

# INTERIM CONDENSED FINANCIAL STATEMENTS (PARENT COMPANY AND CONSOLIDATED) FOR THE PERIOD JANUARY 1 – MARCH 31, 2009

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

**OF** 

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

Forthnet S.A.

Registration No S.A. 34461/06/B/95/94 Scientific Technological Park of Crete Vassilika Vouton, Iraklion Crete 71003 http://www.forthnet.gr



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Interim Condensed Financial Statements for the period ended March 31, 2009

Statement of Comprehensive Income (amounts in Euro, unless stated otherwise)

		The Group		The Con	mpany	
	Notes	01.01-31.03.2009	01.01- 31.03.2008	01.01- 31.03.2009	01.01- 31.03.2008	
Revenues	4	88,835,058	31,044,390	37,163,045	30,167,469	
Cost of sales	8	(74,656,339)	(34,328,553)	(36,676,110)	(33,535,132)	
Gross profit/(loss)	Ü	14,178,719	(3,284,163)	486,935	(3,367,663)	
Selling and distribution expenses	8	(9,948,756)	(9,863,483)	(4,606,516)	(9,588,304)	
Administrative expenses	8	(7,634,090)	(4,213,175)	(2,667,503)	(4,059,562)	
Research and development expenses	8	(608,735)	(826,171)	(608,735)	(826,171)	
Other income Share of profits of associates accounted for under the equity	4	1,403,068	2,568,981	1,080,996	2,524,978	
method	10	750	510	-	-	
Financial income	7	850,188	278,833	6,278	278,833	
Financial expenses	7	(6,075,525)	(919,321)	(1,174,283)	(880,696)	
Loss before income taxes		(7,834,381)	(16,257,989)	(7,482,828)	(15,918,585)	
Income taxes	9	(1,125,428)	3,715,484	215,720	3,628,492	
Loss after tax (A)		(8,959,809)	(12,542,505)	(7,267,108)	(12,290,093)	
Other total comprehensive income after tax (B)		-	-	-	-	
Total comprehensive income after tax (A)+(B)		(8,959,809)	(12,542,505)	(7,267,108)	(12,290,093)	
Loss for the period attributable to:						
Equity holders of the parent		(8,861,147)	(12,541,166)	(7,267,108)	(12,290,093)	
Minority interests		(98,662)	(1,339)	(7,207,100)	(12,250,055)	
		(8,959,809)	(12,542,505)	(7,267,108)	(12,290,093)	
Total comprehensive income for the period attributable to	:					
Equity holders of the parent		(8,861,147)	(12,541,166)	(7,267,108)	(12,290,093)	
Minority interests		(98,662)	(1,339)	(7,207,100)	(,->0,0>3)	
The state of the s		(8,959,809)	(12,542,505)	(7,267,108)	(12,290,093)	
Loss per share (Basic)		(0.1064)	(0.3228)	(0.0863)	(0.3163)	
•		` ′	, ,	,	· · · · ·	
Weighted Average Number of Shares (Basic)		84, 191, 967	38,857,831	84,191,967	38,857,831	



# HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Interim Condensed Financial Statements for the period ended March 31, 2009

### **Statement of Financial Position**

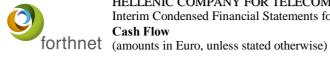
(amounts in Euro, unless stated otherwise)

		The G	roup	The Company	
	Notes	31.03.2009	31.12.2008	31.03.2009	31.12.2008
ASSETS					
Non current assets					
Property, Plant and Equipment	11	227,244,115	230,382,168	153,289,677	153,775,026
Intangible assets	12	260,627,773	269,166,534	14,342,494	15,002,342
Goodwill	10	727,519	727,519	512,569	512,569
Provisional goodwill	10	285,965,176	285,965,176	-	-
Investments in subsidiaries	10	-	-	289,313,232	289,113,234
Investments in associates accounted under the equity method	10	70,034	69,284	44,500	44,500
Other non-current assets		1,925,695	1,291,429	241,090	240,022
Available for sale financial assets	13	379,877	379,877	330,149	330,149
Programme and film rights	14	-	297,864	-	-
Deferred tax assets	9	34,025,271	34,092,165	24,378,299	24,162,579
Total non current assets		810,965,460	822,372,016	482,452,010	483,180,421
Current assets					
Inventories	15	8,030,470	6,846,673	2,327,868	1,859,398
Programme and film rights	14	22,735,956	31,865,284	-	-
Trade Receivables	16	53,255,602	55,183,317	29,885,583	31,970,470
Prepayments and other receivables	17	37,283,747	32,779,863	20,800,092	21,130,099
Cash and cash equivalents	18	66,238,037	79,510,860	15,560,524	14,864,016
Total Current Assets		187,543,812	206,185,997	68,574,067	69,823,983
TOTAL ASSETS		998,509,272	1,028,558,013	551,026,077	553,004,404
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company	y				
Share capital	19	183,408,963	183,408,963	183,408,963	183,408,963
Share premium		300,981,286	300,981,286	300,981,286	300,981,286
Other reserves		12,864,883	12,864,883	12,242,213	12,242,213
Accumulated deficit		(121,651,407)	(112,790,260)	(119,442,875)	(112,175,767)
Total		375,603,725	384,464,872	377,189,587	384,456,695
Minority interests		4,290,240	4,388,902		-
Total equity		379,893,965	388,853,774	377,189,587	384,456,695
Non current liabilities					
Long-term liabilities	20	315,296,310	315,285,988	84,236,129	84,225,806
Long-term transponder leases	22	58,678,448	60,441,236	-	-
Other long-term leases	21	2,031,587	2,068,223	2,031,587	2,068,223
Other long-term obligations		54,900	35,000	54,900	35,000
Long-term obligations of programmes and film rights	23	1,696,846	1,840,217	-	-
Reserve for staff retirement indemnities		3,303,389	3,157,009	1,595,272	1,524,902
Government grants	26	10,483,142	11,252,053	9,781,265	10,531,280
Deferred tax liability		52,559,297	54,501,066	-	-
Total Non-Current Liabilities		444,103,919	448,580,792	97,699,153	98,385,211
Current Liabilities					
Trade accounts payable	24	84,209,567	92,791,139	46,683,849	54,892,198
Short-term borrowings	20	1,150,478	1,184,499	-	-
Current portion of long-term borrowings	20	10,144,000	10,144,000	-	-
Deferred income	3	35,734,006	37,389,950	13,227,933	12,382,307
Current portion of transponder leases	22	9,728,226	9,525,898	-	-
Short-term portion of finance lease obligations	21	283,595	465,765	143,159	140,930
Current portion of programmes and film rights	23	14,746,044	21,447,115	-	8,319,343
Taxation		10,196,129	8,875,999	206,009	206,009
Accrued and other current liabilities	25	8,319,343	9,299,082	15,876,387	2,541,054
Total Current Liabilities		174,511,388	191,123,447	76,137,337	78,481,841
Total Liabilities		618,615,307	639,704,239	173,836,490	176,867,052
TOTAL LIABILITIES AND EQUITY		998,509,272	1,028,558,013	551,026,077	561,323,747



forthnet
Interim Condensed Financial Statements for the period ended March 31, 2009
Statement of Changes in Shareholders Equity
(amounts in Euro, unless stated otherwise)

