
Tax charged to equity (share capital issuance costs and acquisition costs)	-	1,525,627
Tax of acquired companies	-	(53,847,412)
Ending balance	(12,501,686)	(20,408,901)

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

Deferred tax asset	34,232,303	34,092,165
Deferred tax liability	(46,733,989)	(54,501,066)
	(12,501,686)	(20,408,901)

The Company

Beginning balance	24,162,579	16,753,955
Income taxes [credit/(debit)]	1,407,058	5,886,337
Tax charged to equity (share capital issuance costs)	-	1,522,287
Ending balance	25,569,637	24,162,579

The movement in deferred tax assets/liabilities as at December 31, 2009 and 2008 is as follows:

The Group	January 1 st , 2009	Debit/ (Credit) to the statement of comprehensive income	December 31 st , 2009
Deferred income tax asset:			
Deferred cost	5,543,026	(3,924,453)	1,618,573
Staff retirement indemnities	631,402	106,510	737,912
Deferred revenues	6,251,911	(1,037,693)	5,214,218
Tax losses carried forward	22,243,556	6,387,920	28,631,476
Property, plant and equipment/intangible assets	377,748	(1,035,020)	(657,272)
Total	35,047,643	497,264	35,544,907
Deferred income tax liability:			
Intangible assets recognized during PPA exercise	(54,501,066)	7,767,077	(46,733,989)
Other	(955,478)	(357,126)	(1,312,604)
Total	(55,456,544)	7,409,951	(48,046,593)
Net deferred income tax asset	(20,408,901)	7,907,215	(12,501,686)

<u>The Group</u>	<u>January 1st, 2008</u>	<u>Debit/ (Credit) from acquisition</u>	<u>Debit/ (Credit) to the statement of comprehensive income</u>	<u>Debit/ (Credit) to changes in equity</u>	<u>December 31st, 2008</u>
Deferred income tax asset:					
Deferred cost	1,378,321	3,666,166	(1,027,088)	1,525,627	5,543,026
Staff retirement indemnities	328,121	290,733	12,548	-	631,402
Deferred revenues	-	6,251,911	-	-	6,251,911
Tax losses carried forward	14,980,683	2,392,646	4,870,227	-	22,243,556
Property, plant and equipment/intangible assets	339,968	-	37,780	-	377,748
Total	17,027,093	12,601,456	3,893,467	1,525,627	35,047,643
Deferred income tax liability:					
Intangible assets	-	(66,132,500)	11,631,434	-	(54,501,066)
Other	(9,840)	(316,368)	(629,270)	-	(955,478)
Total	(9,840)	(66,448,868)	11,002,164	-	(55,456,544)
Net deferred income tax asset	17,017,253	(53,847,412)	14,895,631	1,525,627	(20,408,901)

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

<u>The Company</u>	<u>January 1st, 2008</u>	<u>Debit/ (Credit) to the statement of comprehensive income</u>	<u>Debit/ (Credit) to changes in equity</u>	<u>December 31st, 2008</u>
Deferred income tax asset:				
Deferred cost	1,244,567	(146,118)	1,522,287	2,620,736
Staff retirement indemnities	310,696	(5,715)	-	304,981
Tax losses carried forward	14,886,493	5,791,941	-	20,678,434
Property, plant and equipment/intangible assets	322,039	244,261	-	566,300
Other	<u>16,763,795</u>	<u>5,884,369</u>	<u>1,522,287</u>	<u>24,170,451</u>
Deferred income tax liability:				
Other	(9,840)	1,968	-	(7,872)
Total	<u>(9,840)</u>	<u>1,968</u>	<u>1,522,287</u>	<u>(7,872)</u>
Net deferred income tax asset	<u>16,753,955</u>	<u>5,886,337</u>	<u>1,522,287</u>	<u>24,162,579</u>

During the current fiscal year the Company incurred tax losses of € 22,549,564 (€34,990,275 at the fiscal year 2008) and for the Group € 25,519,514 (€41,562,072 at the fiscal year 2008) for which a deferred tax asset was recognized. The Company's management believes that these tax losses will be recovered through profits of the following five years, which will arise following the restructure of the Group.

11. SUBSIDIARIES AND ASSOCIATES - GOODWILL:

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

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Consolidation Method</u>	<u>Participation Relationship</u>	<u>Equity Interest</u>		<u>Balance</u>	
				<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
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%	94.40%	514,479	314,481
Forthnet Media Holdings S.A.	Kallithea, Attica, Greece	Full	Direct	100.00%	100.00%	285,060,000	285,060,000
						<u>289,313,232</u>	<u>289,113,234</u>

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

	<u>Registered Office</u>	<u>Consolidation Method</u>	<u>Participation Relationship</u>	<u>Equity Interest</u>		<u>Balance</u>	
				<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
Athlonet S.A.	Kallithea, Attica, Greece	Equity method	Direct	44.00%	44.00%	68,295	69,284

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

	December 31,	
	2009	2008
Share of associate's balance sheet:		
Current Assets	69,847	71,443
Non-Current Assets	6,432	5,466
Short-term Liabilities	(7,984)	(7,625)
Net Assets	68,295	69,284
Share of associate's revenue and profit/(loss):		
Income	104,640	152,514
Profit / (Loss)	(989)	3,274
Investments in Associates	68,295	69,284

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

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest 31.12.2009
Shipping Clearance S.A.	Athens, Greece	Full	Indirect	51.00%

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

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest 31.12.2009
Intervision (Services) B.V.	Holland	Full	Indirect	100.00%
NetMed N.V.	Holland	Full	Indirect	100.00%

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 consolidated financial statements:

Company	Registered Office	Consolidation Method	Participation Relationship 31.12.2009	Percentage participation 31.12.2009
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	96.39%
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 owns the majority of the members of the Board of Directors.

Goodwill in the accompanying Financial Statements is analysed as follows:

	The Group		The Company	
	30.12.2009	31.12.2008	30.12.2009	31.12.2008
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	-	-	-
Total	286,692,695	727,519	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:

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

Goodwill as at December 31, 2009, 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.

12. PROPERTY, PLANT AND EQUIPMENT:

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

The Group	Land	Buildings	Telecommu- nication Equipment	Transmissio- n Equipment	Transpo- rtation Means	Furniture & Other Equipment	Constructio- n in Progress (CIP)	Total
COST								
At January 1, 2008	1,672,789	29,846,899	135,384,218	-	62,008	12,788,183	2,261,314	182,015,411
Acquisition of entities	-	2,648,251	65,362,264	86,275,717	-	-	-	154,286,232
Additions	-	8,637,089	46,255,263	63,509,544	-	2,436,670	1,638,801	122,477,367
Transfers from CIP	-	1,861,597	1,349,082	-	-	-	(3,259,937)	(49,258)
Disposals/ Write-offs	-	(56,641)	(94,148)	(30,928,372)	-	(96,527)	-	(31,175,688)
At December 31, 2008	1,672,789	42,937,195	248,256,679	118,856,889	62,008	15,128,326	640,178	427,554,064
Additions	-	6,807,631	17,363,033	60,883,172	44,903	2,548,717	31,423,553	119,071,009
Transfers from CIP	-	-	606,398	-	-	-	(606,398)	-
Disposals/ Write-offs	-	(46,164)	(39,167,485)	(21,567,386)	(22,854)	(536,834)	-	(61,340,723)
Reclassifications	-	(789,867)	(6,266,343)	(4,815,181)	479,029	8,188,595	-	(3,203,767)
At December 31, 2009	1,672,789	48,908,795	220,792,282	153,357,494	563,086	25,328,804	31,457,333	482,080,583
DEPRECIATION								
At January 1, 2008	-	(4,611,306)	(48,267,250)	-	(30,120)	(6,212,815)	-	(59,121,491)
Depreciation from Acquisition of subsidiary	-	(2,438,214)	(59,053,981)	(76,990,367)	-	-	-	(138,482,562)
Depreciation expense	-	(4,616,825)	(20,520,264)	(3,251,161)	(6,101)	(2,214,543)	-	(30,608,894)
Disposals/Write-offs	-	12,447	7,303	30,928,372	-	92,929	-	31,041,051
At December 31, 2008	-	(11,653,898)	(127,834,192)	(49,313,156)	(36,221)	(8,334,429)	-	(197,171,896)
Depreciation expense	-	(6,184,331)	(23,818,252)	(10,386,557)	(99,180)	(3,075,781)	-	(43,564,101)
Disposals/Write-offs	-	24,399	39,089,920	21,567,386	15,061	521,629	-	61,218,395
Reclassifications	-	760,015	5,310,184	4,652,821	(232,350)	(7,696,524)	-	2,794,146
At December 31, 2009	-	(17,053,815)	(107,252,340)	(33,479,506)	(352,690)	(18,585,105)	-	(176,723,456)
NET BOOK VALUE								
At January 1, 2008	1,672,789	25,235,593	87,116,968	-	31,888	6,575,368	2,261,314	122,893,920
At December 31, 2008	1,672,789	31,283,297	120,422,487	69,543,733	25,787	6,793,897	640,178	230,382,168
At December 31, 2009	1,672,789	31,854,980	113,539,942	119,877,988	210,396	6,743,699	31,457,333	305,357,127



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Annual Financial Report for the year ended December 31, 2009

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

(amounts in Euro, unless stated otherwise)

The Company	Land	Buildings	Telecommunication Equipment	Transportation Means	Furniture & Other Equipment	Construction in Progress (CIP)	Total
COST							
At January 1, 2008	1,672,789	29,717,517	135,189,705	51,205	9,746,049	2,261,314	178,638,579
Additions	-	8,605,380	45,856,873	-	2,314,358	1,638,802	58,415,413
Transfers from CIP	-	-	-	-	-	-	-
Disposals/Write-offs	-	(56,641)	(70,742)	-	(96,527)	-	(223,910)
Transfers	-	1,861,597	1,349,082	-	-	(3,259,937)	(49,258)
At December 31, 2008	1,672,789	40,127,853	182,324,918	51,205	11,963,880	640,179	236,780,824
Additions	-	6,703,626	16,416,910	25,403	2,123,579	31,423,553	56,693,071
Transfers from CIP	-	-	606,398	-	-	(606,398)	-
Disposals/Write-offs	-	(46,164)	(1,884,249)	(8,559)	(527,229)	-	(2,466,201)
At December 31, 2009	1,672,789	46,785,315	197,463,977	68,049	13,560,230	31,457,334	291,007,694
DEPRECIATION							
At January 1, 2008	-	(4,556,392)	(48,207,058)	(22,504)	(4,080,061)	-	(56,866,015)
Depreciation expense	-	(4,547,095)	(19,872,933)	(4,868)	(1,825,191)	-	(26,250,087)
Disposals/Write-offs	-	12,447	4,929	-	92,928	-	110,304
Transfers	-	-	-	-	-	-	-
At December 31, 2008	-	(9,091,040)	(68,075,062)	(27,372)	(5,812,324)	-	(83,005,798)
Depreciation expense	-	(6,163,136)	(22,951,228)	(4,791)	(1,982,278)	-	(31,101,433)
Disposals/Write-offs	-	24,398	1,825,481	6,204	512,033	-	2,368,116
At December 31, 2009	-	(15,229,778)	(89,200,809)	(25,959)	(7,282,569)	-	(111,739,115)
NET BOOK VALUE							
At January 1, 2008	1,672,789	25,161,125	86,982,647	28,701	5,665,988	2,261,314	121,772,564
At December 31, 2008	1,672,789	31,036,813	114,249,856	23,833	6,151,556	640,179	153,775,026
At December 31, 2009	1,672,789	31,555,537	108,263,168	42,090	6,277,661	31,457,334	179,268,579

There is no property, plant and equipment that has been pledged as security. The title of the capitalized leased assets has been retained by the lessor. The net book value of the Company's capitalized leased assets at December 31, 2009 and 2008, amounted to € 2,495,689 and € 2,551,610, respectively. For the Group the related amounts are € 121,155,821 and € 71,009,053 at December 31, 2009 and 2008, respectively. The net book value of property, plant and equipment held under finance leases are analyzed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Land	535,200	535,200	535,200	535,200
Buildings	1,960,478	2,013,825	1,960,478	2,013,825
Telecommunication and other equipment (transponders)	118,660,143	68,460,028	11	2,585
Total	121,155,821	71,009,053	2,495,689	2,551,610