		Attridutable to equit	y holders of the	parent company		Minority Interests	Total Equity
The Group	Share capital	Share premium	Other reserves	Accumulated deficit	Total		
Total Equity beginnig 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
Total comprehensive in come after income taxes of the period (continuing and discontinuing operations)	-	-	-	(12.541.166)	(12.541.166)	(1.339)	(12.542.505)
Stock option plan			6.448.901		6.448.901		6.448.901
Total Equity ending at the period March 31, 2008	45.852.241	143.510.993	12.864.883	(84.846.706)	117.381.411	42.089	117.423.500
Total Equity beginning at the period January 1, 2009	183.408.963	300.981.286	12.864.883	(112.790.260)	384.464.872	4.388.902	388.853.774
Total Comprehensive income after income taxes of the period (continuing and discontinuing operations)	-	-	-	(8.861.147)	(8.861.147)	(98.662)	(8.959.809)
Total Equity ending at the period March 31, 2009	183.408.963	300.981.286	12.864.883	(121.651.407)	375.603.725	4.290.240	379.893.965
The Company	Share capital	Share premium	Other reserves	Accumulated deficit	Total		
Total Equity beginnig at the period January 1, 2008	45.852.241	143.510.993	5.793.312	(71.990.613)	123.165.933		
Total comprehensive in come after income taxes of the period (continuing and discontinuing operations)	-	-		(12.290.093)	(12.290.093)		
Stock option plan			6.448.901		6.448.901		
Total Equity ending at the period March 31, 2008	45.852.241	143.510.993	12.242.213	(84.280.706)	117.324.741		
Total Equity beginning at the period January 1, 2009	183.408.963	300.981.286	12.242.213	(112.175.767)	384.456.695		
Total Comprehensive income after income taxes of the period (continuing and discontinuing operations)	-	-	-	(7.267.108)	(7.267.108)		
Total Equity ending at the period March 31, 2009	183.408.963	300.981.286	12.242.213	(119.442.875)	377.189.587		



Interim Condensed Financial Statements for the period ended March 31, 2009

	The Group		The Company	
	01.01-	01.01-	01.01-	01.01-
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Cash flows from Operating Activities Loss before income taxes	(7,834,381)	(16,257,989)	(7,482,828)	(15,918,585)
Adjustments for:				
Depreciation and amortisation	21,687,615	7,700,600	10,729,124	7,455,600
Amortisation of subsidies	(841,428)	(1,944,300)	(822,532)	(1,944,300)
Gains on disposal of tangible and intangible assets	(19,339)	(6,428)	(19,339)	(6,428)
Financial (income)/expenses	5,225,337	640,488	1,168,005	601,863
Share of profits of associates accounted for under the equity method	(750)	(510)	-	-
Allowance for doubtful accounts receivable	1,416,000	1,200,000	919,324	1,200,000
Provision for staff retirement indemnities	146,380	80,284	70,370	75,907
Stock option plan	-	6,448,901	-	6,448,901
Operating profit/(loss) before working capital changes	19,779,434	(2,138,954)	4,562,124	(2,087,042)
(Increase)/Decrease in:	(4.402.505)	(0.40 == 4)	(440,450)	(005.005)
Inventories	(1,183,797)	(849,726)	(468,470)	(887,295)
Trade accounts receivable Programme and Film Rights	511,715 9,427,192	(2,654,687)	1,165,563	(2,779,160)
Prepayments and other receivables	(4,503,884)	(776,220)	330,007	(784,675)
Increase/(Decrease) in:		, , ,		, ,
Trade accounts payable	(3,054,494)	(3,210,582)	(2,491,896)	(3, 164, 635)
Programme and Film Rights	(6,701,071)	-	-	-
Deferred income Accrued and other current liabilities	(1,655,944) (1,895,525)	1,408,154 (1,196,770)	845,626 13,137,236	1,408,154
Interest paid	(4,807,566)	(874,426)	(1,051,574)	(1,171,274) (844,151)
Tax paid	(1,625,830)	(071,120)	(1,031,371)	(011,131)
Increase in other long-term liabilities	(634,266)	6,993	(1,068)	(3,616)
Increase in other long-term obligations	(123,471)		19,900	
Net cash from/(used in) Operating Activities	3,532,493	(10,286,218)	16,047,448	(10,313,694)
Cash flows from Investing Activities				
Capital expenditure for property, plant and equipment	(14,741,715)	(16,933,162)	(14,394,850)	(16, 867, 155)
Purchase/development of intangible assets	(796,165)	(1,847,573)	(757,624)	(1,874,128)
Disposals for property, plant and equipment and intangible assets  Interest and related income received	19,339	9,251	19,339	9,251
Investment in subsidiary	516,190	278,833	6,278 (199,998)	278,833
Acquisition of group of companies	- -	_	(199,996)	_
Net cash from/(used in) Investing Activities	(15,002,351)	(18,492,651)	(15,326,855)	(18,453,199)
Cash flows from Financing Activities				
Net proceeds from short-term borrowings	10,322	30,968	10,323	30,968
Repayment of long-term borrowings  Net change in short-term borrowings	(34,021)	(2,428)	-	-
Net Change in leases	(1,779,266)	(45,251)	(34,408)	(32,315)
Net cash from Financing Activities	(1,802,965)	(16,711)	(24,085)	(1,347)
Net increase/(decrease) in cash and cash equivalents	(13,272,823)	(28,795,580)	696,508	(28, 768, 240)
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 the period	66,238,037	27,324,838	15,560,524	26,933,688



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

#### 1. CORPORATE INFORMATION:

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

The Company's registered office is in Vassilika Vouton, Iraklion, Crete, while its administrative headquarters are in Athens at 4 Atthidon Street, 176 71 Kallithea. The life of the Company, according to its Articles of Incorporation, has been determined to be 40 years from the date of its incorporation with a possible extension permitted following a decision of the General Meeting of the Company's Shareholders.

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

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

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

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, Forgendo Ltd, which is based in Cyprus, gained a participating interest of 21% of Forthnet's share capital. During the year 2008 Forgendo Ltd acquired further participating interest and the total participation increased at March 31, 2009 to the percentage of 34.59% in Forthnet's share capital.

The accompanying financial statements for the year ended 2008, include the financial statements of Forthnet and its subsidiaries, Forth CRS S.A. Telemedicine Technologies S.A., Forthnet Media Holdings S.A., Shipping Clearance S.A., NetMed N.V., Myriad Development B.V., Intervision (Services) B.V., Dikomo Investment Sarl (Luxembourg), Tiledrasi S.A. (Luxembourg), Multichoice Holdings (Cyprus) Ltd, Multichoice (Cyprus) Public Company Ltd, NetMed Hellas S.A., Multichoice Hellas S.A., NetMed S.A., Syned S.A., Rpo S.A., Tiledrasi S.A. and Ad Value S.A. The accompanying financial statements for the year ended 2007, include the financial statements of Forthnet and its subsidiaries Forth CRS S.A. and Telemedicine Technologies S.A.

Forth CRS S.A.'s principle activities are to provide integrated tourism services through the research, development, use and sale of modern, high convergent technological electronic products and services for the distribution and management of tourism material, such as reservations, ticketing and other related material, produced by entities such as shipping companies, airlines and other transportation enterprises, hotel enterprises, promotion and entertainment enterprises, enterprises relating to sports, hospitals and all other electronic reservation organizations.

Telemedicine Technologies S.A.'s principle activities are to create, implement and sell services and products associated with the acquisition, transmission and dissemination of information, particularly electronically, in the health sector. The company aims to implement and sell services in the health sector, with emphasis on business-to-business medical services.

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



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

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  $\in$  491,653,113 (Note 10).

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

Entity name	Date of incorporation	Country of incorporation	Operating activities
NetMed N.V.	January 12, 1996	Netherlands	Holding company
NetMed Hellas S.A.	January 23, 1992	Greece	The Company compiles and produces all of the NovaCinema and NovaSport channels, which are licensed to MultiChoice Hellas S.A. NetMed Hellas S.A acquires sports rights and additional content directly from local suppliers. Studio content is licensed to NetMed Hellas S.A through Intervision.
MultiChoice Hellas S.A.	September 14, 1994	Greece	The Company compiles and operates the Nova bouquet, distributes decoders, manages the analogue and digital subscriber base and markets and sells NetMed Group's digital and analogue Pay-TV services in Greece.
Syned S.A.	February 23, 1996	Greece	The Company operates and maintains the digital satellite transmission and signal distribution networks for the DTH broadcast of the Nova bouquet in Greece and Cyprus on behalf of MultiChoice Hellas S.A. Syned is authorised to provide digital satellite services (including uplinking, downlinking, multiplexing and leasing of space capacity), pursuant to a license granted by the Greek government. Syned also operates and maintains the analogue terrestrial transmission network for NetMed Hellas S.A. Finally, Syned provides digital satellite transmission and signal distribution services to deliver the signal of each of the seven national commercial Greek free-to-air (FTA) channels to their respective terrestrial relays.
NetMed S.A.	February 14, 1996	Greece	The Company provides customer services (including telephone helpdesk, technical support, information regarding TV programmes and management of subscription services contracts) to Pay-TV subscribers on behalf of MultiChoice Hellas S.A.
Ad Value S.A.	December 14, 2000	Greece	The Company administers airtime sales, together with advertising on NovaCinema and NovaSport websites on behalf of NetMed Hellas S.A. ADV also administers airtime sales (including interactive services) on behalf of MultiChoice Hellas S.A.
RPO S.A.	January 16, 2006	Greece	Employers' federation
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
Tiledrasi S.A.	March 5, 2002	Greece	Holding company
Dikomo Investment Sarl	June 18, 2003	Luxembourg	Holding company
Tiledrasi S.A.	June 18, 2003	Luxembourg	Holding company



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

Intervision (Services) B.V., which is consolidated in the accompanying financial statements in the current year for the first time, was incorporated in January 1996 and its principle activity is the content acquisition services.

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

The Group's number of employees at March 31, 2009 amounted to 1,487, while that of the Company to 871. 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:

#### (α) Basis of Preparation of Financial Statements:

The interim condensed financial statements for the three-month period ended at March 31, 2009, have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 "Interim Financial Report".

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).

The same accounting policies, presentation and method of computation have been followed in these condensed finacial statements as were applied in the presentation of the Group's financial statements for the year ended at December 31, 2008, except for the impact of the adoption of Standards and Interpretations described below.

IFRS 8, Operating Segments – IFRS 8 is effective for annual periods beginning at or after January 1, 2009 and has been adopted by the Group as from that date. IFRS 8, requires the Group to identify operating segments based on the information provided and reviewed by the "Chief Operating Decision Maker" (CODM) of the Group when allocating resources and assessing the performance of the operating segment. The Group CODM is the Chief Executive Officer. Subsequently, these operating segments have been aggregated to reportable segments, if they exhibit similar long-term financial performance and have similar economic characteristics.. The Group concluded that no changes to the previously identified business segments would be required as a result of implementing IFRS 8 and therefore continues to disclose the following reportable segments: "Telecommunications" and "Pay-TV".

The CODM reviews the performance of the Group's segments against a number of measures, of which Profit from Operating represents the most important measure. The consolidated amount of each segment item reported is measured using the amounts reported to the CODM, which represents unconsolidated IFRS financial information .

Inter-segment sales are executed under normal commercial terms and conditions that would also be available to independent third parties. The Group is not reliant on any individual major customer and consequently, there are no individual customers where the total amount of revenue derived from that customer would me more than 10% of the Groups's revenue.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

IAS 1, Presentation of Financial Statements – The revised Standard has been adopted with the effective date as at January 1, 2009 and introduced a number of ghanges in terminology. Under the revised standard, the Group has elected to present a Statement of Comprehensive Income which combines into a single statement the former Statement of Operating Results and Statement of Recognised Income and Expense. As required by the revised Standard, the Group now alsopresents a Statement of Changes in Equity as a primary statement and has relabeled its Balance Sheet as Statement of Changes in Financial Position.