13. INTANGIBLE ASSETS:

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

<u>The Group</u>	<u>Purchased Software</u>	<u>Internally Generated Software</u>	<u>Licenses & Other Intangibles</u>	<u>Intangibles Under Development</u>	<u>Total</u>
<u>COST</u>					
At January 1, 2008	9,284,267	3,716,212	14,373,502	695,081	28,069,062
Acquisition of entities	-	-	4,484,316	-	4,484,316
Additions	1,483,435	772,383	8,032,065	421,927	10,709,810
Purchased Price Allocation exercise	-	-	264,530,000	-	264,530,000
Transfers from intangibles under development	328,864	-	-	(279,606)	49,258
At December 31, 2008	<u>11,096,566</u>	<u>4,488,595</u>	<u>291,419,883</u>	<u>837,402</u>	<u>307,842,446</u>
Additions	4,298,557	864,921	11,578,442	361,152	17,103,072
Purchased Price Allocation exercise	(5,804)	-	-	-	(5,804)
Transfers from intangibles under development	5,075,937	(1,975,519)	(1,931,977)	(441,862)	726,579
At December 31, 2009	<u>20,465,256</u>	<u>3,377,997</u>	<u>301,066,348</u>	<u>756,692</u>	<u>325,666,293</u>
<u>AMORTIZATION</u>					
At January 1, 2008	(4,656,365)	(1,611,290)	(4,929,398)	-	(11,197,053)
Acquisition of entities	-	-	(3,882,195)	-	(3,882,195)
Amortization expense	(2,435,126)	(77,609)	(7,960,918)	-	(10,473,653)
Amortization Purchased Price Allocation exercise	-	-	(13,123,011)	-	(13,123,011)
At December 31, 2008	<u>(7,091,491)</u>	<u>(1,688,899)</u>	<u>(29,895,522)</u>	-	<u>(38,675,912)</u>
Amortization expense	(3,247,657)	(84,642)	(41,981,144)	-	(45,313,443)
Disposals/Write-offs	4,233	-	-	-	4,233
Reclassifications	(4,299,645)	1,266,623	2,716,058	-	(316,964)
At December 31, 2009	<u>(14,634,560)</u>	<u>(506,918)</u>	<u>(69,160,608)</u>	-	<u>(84,302,086)</u>
<u>NET BOOK VALUE</u>					
At January 1, 2008	4,627,902	2,104,922	9,444,104	695,081	16,872,009
At December 31, 2008	4,005,075	2,799,696	261,524,361	837,402	269,166,534
At December 31, 2009	5,830,696	2,871,079	231,905,740	756,692	241,364,207

<u>The Company</u>	<u>Purchased Software</u>	<u>Internally Generated Software</u>	<u>Licenses & Other Intangibles</u>	<u>Total</u>
<u>COST</u>				
At January 1, 2008	8,463,726	1,740,693	14,428,549	24,632,968
Additions	1,330,212	772,383	7,935,180	10,037,775
Transfers from intangibles under development	49,258	-	-	49,258
Disposals/Write-offs	-	-	-	-
At December 31, 2008	9,843,196	2,513,076	22,363,729	34,720,001
Additions	1,587,613	864,921	11,578,441	14,030,975
Transfers from intangibles under development	-	-	-	-
Disposals	(5,803)	-	-	(5,803)
At December 31, 2009	11,425,006	3,377,997	33,942,170	48,745,173
<u>AMORTIZATION</u>				
At January 1, 2008	(4,571,568)	(344,667)	(4,930,409)	(9,846,644)
Amortization expense	(1,948,169)	(77,609)	(7,845,237)	(9,871,015)
Disposals/Write-offs	-	-	-	-
At December 31, 2008	(6,519,737)	(422,276)	(12,775,646)	(19,717,659)
Amortization expense	(2,490,237)	(84,642)	(10,811,069)	(13,385,948)
Disposals	4,233	-	-	4,233
At December 31, 2009	(9,005,741)	(506,918)	(23,586,715)	(33,099,374)
<u>NET BOOK VALUE</u>				
At January 1, 2008	3,892,158	1,396,026	9,498,140	14,786,324
At December 31, 2008	3,323,459	2,090,800	9,588,083	15,002,342
At December 31, 2009	2,419,265	2,871,079	10,355,455	15,645,799

14. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Shares – unlisted	379,877	379,877	330,149	330,149
Total	379,877	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.

15. PROGRAMME AND FILM RIGHTS:

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

	The Group	
	December 31,	
	2009	2008
Purchased sports rights	81,098,066	36,547,468
Licensed film rights	11,332,586	9,737,623
Sports and Film Rights	92,430,652	46,285,091
Purchased sports rights	44,561,623	12,491,009
Licensed film rights	4,321,108	1,630,934
Sports and Film Rights Amortization	48,882,731	14,121,943
Purchased sports rights	36,536,443	24,056,459
Licensed film rights	7,011,478	8,106,689
Sports and Film Rights, net	43,547,921	32,163,148
Less: Programme and film rights short term	43,547,921	31,865,284
Programme and film rights, long term	-	297,864

16. INVENTORIES:

Inventories in the accompanying financial statements are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Merchandise	5,422,250	6,769,866	2,269,943	1,859,398
Consumables	115,641	76,807	-	-
Total	5,537,891	6,846,673	2,269,943	1,859,398

17. TRADE ACCOUNTS RECEIVABLE:

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

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Domestic customers	73,734,366	71,519,696	43,339,176	42,351,106
Foreign customers	1,489,826	2,126,695	452,771	669,822
Receivables from Greek State	1,780,529	1,556,043	1,780,529	1,556,043
Cheques and notes receivable	4,556,595	4,468,783	1,778,545	1,743,225
Unbilled revenue	2,463,148	1,977,171	2,463,148	1,977,171
	84,024,464	81,648,388	49,814,169	48,297,367
Less: Allowance for doubtful accounts receivable	(29,805,297)	(26,465,071)	(18,680,118)	(16,326,897)
Balance of trade accounts receivable	54,219,167	55,183,317	31,134,051	31,970,470

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

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Beginning balance	26,465,071	12,382,051	16,326,897	11,999,534
Acquisition of subsidiary	-	9,182,651	-	-
Provision (Note 9)	4,271,241	5,153,006	3,183,931	4,580,000
Less: Utilisation	(931,015)	(252,637)	(830,710)	(252,637)
Ending balance	29,805,297	26,465,071	18,680,118	16,326,897

The ageing analysis of trade receivables is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Neither past due nor impaired	40,684,013	36,910,287	24,178,827	23,542,441
Part due not impaired				
60-90 days	3,925,020	7,869,554	2,339,652	3,401,926
90-180 days	5,316,950	6,681,738	2,713,980	3,172,714
181-365 days	2,634,720	2,401,462	870,722	1,056,479
>365 days	1,658,464	1,320,276	1,030,870	796,910
Total	54,219,167	55,183,317	31,134,051	31,970,470

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

18. PREPAYMENTS AND OTHER RECEIVABLES:

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

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Receivables due from the Greek State	12,972,148	15,107,612	10,725,018	12,390,323
Prepaid expenses	1,098,141	3,862,195	1,021,758	973,910
Value Added Tax	5,837,401	8,374,878	4,197,273	6,766,904
Advances to suppliers	4,099,205	4,370,190	170,788	47,611
Other debtors	7,152,378	1,064,988	1,743,236	951,351
Total balance of other receivables and prepayments	31,159,273	32,779,863	17,858,073	21,130,099

19. CASH AND CASH EQUIVALENTS:

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

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash in hand	96,879	2,704,127	64,022	51,854
Cash at banks	14,334,594	30,456,733	4,807,255	11,812,162
Time deposits	65,117,753	46,350,000	35,750,401	3,000,000
Total	79,549,226	79,510,860	40,621,678	14,864,016

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended December 31, 2009, amounted to € 1,359,421 and € 272,225 for the Group and the Company, respectively, (for the year ended December 31, 2008, € 2,271,456 and € 1,386,135 for the Group and the Company, respectively) and is included in financial income in the accompanying statements of comprehensive income.