*IAS 23, "Borrowing Costs" (Revised),* effective for annual periods beginning on or after 1 January 2009. 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. In accordance with the transitional requirements of the Standard, the Group and the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

In addition, the Group has adopted the following revised or new pronouncements that became effective as at January 1, 2009 which had no or only an insignificant impact on the Group financial statements:

- IFRIC 13, Customer Loyalty Programmes
- Amendment to IAS 23, Borrowing Costs
- IFRIC 15, Agreements for the Construction of Real Estate
- Amendments to IFRS 1 and to IAS 27, Cost of an Investment in a subsidiary, jointly controlled entity or Liquidation
- Amendments to IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 16, Hdges of a Net Investment in a Foreign Operation
- Imrovements to IFRS

In March 2009 the IASB issued amendments to IFRS 7 «Financial Instruments: Disclosures», effective from annual periods beginning on or after 01.01.2009, requiring fair value measurements of financial instruments are classified in three levels:

- a) measurements based on published prices (Level 1)
- b) measurements based on observable market data (Level 2)
- c) measurements that are not based on observable market data (Level 3)

Also provides information on transfers between the levels and additional information about the liquidity risk. These amendments will apply to annual financial statements beginning on 31.12.2009, and are not expected to have a material impact on financial statements.

#### (b) Approval of Financial Statements::

The Board of Directors of Forthnet approved the separate and consolidated condensed financial statements for the period ended at March 31, 2009, May 11, 2009.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

(c) Significant Accounting Judgements and Estimates:

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- (a) Allowance for doubtful accounts receivables: The Group's Management periodically reassess the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal department, which are prepared following the processing of historical data and recent developments of the cases they are handling.
- (b) Provision for income taxes: According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits. The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.
- (c) Depreciation rates: The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs.
- (d) Impairment of property, plant and equipment: Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows (note 3i).
- (e) 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.
- (f) 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 principal accounting policies adopted in the preparation of the accompanying interim condensed financial statements are as follows:

(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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

**(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.

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  $\in$  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:



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

- **(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.

- (I) 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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

(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:** Borrowing costs are recognised as an expense in the period in which they are incurred in accordance with the basic treatment of IAS 23 "Borrowing Costs".
- (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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 orthnet (amounts in Euro, unless stated otherwise)

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 balance sheet date.

For transactions recognised directly in equity, any related tax effects are also recognised directly in equity and not in the statement of 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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

Derivatives are recognized on the balance sheet 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 March 31,2009 to  $\in$  35,734,006 and  $\in$  13,227,933 respectively (at December 31, 2008 amounted to  $\in$  37,389,950 for the Group and  $\in$  12,382,307 for the Company).

Unbilled revenues for the Group and the Company at March 31, 2009 amounted to € 2,933,884 and € 2,798,884 respectively (at December 31, 2008 amounted to € 1,977,171 for the Group and the Company respectively).

(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) 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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

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 cashsettled 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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

#### 4. REVENUES:

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

	The Group		The Company		
	January 1-I	March 31	January 1-	March 31	
	2009	2008	2009	2008	
Operating Revenues					
Direct Retail Services	69,573,505	10,962,672	23,733,981	10,962,672	
Bundled services (2play)	20,075,263	9,332,078	20,075,263	9,332,078	
Telephony	2,340,341	1,195,695	2,340,341	1,195,695	
ADSL	1,318,377	434,899	1,318,377	434,899	
Pay-TV Revenues	45,839,524	-	- -	-	
Indirect Retail Services	5,646,281	11,523,741	5,646,281	11,523,741	
Telephony	3,559,163	7,635,932	3,559,163	7,635,932	
ADSL	1,583,572	3,294,594	1,583,572	3,294,594	
Other	503,546	593,215	503,546	593,215	
Direct Business Services	6,162,724	5,756,431	6,162,724	5,756,431	
E-business	1,117,509	882,071	1,117,509	882,071	
Forth CRS	572,954	527,496	-	-	
Equipment	1,179,778	314,744	267,389	212,893	
Other services	4,587,307	1,077,235	235,161	829,661	
<b>Total Operating Revenues</b>	88,835,058	31,044,390	37,163,045	30,167,469	
Other Income	1,403,068	2,568,981	1,080,996	2,524,978	
<b>Total Revenues</b>	90,238,126	33,613,371	38,244,041	32,692,447	

#### 5. GROUP SEGMENT INFORMATION:

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

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

The segment information for the period ended March 31, 2008 is analysed as follows:

	Telecommunications	Pay-TV	Eliminations	Total
Sales to foreign customers	39,183,765	51,054,361	-	90,238,126
Revenues between segment activity	107,682	67,373	(175,055)	-
Total revenues	39,291,447	51,121,734	(175,055)	90,238,126
Depreciation and Amortization	10,962,907	10,724,708	-	21,687,615
Amortization of subsidies	(822,532)	(18,896)	-	(841,428)
(Loss)/Profit before interest, taxes and depreciation	3,512,259	14,724,135	-	18,236,394
(Loss) before interest and taxes	(6,628,116)	4,018,322	-	(2,609,793)
(Loss) before taxes	(7,828,601)	(5,779)	-	(7,834,381)
Less: income tax	253,234	(1,378,661)	-	(1,125,428)
(Loss)/Profit after taxes	(7,575,369)	(1,384,440)	-	(8,959,809)
Total assets	559,190,404	454,731,266	(15,412,398)	998,509,272
Segment assets	170,101,370	317,770,518	-	487,871,888
Segment liabilities	178,042,207	455,985,498	(15,412,398)	618,615,307



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

The Group during the period ended in September 2008 provided mainly telecommunication services. Due to the nature of the services provided to customers, the Company was operated and managed as one business segment. Accordingly, no operating results by individual or group of services were produced and neither were the Group's assets and liabilities analysed by the various services provided. As a result, the Group during the previous period did not present segment information.

#### 6. PAYROLL COST:

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

	The G	roup	The Company		
	March 31,		Marcl	n 31,	
	2009	2008	2009	2008	
Wages and salaries	9,613,852	6 661 077	5 562 026	6 210 201	
8	, , , , , , , , , , , , , , , , , , ,	6,661,077	5,562,026	6,219,391	
Social security costs	1,996,606	1,276,480	1,182,832	1,157,168	
Staff retirement indemnities	144,117	80,284	70,370	75,907	
Stock option plans	-	6,448,901	-	6,448,901	
Other staff costs	257,341	82,630	97,751	77,722	
Total	12,011,916	14,549,372	6,912,979	13,979,089	
Less: Amounts capitalised	(704,993)	(927,609)	(654,310)	(813,599)	
Payroll Cost (Note 8)	11,306,923	13,621,763	6,258,669	13,165,490	

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.

#### 7. FINANCIAL INCOME / (EXPENSES):

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

	The Group March 31,		The Company		
			March 31,		
	2009	2008	2009	2008	
Interest on long-term borrowings (Note 20)	(4,561,383)	(799,515)	(934,241)	(791,058)	
Interest on short-term borrowings (Note 20)	(20,323)	(28,330)	-	-	
Finance charges paid under finance leases	(1,280,060)	(37,558)	(134,808)	(36,544)	
Other financial costs	(225,859)	(53,918)	(117,334)	(53,094)	
Total financial expenses	(6,087,625)	(919,321)	(1,186,383)	(880,696)	
Less: Amounts capitalised	12,100	_	12,100	-	
Total financial expenses	(6,075,525)	(919,321)	(1,174,283)	(880,696)	
Interest earned on cash at banks and on time					
deposits (Note 18)	516,190	278,833	6,278	278,833	
Other financial income	333,998	-	-	-	
Total financial income	850,188	278,833	6,278	278,833	
Total financial income/(expenses), net	(5,225,337)	(640,488)	(1,168,005)	(601,863)	



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

#### 8. ANALYSIS OF EXPENSES:

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

	The G	roup	The Company		
	Marc	h 31,	March 31,		
	2009	2008	2009	2008	
Payroll and related costs (Note 6)	11,306,923	13,621,763	6,258,669	13,165,490	
Third party fees and services	11,285,470	5,012,207	5,129,266	4,670,377	
Telecommunication Costs ULL	18,878,692	16,712,127	18,878,692	16,712,127	
Royalties / Licenses	18,814,186	-	-	-	
Taxes and duties	251,611	324,042	232,145	317,412	
Sundry expenses	2,260,984	303,522	105,775	256,845	
Advertising and promotion costs	3,543,188	3,056,314	977,925	3,046,064	
Depreciation and amortisation (Note 16)	21,687,615	7,700,600	10,729,124	7,455,600	
Allowance for doubtful accounts receivable (Note					
17)	1,416,000	1,200,000	919,324	1,200,000	
Cost of sales of inventory and consumables	3,403,251	1,300,807	1,327,944	1,185,254	
Total expenses	92,847,920	49,231,382	44,558,864	48,009,169	

The above expenses are analysed as follows:

	The Group March 31,		The Company		
			March 31,		
	2009 2008		2009	2008	
Cost of sales	74,656,339	34,328,553	36,676,110	33,535,132	
Selling and distribution expenses	9,948,756	9,863,483	4,606,516	9,588,304	
Administrative expenses	7,634,090	4,213,175	2,667,503	4,059,562	
Research and development expenses	608,735	826,171	608,735	826,171	
	92,847,920	49,231,382	44,558,864	48,009,169	

#### 9. INCOME TAXES:

In accordance with the tax Law, the corporate tax rate which is effective to the Greek societe anonyms up to December 31, 2008 is 25%. In accordance with the new tax Law 3697/2008, the corporate tax rate of the societe anonyms is gradually decreased from 25% to 20%. More specifically, the tax rate is decreased to 24% for the fiscal years 2010, 23% for the fiscal year 2011, 22% for the fiscal year 2012, 21% fort he fiscal year 2013and 20% for the fiscal year 2014 and on.

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

	The Group March 31,		The Company March 31,	
	2009	2008	2009	2008
Current income taxes	2,958,493	-	-	-
Deferred income taxes	(1,833,065)	(3,715,484)	(215,720)	(3,628,492)
Total income taxes (credit) / debit reflected in the statements of income	1,125,428	(3,715,484)	(215,720)	(3,628,492)

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#### HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

Forthnet has not been audited by the tax authorities for the fiscal years 2003 through 2008. 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 - 31/12/2008
Syned S.A.	01/04/2003 - 31/12/2008
Ad Value S.A.	01/04/2006 - 31/12/2008
NetMed Hellas S.A.	01/04/2004 - 31/12/2008
Multichoice Hellas S.A.	01/04/2007 - 31/12/2008
RPO S.A.	16/01/2006 - 31/12/2008
Tiledrasi S.A.	From date of incorporation – 31/12/2008

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 ( $\in$  2.5 million for the Group and  $\in$  0.2 million for the Company) for probable future tax assessments based upon previous years' tax examinations and past interpretations of the tax laws. Moreover, it has not been recognized for offset and respectively it has not been recorded deferred tax asset for tax losses amounted to  $\in$  7.3 for the Group and the Company in order to cover probable additional taxes that may be assessed to Group in a future tax audit.

#### 10. SUBSIDIARIES AND ASSOCIATES - GOODWILL:

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

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity I	nterest	Bala	ance
				31.03.2009	31.12.2008	31.03.2009	31.12.2008
Forth CRS S.A. Telemedicine	P. Faliro, Attica, Greece	Full	Direct	99.31%	99.31%	3,738,753	3,738,753
Technologies S.A. Forthnet Media	Paris, France Kallithea,	Full	Direct	96.43%	94.40%	514,479	314,481
Holdings S.A.	Attica, Greece	Full	Direct	100.00%	100.00%	285,060,000 289,313,232	285,060,000 289,113,234

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

	Registered Office	Consolidatio n Method	Participation Relationship	<b>Equity</b>	Interest	Bala	ince
				31.03.2009	31.12.2008	31.03.2009	31.12.2008
Athlonet S.A.	Kallithea, Attica, Greece	Equity method	Direct	44.00%	44.00%	70,034	69,284

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

	Registered Office	Consolidatio n Method	Participation Relationship	Equity Interest 31.12.2008
Shipping Clearance S.A.	Athens, Greece	Full	Indirect	51.00%



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

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

	Registered Office	Consolidatio n Method	Participation Relationship	Equity Interest 31.03.2009
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 interim condensed consolidated financial statements:

Company	Registered Office	Consolidation Method	Participation Relationship	Percentage participation
			31.03.2009	31.03.2009
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%
Rpo S.A.	Kantza, Attica, Greece	Full	Indirect	100%
Tiledrasi S.A.	Kantza, Attica, Greece	Full	Indirect	100%
Ad Value S.A.	Kantza, Attica, Greece	Full	Indirect	100%

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

The General Assembly of the Company Rpo S.A. which was held on September 30, 2008, decided on the resolution and settlement of the Company dated on November 1, 2008. On December 31, 2008 the Prefecture of Eastern Attica with its decision (Protocol No 10294/31.12.2008) announced the final dissolution of the company and its deletion from the registry of societe anonyme.