20. 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 December 31, 2009 and 2008, amounted to € 183,408,963 divided into 155,431,324 ordinary shares of € 1.18 par value each.

21. OTHER RESERVES:

Other reserves are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Legal reserve	118,940	118,940	94,031	94,031
Tax-free reserves	1,862,148	1,862,148	1,853,715	1,853,715
Special reserves	640,474	640,474	122,446	122,446
Reserve for employee stock option plan	10,958,580	10,172,021	10,958,580	10,172,021
Other	71,300	71,300	-	-
Total reserve	13,651,442	12,864,883	13,028,772	12,242,213

Legal Reserve: Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the paid-in share capital. This reserve cannot be distributed through the life of the corporation.

Tax Free Reserve: Tax-free and specially taxed reserves represent interest income which is either free of tax or a 15% tax has been withheld at source. This income is not taxable, assuming there are adequate profits from which respective tax-free reserves can be established. According to the Greek tax regulations, this reserve is exempt from income tax, provided it is not distributed to shareholders. The Group has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax that would be required in the event the reserve is distributed.

Special Reserve: Under Greek corporate law, corporations may establish a special reserve without a particular purpose after the decision of the shareholders at their Annual General Meeting or if required by its Articles of Association. The special reserve has been created from non-distributed prior year after tax profits.

22. DIVIDENDS:

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

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

No dividends were paid during the years ended December 31, 2009 and 2008.

23. LONG-TERM AND SHORT-TERM BORROWINGS:

a) Long-term Loans:

Long-term loans for the Group and the Company at December 31, 2009 and 2008, are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Bond loan	350,602,404	324,853,988	119,349,677	84,225,806
Other long term loans	432,000	576,000	-	-
Total	351,034,404	325,429,988	119,349,677	84,225,806
Less current portion:				
- Bond loan	20,000,000	10,000,000	10,000,000	-
- Other	144,000	144,000	-	-
Long-term portion	330,890,404	315,285,988	109,349,677	84,225,806

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 has been in compliance with the above financial covenants.

Total interest expenses on long-term loans for the Group for the years ended December 31, 2009 and 2008, amounted to € 14,444,692 and € 10,295,714 respectively for the Group and € 3,974,117 and € 4,353,619 respectively for the Company and are included in financial expenses (Note 8), in the accompanying statements of 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	
	December 31,		December 31,	
	2009	2008	2009	2008
Credit lines available	14,266,427	24,222,000	11,600,000	11,600,000
Unused portion	(13,154,300)	(23,037,501)	(11,600,000)	(11,600,000)
Used portion	1,112,127	1,184,499	-	-

The total interest expense for short-term borrowings for the years ended December 31, 2009 and 2008, amounted to € 65,457 and € 262,851, respectively, for the Group and € 2,261 and € 133,221, for the Company respectively and is included in financial expenses (Note 8), in the accompanying statements of income. The above values of the loans approximate their fair values.

24. 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	
	December 31,		December 31,	
	2009	2008	2009	2008
Obligation under finance lease	2,123,045	2,533,988	2,068,224	2,209,153
Less: Current portion	(182,411)	(465,765)	(150,057)	(140,930)
Long-term portion	1,940,634	2,068,223	1,918,167	2,068,223

Future minimum lease payments under the finance lease in relation with the present value of the net minimum lease payments for the Group and the Company as at December 31, 2009 and 2008, are as follows:

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

	The Group		The Company	
	December 31, 2008		December 31, 2008	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	615,270	465,765	275,891	140,930
After one year but no more than five years	1,379,454	853,952	1,379,454	853,952
Over five years	1,425,436	1,214,271	1,425,436	1,214,271
Total minimum lease payments	3,420,160	2,533,988	3,080,781	2,209,153
Less: amounts representing finance charges	(886,172)	-	(871,628)	-
Present value of minimum lease payments	2,533,988	2,533,988	2,209,153	2,209,153

25. 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	
	December 31,	
	2009	2008
Obligation under finance lease	121,955,997	69,967,134
Less: Current portion	(10,402,563)	(9,525,898)
Long-term portion	111,553,434	60,441,236

Future minimum lease payments under the finance lease of transponders in relation with the present value of the net minimum lease payments for the Group and the Company as at December 31, 2009 and 2008, is as follows:

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

	The Group	
	December 31, 2008	
	Minimum payments	Present value of payments
Within one year	13,868,144	9,525,898
After one year but no more than five years	31,239,691	17,790,907
Over five years	53,200,001	42,650,329
Total minimum lease payments	98,307,836	69,967,134
Less: amounts representing finance charges	(28,340,702)	-
Present value of minimum lease payments	69,967,134	69,967,134

26. PROGRAMME AND FILM RIGHTS LIABILITIES:

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

	The Group	
	December 31,	
	2009	2008
Programmes and Rights	12,852,033	23,287,332
Less: Current portion	(11,099,960)	(21,447,115)
Long-term portion	1,752,073	1,840,217

27. TRADE ACCOUNTS PAYABLE:

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

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Domestic suppliers	88,548,518	67,903,083	55,937,093	42,854,286
Foreign suppliers	10,136,162	18,437,747	2,783,899	7,343,836
Post dated cheques payable	3,848,041	6,450,309	2,613,440	4,694,076
	102,532,721	92,791,139	61,334,432	54,892,198

Trade accounts payable include balances due to suppliers for the acquisition of property, plant and equipment. The related balances due for the acquisition of property, plant and equipment as at December 31, 2009 and 2008, for the Group amounted to € 16,583,339 and € 26,256,618 respectively, and the Company amounted to € 16,583,339 and € 26,102,216 respectively.

28. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Social security payable	2,026,674	1,603,277	1,177,314	1,219,033
Value added tax	1,372,054	627,920	-	-
Other taxes and duties	2,645,452	2,925,428	446,068	481,584
Customer advances	320,073	68,953	-	-
Interest accrued	-	1,455,649	-	-
Other current liabilities	20,970,864	2,617,855	19,292,617	840,437
Interest rates swaps	497,673	-	-	-
	27,832,790	9,299,082	20,915,999	2,541,054

“Accrued and Other Current Liabilities” include an amount of € 18,445,946, which relates to the acquisition of the Greek Super League sports rights.

29. GOVERNMENT GRANTS:

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

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Grants received	567,701	567,701	-	-
Government Grant N. 3299/2004 (Note 34)	9,430,000	8,992,074	9,000,000	8,562,074
Subprojects 6 & 7 of the Operational Programme “Information Society” (Note 34)	19,532,612	5,603,264	19,532,612	5,603,264
Accumulated amortization	(3,910,986)	-	(3,634,058)	-
Amortization for the period	(3,118,791)	(3,910,986)	(3,047,949)	(3,634,058)
Ending balance	22,500,536	11,252,053	21,850,605	10,531,280

Subsidies amortisation is included in other income in the accompanying statements of income for the year ended December 31, 2009 and 2008 respectively.