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

	The Group		The Company	
	31.03.2009	31.12.2008	31.03.2009	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	<u> </u>	
Total	727,519	727,519	512,569	512,569

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

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

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#### HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

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  $4^{th}$  2008, and the partial issuance of the bond facility amounting to  $\in$  200,000,000 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 arose due to the above acquisition, which is included in the accompanying consolidated balance sheet, was based on the carrying fair values (except intangible assets) of the consolidated balance sheet of the acquired companies as at August 27, 2008 and it is considered provisional. The procedure of determination of the fair value of assets, liabilities and contingent liabilities of the acquired Group, the purchase price allocation on the basis and the provisions of IFRS 3 "Business Combinations" and the resulting final determination of goodwill will be concluded subsequently, as the acquirer has made use of the option provided in the abovementioned standard. Based on such option the acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date. Due to the size and the number of the acquired companies, many of which act abroad, the Group has decided to adopt the aforementioned policy provided in the standard.

The carrying fair values of the consolidated balance sheet of the acquired companies, the total cost of acquisition and the provisional goodwill for the Group as at August 27, 2008, date of the acquisition, are as follows:

		FAIR VALUE
		<u>AT</u>
	<u>CARRYING</u>	<b>ACQUISITION</b>
<u>ASSETS</u>	<u>VALUES</u>	<u>DATE</u>
Property, plant and equipment	15,803,670	15,803,670
Intangible assets	66,771,559	265,132,121
Deferred tax asset	12,285,088	12,285,088
Inventories	8,313,049	8,313,049
Current assets	73,715,745	73,715,745
Cash and cash equivalents	55,270,307	55,270,307
Total assets	232,159,418	430,519,980
<u>LIABILITIES</u>		
Long-term and short-term borrowings	(21,000,001)	(21,000,001)
Other long-term liabilities	(67,212,457)	(67,212,457)
Other short-term liabilities	(111,381,334)	(111,381,334)
Deferred tax liability	<u> </u>	(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
Provisional goodwill during acquisition		285,965,176
Total acquisition cost		446,026,753
The total acquisition cost is analyzed as follows:		
Cash		491,653,113
Acquisition expenses		16,026,098
Less: Repayment of long-term loan		(61,652,458)
Net assets acquired		446,026,753

Provisional goodwill as at March 31, 2009 was € 285,965,176 due to recognition of intangible assets which were evaluated at the date of acquisition and are analysed as follows:

During this current period the aquired companies have contributed a negative amount of  $\in$  1,313,940 to the year's net results after taxes and minority interests.

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



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 orthnet (amounts in Euro, unless stated otherwise)

Moreover, with the recognition of the abovementioned intangible assets several additional deferred tax liabilities have arised which amounts to  $\in$  66,132,500.

#### Cash outflow at the acquisition date:

Total cash outflow at the acquisition date	(390,756,446)
Net cash flow used in acquisition	(446,026,753)
Cash and cash equivalents acquired	55,270,307

#### 11. PROPERTY, PLANT AND EQUIPMENT:

During the period from 01.01.2009 until 31.03.2009, the total investments of the Group's tangible assets amounted to  $\in$  7,430,724 and those of the Company's amounted to  $\in$  7,045,319 and refer mainly to the expansion of Forthnet's private network anlso to the development of new Forthnet shops (at March 31, 2008 amounted to  $\in$  18,123,207 and  $\in$  18,101,020 for the Group and the Company respectively).

There is no property, plant and equipment that has been pledged as security. The title of the capitalized leased assets has been retained by the lessor. The net book value of the Company's capitalized leased assets at March 31, 2009 and at December 31, 2008, amounted to  $\in$  2,000,929 and  $\in$  2,551,610, respectively. For the Group the related amounts are  $\in$  68,057,189 and  $\in$  71,009,053 at March 31, 2009 and at December 31, 2008.

#### 12. INTANGIBLE ASSETS:

During the period from 01.01.2009 until 31.03.2009, the total investments of the Group's intangible assets amounted to  $\in$  2,757,495 and those of the Company's amounted to  $\in$  2,598,753 and refer mainly to acquisition costs of new subscribers and also the upgrade of IT software systems (at March 31, 2008 amounted to  $\in$  288,048 and  $\in$  149,467 for the Group and the Company respectively).

#### 13. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analysed as follows:

	The Group		The Company	
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
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.



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

#### 14. PROGRAMME AND FILM RIGHTS:

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

	The G	roup
	31.03.2009	31.12.2008
Purchased sports rights	24,206,801	36,547,468
Licensed film rights	8,757,023	9,737,623
Sports and Film Rights	32,963,824	46,285,091
Purchased sports rights	9,002,457	12,491,009
Licensed film rights	1,225,411	1,630,934
Sports and Film Rights Amortization	10,227,868	14,121,943
Purchased sports rights	15,204,344	24,056,459
Licensed film rights	7,531,612	8,106,689
Sports and Film Rights, net	22,735,956	32,163,148
Less: Programme and film rights short term	22,735,956	31,865,284
Programme and film rights, long term		297,864

#### **15. INVENTORIES:**

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

	The Group		The Company					
	31.03.2009 31.12.2008		31.03.2009 31.12.2008 3		31.03.2009 31.12.2		31.03.2009	31.12.2008
Merchandise	11,338,266	10,881,575	2,327,868	1,859,398				
Consumables	287,800	76,807	-	-				
Total	11,626,066	10,958,382	2,327,868	1,859,398				
Less obsolescence	(3,595,596)	(4,111,709)	_	-				
Total inventories	8,030,470	6,846,673	2,327,868	1,859,398				

#### 16. TRADE ACCOUNTS RECEIVABLE:

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

	The G	Froup	The Co	mpany
	Marc	h 31,	March 31,	
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Domestic customers	70,905,903	71,519,696	40,283,842	42,351,106
Foreign customers	1,333,680	2,126,695	619,333	669,822
Receivables from Greek State	1,616,000	1,556,043	1,616,000	1,556,043
Cheques and notes receivable	4,151,320	4,468,783	1,813,744	1,743,225
Unbilled revenue	2,933,884	1,977,171	2,798,884	1,977,171
	80,940,787	81,648,388	47,131,803	48,297,367
Less: Allowance for doubtful		, ,	, ,	, ,
accounts receivable	(27,685,185)	(26,465,071)	(17,246,220)	(16,326,897)
Balance of trade accounts receivable	53,255,602	55,183,317	29,885,583	31,970,470



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

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

	The Group		The Co	mpany
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Beginning balance Acquisition of subsidiary	26,465,071	<b>12,382,051</b> 9,182,651	16,326,897	11,999,534
Provision (Note 8)	1,416,000	5,153,006	919,324	4,580,000
Less: Utilisation	(195,886)	(252,637)	,	(252,637)
Ending balance	27,685,185	26,465,071	17,246,220	16,326,897

#### 17. PREPAYMENTS AND OTHER RECEIVABLES:

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

	The Group		The Co	mpany
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Receivables due from the Greek State	14,708,973	15,107,612	12,390,323	12,390,323
Prepaid expenses	1,184,375	4,820,685	1,015,812	973,910
Value Added Tax	7,314,114	8,374,878	5,643,516	6,766,904
Advances to suppliers	9,682,068	4,370,190	109,633	47,611
Other debtors	4,394,217	106,498	1,640,808	951,351
Total balance of other receivables and	<del></del>	· · · · · · · · · · · · · · · · · · ·	<del></del>	
prepayments	37,283,747	32,779,863	20,800,092	21,130,099

#### 18. CASH AND CASH EQUIVALENTS:

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

	The G	The Group		ompany
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Cash in hand	359,798	2,704,127	48,752	51,854
Cash at banks	25,828,239	30,456,733	11,511,772	11,812,162
Time deposits	40,050,000	46,350,000	4,000,000	3,000,000
Total	66,238,037	79,510,860	15,560,524	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 period ended March 31, 2009, amounted to  $\in$  516,190 and  $\in$  6,278 for the Group and the Company, respectively, (for the period ended March 31, 2008,  $\in$  278,833 for the Group and the Company) and are included in the financial income in the accompanying interim condensed financial statements of income.

#### 19. SHARE CAPITAL:

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

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



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

On March 17, 2006, the Extraordinary General Shareholders Meeting decided to increase the Company's share capital, with cash contribution, by  $\in$  25,265,558 through the issuance of 21,411,490 new ordinary shares, with nominal value  $\in$  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  $\in$  5.60 per each new share. On May 23, 2006, the share capital increase was completed and the total gross capital contributed amounted to  $\in$  119,904,344, while the difference between the exercise price and the nominal value of each share, of  $\in$  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  $\in$  5.36 per share. As a result, the share capital was increased by  $\in$  374,236, while the resulting surplus on the above transactions of  $\in$  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  $\in$  45,852,241 divided into 38,857,831 ordinary shares of  $\in$  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  $\in 137,556,722$  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  $\in 1.18$  per share, at an offer price per share, of  $\in 2.57$  and with a ratio of 3 new shares for every existing share.

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

#### 20. LONG-TERM AND SHORT-TERM BORROWINGS:

#### α) Long-term Loans:

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

	The G	The Group		mpany
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Bond loan	324,864,310	324,853,988	84,236,129	84,225,806
Other long term loans	576,000	576,000	-	-
Total	325,440,310	325,429,988	84,236,129	84,225,806
Less current portion:				
- Bond loan	10,000,000	10,000,000	-	-
- Other	144,000	144,000	-	-
Long-term portion	315,296,310	315,285,988	84,236,129	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  $\in$  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 may be drawn from the signing of the Agreement to March 31, 2008.
- ii) The second tranche amounting to € 35,000,000 may be drawn from April 1, 2008 to March 31, 2009.
- iii) The third tranche amounting to € 35,000,000 may be drawn from April 1, 2009 to March 31, 2010.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

The repayment of the bond is in 10 semiannual installments. The first 9 installments are equal and amount to 75 % of the total amount. The final installment will be made on the bond's maturity and is equal to the 25% of the facility. First installment 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 the following financial covenants based on the annual and semi-annual consolidated financial statements audited by certified auditors accountants throughout the term of the bond facility:

- 1. EBITDA / Net interest expenses greater or equal to 3 to 6 for the fiscal years 2008-2013.
- 2. Total net bank borrowing / EBITDA less or equal to 7 to 3 for the fiscal years 2008-2013.
- 3. Total net bank borrowing / Total equity less or equal to 0.50 to 1.1 for the fiscal years 2007-2013.

On December 21, 2007 the first series of the bond was drawn down amounting to  $\in$  50,000,000, whereas on July 1, 2008 the second tranche of the bond was drown down amounting to  $\in$  35,000,000.

On May 14, 2008 the syndicate of banks notified to Group the decision of majority for waiving the Company's obligation to comply with the above financial covenants for the fiscal year 2008.

#### **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.

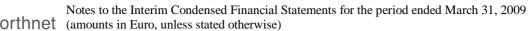
The term of the bond loan will be for up to 9 years and the funds will be utilised in order to, among other purposes, partially finance the acquisition of the total share capital of each of NetMed N.V. and Intervision (Services) B.V., of which the former is the ultimate parent company of, among others, 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  $\in$  200,000,000 was drawn down, while on October 14, 2008, the remaining amount of  $\in$  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 recognized insurance company on its assets at their current commercial value, (ii) within 120days 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 following financial covenants based on the annual and semi-annual financial statements audited by certified auditors accountants throughout the term of the bond facility:

1. Consolidated Net Debt / Normalised EBITDA less than 10 for the fiscal year 2008 and less than 11.80 to 2.5 for the fiscal years until December 31, 2016.



- 2. Normalised EBITDA / Consolidated Total Interest greater than 2.5 for the fiscal year 2008 and greater than 1.12 to 5 for the fiscal years until December 31, 2016.
- 3. Cash Flow / Debt Service greater than 1.00 for the fiscal year 2008 and greater than 1.02 to 1.30 for the fiscal years until December 31, 2016.