30. RESERVE FOR STAFF RETIREMENT INDEMNITIES:

- a) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan. The contributions to the pension funds for the years ended December 31, 2009 and 2008, amounted to € 8,804,733 and € 6,555,853, respectively for the Group and € 5,176,828 and € 5,370,710, respectively for the Company.
- b) **Staff Retirement Indemnities:** Under Greek labor law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that pension plans are not funded. In accordance with this practice, the Company does not fund these plans. The Company charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.

An international firm of independent actuaries evaluated the Group's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial study as at December 31, 2009 and 2008, have as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Present value of unfunded obligations	3,383,593	2,878,186	1,465,063	1,295,741
Unrecognised actuarial gain	490,531	278,823	246,389	229,161
Unrecognised previous service costs	(184,562)	-	-	-
Net Liability in Balance Sheet	3,689,562	3,157,009	1,711,452	1,524,902

Components of net periodic pension cost

Service cost	417,346	311,917	216,566	245,726
Interest cost	159,904	85,278	69,916	57,903
Amortisation of unrecognised net loss	143,760	2,047	(5,002)	-
Termination costs	24,163	-	-	-
Regular charge to operations	745,173	399,242	281,480	303,629
Additional cost of extra benefits	390,190	68,550	105,792	51,043
Total charge to operations	1,135,363	467,792	387,272	354,672

Reconciliation of benefit obligation

Present value of liability at start of period	2,878,186	1,297,475	1,295,741	1,231,981
Liability from acquisition	-	1,454,886	-	-
Service cost	417,346	311,917	216,566	245,726
Interest cost	159,904	85,278	69,916	57,903
Benefits paid	(574,422)	(78,154)	(200,722)	(72,554)
Extra payments or expenses	444,684	60,522	115,740	51,188
Service cost from previous periods	184,562	-	-	-
Actuarial gains/(loss)	(126,667)	(253,738)	(32,178)	(218,503)
Present value of liability at the end of year	3,383,593	2,878,186	1,465,063	1,295,741

Principal Assumptions:

Discount Rate	5,5%	5,4%	5,5%	5,4%
Rate of compensation increase	4,5%	4,2%	4,5%	4,5%
Increase in consumer price index	2,0%	2,9%	2,0%	2,9%

The additional cost of extra benefits relates to benefits paid to employees who became redundant. Most of these benefits were not expected within the terms of this plan and, accordingly, the excess of benefit payments over existing reserves have been treated as an additional pension charge. The additional pension charge for the years ended December 31, 2009 and 2008, amounted to € 424,285 and € 60,522 respectively for the Group and € 115,740 and € 51,188 respectively for the Company.

31. LOSS PER SHARE:

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the impact on the convertible redeemable preference shares (i.e. stock option plan).

The following reflects the net loss and share data used in the basic and diluted earning per share computations as at December 31, 2009 and 2008:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Net loss attributable to the shareholders of the parent	(40,679,908)	(40,484,720)	(25,836,109)	(40,185,154)
Total weighted average number of ordinary shares	155,431,324	84,191,967	155,431,324	84,191,967
Adjusted weighted average number of ordinary shares for diluted loss per share	155,431,324	84,191,967	155,431,324	84,191,967

32. EMPLOYEE STOCK OPTION PLANS:

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

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

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

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

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

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

2nd Plan (long-term)

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

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

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

33. 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>Fiscal Years</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Technology and Research Foundation	Shareholder	2008	196,393	74,216	5,686	12,126
		2009	171,017	83,976	26,682	27,142
Forth CRS S.A.	Subsidiary	2008	122,340	28,719	161,090	32,072
		2009	103,119	5,904	283,802	38,450
Telemedicine Technologies S.A.	Subsidiary	2008	-	-	336,675	-
		2009	-	-	136,677	-
Athlonet S.A.	Associated	2008	8,539	25,846	2,489	17,131
		2009	19,658	27,796	7,024	22,646
MultiChoice Hellas S.A.	Subsidiary	2008	8,930	168,634	10,626	147,905
		2009	2,048,693	1,292,666	1,498,327	1,672,047
NetMed Hellas	Subsidiary	2008	40,278	-	47,931	-
		2009	37,831,438	22,312	85,342	26,551
Forthnet Media Holdings S.A.	Subsidiary	2008	720	28,000	3,128	33,320
		2009	-	98,000	103,331	-
NetMed S.A.	Subsidiary	2008	-	-	-	-
		2009	169	-	29	-
Syned S.A.	Subsidiary	2008	-	-	-	-
		2009	121	-	-	-
	Total	2008	377,200	325,415	567,625	242,554
	Total	2009	40,174,215	1,530,654	2,141,214	1,786,836

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

Technology and Research Foundation owned 4.20%, of the ordinary shares of Forthnet as at December 31, 2009 and 2008, respectively and is represented by one non-executive member on Forthnet's Board of Directors.

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

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

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

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

<u>Related Party</u>	<u>Relation with the Group</u>	<u>Fiscal Years</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Technology and Research Foundation	Shareholder	2008	196,393	74,216	5,686	12,126
		2009	171,017	83,976	26,682	27,142
Lumiere Productions S.A	Shareholder	2008	-	1,562,700	-	6,378
		2009	-	6,298,799	-	415,823
Lumiere Television Ltd	Shareholder	2008	-	792,353	320,301	337,627
		2009	-	-	320,301	-
Lumiere Cosmos Communications	Shareholder	2008	-	-	-	10
		2009	-	-	-	10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	2008	-	54,384	-	16,179
		2009	-	163,152	-	16,209
Gambritsos Georgios	Members of the B.O.D. – Executive members	2008	-	91,945	-	-
		2009	-	294,084	-	27,324
Athlonet S.A.	Associated	2008	8,539	25,846	2,489	17,131
		2009	19,658	27,796	7,024	22,646
	Σύνολα	2008	204,932	2,601,444	328,476	389,451
	Σύνολα	2009	190,675	6,867,807	354,007	509,154

Lumiere Productions S.A. provides NetMed Hellas SA with services related to the production of football events.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the fiscal years 2009 and 2008, are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Salaries and fees for executive members of the BoD	355,500	483,806	296,058	483,806
Salaries and fees for non executive members of the BoD	137,750	139,200	137,750	139,200
Salaries and fees for Senior Managers	2,749,154	1,902,828	942,103	1,181,026
Total	3,242,404	2,525,834	1,375,911	1,804,032

Furthermore, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Management relating to Pension Fund Insurances amounted to € 26.000 (December 31, 2008 € 0), whereas benefits relating to stock option plans amounted to € 137,224 and € 89,317 respectively (December 31, 2008 € 126,945 and € 79,038, respectively).

34. 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 December 31, 2009 (approximately € 1.4 million at December 31, 2008), 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 the above date 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/I. 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 December 31, 2009 and 2008, are as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Within one year	4,163,911	1,847,561	1,758,750	1,673,096
2-5 years	14,550,320	5,611,674	5,076,625	5,226,052
Over 5 years	15,571,317	3,276,527	2,744,918	3,219,196
Total	34,285,548	10,735,762	9,580,293	10,118,344

Guarantees: Letters of guarantee are issued and received by the Group to and from various beneficiaries and as at December 31, 2009 and 2008, are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2009	2008	2009	2008
Good execution of agreements	24,165,818	19,898,399	16,469,742	12,467,875
Participation in biddings	255,727	256,000	255,727	8,500
Guarantee for advance payments received	25,252,718	6,709,735	25,252,718	6,709,735
Total	49,674,263	26,864,134	41,978,187	19,186,110

Contractual Commitments: The outstanding balance of the contractual commitments for the Group amounted to approximately € 47.4 million and for the Company amounted to approximately € 21.9 million at December 31, 2009. 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.

35. FINANCIAL INSTRUMENTS:

Fair Value: The carrying amounts reflected in the accompanying balance sheets for cash and cash equivalents, trade and other accounts receivable, prepayments, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of available for sale financial assets and assets held for trading are reflected in the accompanying statements of financial position.

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

Credit Risk: The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2008, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying statements of financial position. The Group has no significant concentrations of credit risk with any single counter party.

Foreign Currency Risk: The Group is active internationally and is exposed to variations in foreign currency exchange rate which arise mainly from US Dollar. This kind of risk arises mainly from trade transactions in foreign currency. The financial assets and liabilities in foreign currency translated into euros using the exchange rate at the balance sheet date and analysed for the Group and the Company as follows:

	The Group		The Company	
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
Nominal amounts in US\$				
Financial Assets	1,594,732	3,026,682	-	-
Financial liabilities	(10,738,444)	(15,993,858)	-	-
Long term exposure	(9,143,712)	(12,967,176)	-	-

The following table presents the sensitivity of the result for the year in regards to the financial assets and financial liabilities and the US- Dollar / Euro exchange rate. It assumes a 5% (2007: 5%) increase of the Euro/US-Dollar exchange rate for the year ended 31 December 2009. The sensitivity analysis is based on the company's foreign currency financial instruments held at each balance sheet date.

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

	The Group	
	<u>31.12.2009</u>	<u>31.12.2008</u>
Result for the year	435,415	648,359

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

	The Group	
	<u>31.12.2009</u>	<u>31.12.2008</u>
Result for the year	(481,248)	(648,359)

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

The Group's foreign exchange rates exposure varies within the year depending on the volume of the transactions in foreign exchange. Although the analysis above is considered to be representative of the company's currency risk exposure.

Interest Rate Risk: With respect to long-term borrowings, Management monitors on a constant basis the interest rate variances and evaluates the need for assuming certain positions for the hedging of such risks.

The following table demonstrates the sensitivity of the Group's profit before tax (through the impact of the outstanding floating rate borrowings at the end of the period on profits) to reasonable changes in interest rates, with all other variables held constant.

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

	The Group		The Group	
	December 31, 2009		December 31, 2008	
	Interest Rate Variation	Effect on income	Interest Rate Variation	Effect on income
EURO	1.0%	(2,825,000)	1.0%	(2,859,945)
	-1.0%	2,825,000	-1.0%	2,859,945

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

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

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

Losses from the evaluation of the fair values of the swaps for the year ended at December 31, 2009 were € 498 thousand (at December 31, 2008: €0).

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

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

The table below summarizes the maturity profile of financial liabilities at December 31, 2009 and 2008, respectively, based on contractual undiscounted payments.

Group

Year ended December 31, 2009	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	10,476,865	21,316,423	275,122,260	97,402,500	404,318,048
Leases	-	9,124,752	9,124,752	62,203,057	92,349,546	172,802,107
Trade, programme and film rights and other payables	-	132,464,334	9,001,137	-	-	141,465,471
Total	-	152,065,951	39,442,312	337,325,317	189,752,046	718,585,626
Year ended December 31, 2008	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	11,600,000	11,744,000	139,439,333	203,031,154	365,814,487
Leases	-	7,241,707	7,241,707	32,619,145	54,625,437	101,727,996
Trade, programme and film rights and other payables	-	40,839,363	82,697,973	-	-	123,537,336
Total	-	59,681,070	101,683,680	172,058,478	257,656,591	591,079,819

Company

<u>Year ended December 31, 2009</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	-	1,920,000	11,840,000	119,200,000	-	132,960,000
Leases	-	137,945	137,945	1,379,454	1,149,545	2,804,889
Trade and other payables	-	79,519,569	2,730,862	-	-	82,250,431
Total	-	81,577,514	14,708,807	120,579,454	1,149,545	218,015,320

<u>Year ended December 31, 2008</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	-	1,700,000	1,700,000	59,593,333	40,642,473	103,625,806
Leases	-	137,946	137,946	1,379,454	1,425,435	3,080,781
Trade and other payables	-	16,379,760	41,053,492	-	-	57,433,252
Total	-	18,217,706	42,891,438	60,972,787	42,067,908	164,149,839

Capital Management

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

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Long-term borrowings	330,890,404	315,285,988	109,349,677	84,225,806
Short-term borrowings	21,256,127	11,328,499	-	-
Total Debt	352,146,531	326,614,487	109,349,677	84,225,806
Less : Cash and cash equivalents	79,549,226	79,510,860	40,621,678	14,864,016
Net Debt/(cash)	(272,597,305)	(247,103,627)	(68,727,999)	(69,361,790)
-Adjusted EBITDA	64,937,991	15,446,078	18,999,038	(2,772,104)

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

I. **Forthnet's** outstanding judicial claims against third parties amount to approximately € 39.7 million.

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

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

There are outstanding opposing applications before the Council of State for the annulment of EETT decisions that concern: (a) volume discounts by OTE, (b) low margin between retail and wholesale prices of leased lines, (c) the level of interconnection fees and, (d) the fees for leased lines. The Company's position has basis though, the significance of the cases and the circumstances make it difficult for the prediction of any positive outcome of the above cases in the sense of the denial of the applications filed by OTE and the acceptance of the applications filed by the Company. It is impossible to predict the impact (positive) on the Company's financial results as, it is estimated that even if any or all of the applications were to be accepted, the case will be brought to the

Management which will have to evaluate again the critical fees. There are still outstanding appeals, in the Court of Appeal of Athens, against the decision of EETT for the new regulation of preselection.

In addition, there are outstanding decisions related to two hearings from EETT which took place in 2005, of which, the first one relates to OTE's denial to recognise wholesale volume discounts and the second one to the return of amounts unduly paid. Furthermore, there are outstanding decisions relating to the Company's accusations associated to violations relating to the purchases of wholesale broadband access as well as with leased lines.

2. The remaining (apart from the above claims concerning regulatory and telecommunication law matters) judicial claims of the Company against third parties amount to approximately € 8.9 millions.
3. During an audit, the Company discovered the abuse of a significant amount of money by an employee of its accounting department together with her spouse. Consequently, the Company directly filed charges against the above persons for the criminal acts of counterfeiting after use and fraud while at the same time took the necessary legal actions before the civil courts for compensation of the damages suffered. In any case, the Company has already taken the necessary provisions in its published financial statements.

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 judicial claims the Management of the Group believes that their outcome 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 of the Group believes that their outcome 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 an attorney at law, by which the payment of the above amount is demanded, 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 of the Group believes that their outcome 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.

Iraklion, March 15, 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

Chief Financial Officer

Chief Accountant

Pavlos Kanellopoulos
I.D. N 006982

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

INFORMATION OF THE ARTICLE 10 OF THE LAW 3401/2007

Forthnet A.E. published to press the following information of article 10, Law 3401/2005 and made them available to public during the financial year 2009. Information is uploaded both in the official web site of ASE www.ase.gr and in the company's as following:

DATE	DESCRIPTION	INTERNET ADDRESS
5/1/2009	Notification of regulated information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx?p=252126
19/1/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=251204
3/3/2009	Announcement-Tax Settlement Acceptance of its subsidiary company	http://www.forthnet.gr/templates/corporatePosting.aspx?p=255805
11/3/2009	ANNOUNCEMENT-FINANCIAL CALENDAR	http://www.forthnet.gr/templates/corporatePosting.aspx?p=256369
12/3/2009	Comment on Articles	http://www.forthnet.gr/templates/corporatePosting.aspx?p=256505
18/3/2009	Forthnet SA Results for the Q4'08, Trading Update and operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=256922
23/3/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=257567
27/3/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=257951
10/4/2009	ANNOUNCEMENT – UEFA EUROPA LEAGUE GOES TO NOVA UNTIL 2012	http://www.forthnet.gr/templates/corporatePosting.aspx?p=259274
24/4/2009	Rebuttal of Publication	http://www.forthnet.gr/templates/corporatePosting.aspx?p=260106
24/4/2009	Announcement of the Agreement with the Greek Super League up to 2012	http://www.forthnet.gr/templates/corporatePosting.aspx?p=260107
8/5/2009	Comments on publications	http://www.forthnet.gr/templates/corporatePosting.aspx?p=261529
14/5/2009	Forthnet SA Results for the Q1'09, Trading Update and operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=261878
5/6/2009	INVITATION TO THE ORDINARY GENERAL SHAREHOLDERS MEETING	http://www.forthnet.gr/templates/corporatePosting.aspx?p=264703
5/6/2009	ANNOUNCEMENT – AMENDEMENT OF FINANCIAL CALENDAR	http://www.forthnet.gr/templates/corporatePosting.aspx?p=264693
5/6/2009	COMMENTS ON PUBLICATIONS	http://www.forthnet.gr/templates/corporatePosting.aspx?p=264702
12/6/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=265131
15/6/2009	Comments on publications	http://www.forthnet.gr/templates/corporatePosting.aspx?p=265297
17/6/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=265537
19/6/2009	New composition of the Board of Directors	http://www.forthnet.gr/templates/corporatePosting.aspx?p=265667
19/6/2009	ANNOUNCEMENT	http://www.forthnet.gr/templates/corporatePosting.aspx?p=265665
23/6/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=265666
24/6/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=265659
25/6/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=266435
26/6/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=266510
29/6/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=266663
30/6/2009	Resolutions of the General Meeting of Shareholders	http://www.forthnet.gr/templates/corporatePosting.aspx?p=266787
2/7/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=267099
6/7/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=267460
9/7/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=267689
14/7/2009	Notification of regulated information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx?p=268119
14/7/2009	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=268086
15/7/2009	PROPER REPETITION - Notification of regulated information of the Law 3556/2007- Significant changes in voting ri	http://www.forthnet.gr/templates/corporatePosting.aspx?p=268204
3/8/2009	ANNOUNCEMENT-Tax Settlement Acceptance of its affiliated company	http://www.forthnet.gr/templates/corporatePosting.aspx?p=269444
28/8/2009	Results for the Q2'09, Trading Update and operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=271388
2/10/2009	Comments on publications	http://www.forthnet.gr/templates/corporatePosting.aspx?p=275195
9/10/2009	ANNOUNCEMENT-Forthnet-Tax Settlement Acceptance for the years 2003-2006	http://www.forthnet.gr/templates/corporatePosting.aspx?p=271389
23/10/2009	ANNOUNCEMENT-No submission of a binding offer in relation to the sale of WIND HELLAS S.A.	http://www.forthnet.gr/templates/corporatePosting.aspx?p=275697
26/11/2009	Results for the Q3'09, Trading Update and operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=279296
30/11/2009	ANNOUNCEMENT-Death of Prof. Alkiviadis Ch. Pagiatakis, Member of the Board of Directors	http://www.forthnet.gr/templates/corporatePosting.aspx?p=275698
9/12/2009	Announcement of Regulated Information	http://www.forthnet.gr/templates/corporatePosting.aspx?p=275699
31/12/2009	Comment on Articles	http://www.forthnet.gr/templates/corporatePosting.aspx?p=282343

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

The annual financial statements of the Company in consolidated and non consolidated base, the Auditor's report and the Reports of management are registered in the internet in the address www.forthnet.gr

The financial statements of consolidated companies are registered in the internet in the address www.forthnet.gr



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Annual Financial Report for the year ended December 31, 2009

FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.				
Forthnet S.A. Registration No S.A. 34461/06/B/95/94 Scientific Technological Park of Crete, Vassilika Voutou, Iraklion Crete 71003 FINANCIAL DATA & INFORMATION FOR THE PERIOD JANUARY 1, 2009 - DECEMBER 31, 2009 (Published based on Corporate Law 2190, article 135 for corporations that report annual financial statements, consolidated or not, according to IFRS)				
The financial data and information provided below, 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:				
Supervising Authority: Ministry of Development, Secretary of Commerce Date of Approval of the Annual Financial Statement: March 15, 2010 The Certified Auditors - Accountants: Georgios Anagnostopoulos, Stavros Salonstros Auditing Companies: ERNST & YOUNG S.A., SOL S.A. Review Report: Upon approval Website: www.forthnet.gr		Members of the Board of Directors: Padmanabhan Deepak Srinivas, President of the BoD, Non-Executive Member Tzortzakis Pantelis, Vice-President of the BoD & Chief Executive Officer, Executive Member Warrington Michael, Non-Executive Member Mijal Mohisi, Non-Executive Member Portalis Sarason, Non-Executive Member Botanos Franciscus Iohannes, Non-Executive Member Averod Ioannis, Independent-Non-Executive Member Lloyd Edwin, Independent-Non-Executive Member		
STATEMENT OF FINANCIAL POSITION (parent company and consolidated)			ANNUAL CASH FLOW STATEMENT (parent company and consolidated)	
	GROUP		COMPANY	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
ASSETS				
Tangible assets	905,357,127	230,382,168	179,208,579	153,775,026
Intangible assets	241,364,207	209,166,534	15,645,799	15,902,342
Goodwill	236,692,695	236,692,695	512,569	512,569
Other non current assets	36,593,901	35,832,755	315,522,259	313,800,484
Inventories	5,537,891	6,846,673	2,209,943	1,859,398
Trade receivables	54,219,167	55,183,317	31,134,051	31,970,470
Other current assets	154,310,267	144,156,007	58,479,751	35,994,115
Non current assets available for sale	-	297,864	-	-
TOTAL ASSETS	1,084,075,255	1,028,558,013	602,832,951	553,004,404
EQUITY AND LIABILITIES				
Share capital (155,431,324 shares of €1.18 each)	183,408,963	183,408,963	183,408,963	183,408,963
Retained earnings and other reserves	161,162,560	201,055,909	175,998,182	201,047,732
Total Shareholders' equity (a)	344,571,523	384,464,872	359,407,145	384,456,695
Minority interests (b)	3,886,038	4,388,902	-	-
Total Equity (c)=(a)+(b)	348,457,561	388,853,774	359,407,145	384,456,695
Long-term borrowings	330,800,404	315,285,988	109,349,677	84,225,806
Provisions/Other long-term liabilities	188,325,128	133,294,804	25,635,124	14,159,405
Short-term borrowings	21,256,127	11,328,499	10,000,000	-
Other Current Liabilities	195,146,035	179,794,948	98,441,005	70,162,495
Total Liabilities (d)	735,617,694	639,704,239	243,425,806	168,547,709
TOTAL EQUITY AND LIABILITIES (c)+(d)	1,084,075,255	1,028,558,013	602,832,951	553,004,404
TOTAL COMPREHENSIVE INCOME (parent company and consolidated)				
	GROUP		COMPANY	
	01.01 - 31.12.2009	01.01 - 31.12.2008	01.01 - 31.12.2009	01.01 - 31.12.2008
Turnover	371,767,395	211,756,540	169,297,218	136,110,828
Gross Profit/(Loss)	51,139,869	13,225,015	15,757,690	(1,356,163)
Loss before taxes, financing and investing activities	(21,732,773)	(44,561,391)	(23,226,955)	(42,381,510)
Loss before income taxes	(40,520,436)	(54,573,400)	(26,858,339)	(46,071,491)
Loss after income taxes (a)	(41,182,772)	(40,871,357)	(25,836,109)	(40,185,154)
- Share holders of the parent company	(40,679,905)	(40,484,720)	(25,836,109)	(40,185,154)
- Non-controlling interests	(502,864)	(386,637)	-	-
Other comprehensive income after taxes (b)	-	-	-	-
Total comprehensive income after income (a)+(b)	(41,182,772)	(40,871,357)	(25,836,109)	(40,185,154)
- Share holders of the parent company	(40,679,905)	(40,484,720)	(25,836,109)	(40,185,154)
- Non-controlling interests	(502,864)	(386,637)	-	-
Loss after taxes per share - Basic (in €): <small>(Loss) before taxes, financing, investing activities</small>	(0.2617)	(0.4855)	(0.1662)	(0.4773)
depreciation	64,025,980	6,474,392	18,212,479	(9,221,005)
STATEMENT OF CHANGES IN EQUITY (parent company and consolidated)				
	GROUP		COMPANY	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Total equity balance at the beginning of period (01.01.2009 and 01.01.2008 resp)	388,853,774	123,517,104	384,456,695	123,165,933
Total comprehensive income after taxes	(41,182,772)	(40,871,357)	(25,836,109)	(40,185,154)
Issuance of share capital	-	299,593,877	-	299,593,877
Share capital issuance costs	-	(4,566,862)	-	(4,566,862)
Acquisition of Subsidiary	786,559	6,448,901	786,559	6,448,901
Stock option plan	-	4,732,111	-	-
Total equity balance end of period (31.12.2009 and 31.12.2008 respectively)	348,457,561	388,853,774	359,407,145	384,456,695
ADDITIONAL DATA AND INFORMATION				
1. The above financial statements during the year 01.01.2009-31.12.2009 have been approved by the members of the Board of Directors on March 15, 2010.				
2. At December 31, 2009 the Group's total number of employees reached 1,472, while the parent Company's 847. At December 31, 2008 the Group's relative number of employees was 1,538, while the parent company's was 914.				
3. There are not any real estates 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 December 31, 2009: 37.10%) under the equity method.				
5. Same accounting methods and assessments have been used 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 annual consolidated financial statements of the year, are stated in note 11 of the annual financial statements.				
7. The unaudited tax years of the Company and of the companies of the Group are stated in Note 10 of the annual financial statements.				
8. The Company and the Group have made cumulative provisions for additional taxes assessments for the unaudited tax-years amounting to € 0.2m. for the Company and € 2.55m. for the Group. In addition, no deferred tax asset has been recognized 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.				
10. The amount of the other provisions are: € 1.15 m. for the company and € 1.15m. 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)	Group	Company		
a) Income	139,675	40,174,215		
b) Expenses	6,667,807	1,530,654		
c) Receivables	354,007	2,141,214		
d) Liabilities	509,154	1,786,836		
e) Fees of Managers and members of the Board of Directors	3,268,044	1,401,911		
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	43,533	0		
13. The goodwill that arisen from the acquisition that was completed on August 27, 2008 amounting to € 285,965,176. (note 11 of the annual financial statements).				
14. The Group Capital Expenditure for the year ended December 31, 2009 amounted to € 136,174,081 in which are included the renewal of transporter leases amounting to € 60,383,308.				

Iraklion, March 15, 2010

PRESIDENT OF THE B.o.D.

THE VICE PRESIDENT & CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

CHIEF ACCOUNTANT

DEEPAK SRINIVAS PADMANABHAN
Passport No Z 1031032

TZORTZAKIS PANTELIS
ID Number: X 072948

KANELLOPOULOS PAVLOS
ID Number N 006982

KOSMAS SPYROS
ID Number AZ 555377
License Number O.E.E. 0016310 A Class