At December 31, 2008 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 periods ended March 31, 2009 and 2008, amounted to  $\[ \epsilon \]$  4,561,383 and  $\[ \epsilon \]$  799,515 respectively for the Group and  $\[ \epsilon \]$  934,241 and  $\[ \epsilon \]$  791,058 respectively for the Company and are included in financial expenses (Note 7), in the accompanying interim condensed financial 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 G	The Group		mpany
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Credit lines available	21,022,000	24,222,000	11,600,000	11,600,000
Unused portion	(19,871,522)	(23,037,501)	(11,600,000)	(11,600,000)
Used portion	1,150,478	1,184,499	<u> </u>	

The total interest expense for short-term borrowings for the periods ended March 31, 2009 and 2008, amounted to  $\in$  20,323 and  $\in$  28,330, respectively, for the Group and  $\in$  0 and  $\in$  0, for the Company respectively and is included in financial expenses (Note 7), in the accompanying interim condensed financial statements.

#### 21. FINANCE LEASE OBLIGATIONS:

The finance lease obligations relate to:

- Leasing of a building at Antigonis 58, Peristeri, Attica, with a value of € 2,669,054 (including expenses, taxes, etc.) and is repayable in a hundred and seventy five (175) monthly instalments (from August 10, 2005 through February 10, 2020) bearing interest at the three month Euribor plus a margin of 1.5%.
- Leasing of equipment (printers) by the Company's subsidiary, Forth CRS, during 2005 with a total value of € 199,935, with duration of three years, repayable in equal monthly instalments bearing interest at Euribor plus a margin of 2.5%.
- Leasing of equipment studios by the Company's subsidiary, NetMed Hellas S.A., during 2006 and 2007 with a total starting value of € 1,681,000, with duration of three years, repayable in equal three-month installments bearing interest at a three-month Euribor plus a margin of 1.5%.

The finance lease obligations are analysed as follows:

	The Group		The Company	
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Obligation under finance lease	2,315,182	2,533,988	2,174,746	2,209,153
Less: Current portion	(283,595)	(465,765)	(143,159)	(140,930)
Long-term portion	2,031,587	2,068,223	2,031,587	2,068,223



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

#### 22. FINANCE LEASE TRANSPONDER OBLIGATIONS:

The Company's subsidiary, Syned S.A. leases transmission equipment of a total value of  $\in$  106,070,421, 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 Gi	The Group		
	31.03.2009	31.12.2008		
Obligation under finance lease	68,406,674	69,967,134		
Less: Current portion	(9,728,226)	(9,525,898)		
Long-term portion	58,678,448	60,441,236		

#### 23. PROGRAMME AND FILM RIGHTS LIABILITIES:

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

	The G	The Group		
	31.03.2009	31.12.2008		
Programmes and Rights	16,442,890	23,287,332		
Less: Current portion	(14,746,044)	(21,447,115)		
Long-term portion	1,696,846	1,840,217		

#### 24. TRADE ACCOUNTS PAYABLE:

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

	The Group		The Company	
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Domestic suppliers	62,934,691	67,903,083	36,171,457	42,854,286
Foreign suppliers	12,312,658	18,437,747	2,665,927	7,343,836
Post dated cheques payable	8,962,218	6,450,309	7,846,465	4,694,076
	84,209,567	92,791,139	46,683,849	54,892,198

#### 25. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	The Group		The Group The Co.	
_	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Social security payable	1,084,892	1,603,277	667,909	1,219,033
Value added tax	2,322,736	627,920	-	-
Other taxes and duties	859,022	2,925,428	246,646	481,584
Customer advances	51,490	68,953	-	-
Interest accrued	-	1,455,649	-	-
Other current liabilities (intercompany amounts, etc)	4,001,203	2,617,855	14,961,832	840,437
- -	8,319,343	9,299,082	15,876,387	2,541,054



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

#### **26. GOVERNMENT GRANTS:**

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

	The Group		The Co	mpany
_	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Grants received	567,701	567,701	-	-
Government Grant N. 3299/2004 (Note 28)	8,992,074	8,992,074	8,562,074	8,562,074
Subprojects 6 & 7 of the Operational Programme				
"Information Society" (Note 28)	5,675,781	5,603,264	5,675,781	5,603,264
Previous year amortisation of subsidies	(3,910,986)	-	(3,634,058)	-
Credit to the comprehensive income	(841,428)	(3,910,986)	(822,532)	(3,634,058)
Ending Balance	10,483,142	11,252,053	9,781,265	10,531,280

Subsidies amortisation is included in other income in the accompanying interim condensed statements of income for the period ended March 31, 2009.

#### 27. RELATED PARTIES:

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

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

Related Party	Relation with Forthnet	Period ending at	Sales to related parties	Purchases from related parties
Technology and	Shareholder	31.03.2008	98,989	11,486
Research Foundation		31.03.2009	26,180	18,489
Forth CRS S.A.	Cychaidiamy	31.03.2008	22,952	435
FOR CRS S.A.	Subsidiary	31.03.2009	129,033	475
Telemedicine		31.03.2008	-	_
Technologies S.A.	Subsidiary	31.03.2009	-	-
		31.03.2008	805	1,500
Athlonet S.A.	Associated	31.03.2009	1,505	-
MultiChoice Hellas S.A.	Subsidiary	31.03.2008	-	-
Munichoice Helias S.A.	Substataty	31.03.2009	76,047	64,250
SYNED S.A.	Subsidiary	31.03.2008	31,154	-
STRED S.A.	Substataty	31.03.2009	96	-
NIETMED C A	C1: 4:	31.03.2008	-	-
NETMED S.A.	Subsidiary	31.03.2009	145	-
		31.03.2008	_	_
NetMed Hellas	Subsidiary	31.03.2009	31,154	3,123
Forthnet Media Holdings	G 1 ' 1'	31.03.2008	-	-
S.A.	Subsidiary	31.03.2009	240	42,000
	Total	31.03.2008	153,900	13,421
	Total	31.03.2009	264,400	128,337



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

Related Party	Relation with Forthnet	Period ending at	Amounts owed by related parties	Amounts owed to related parties
Technology and Research Foundation	Shareholder	31.12.2008 31.03.2009	5,686 22,362	12,126 160
Forth CRS S.A.	Subsidiary	31.12.2008 31.03.2009	161,090 314,734	32,072 32,548
Telemedicine Technologies S.A.	Subsidiary	31.12.2008 31.03.2009	336,675 136,677	-
Athlonet S.A.	Associated	31.12.2008 31.03.2009	2,489 921	17,131 10,229
MultiChoice Hellas S.A	Subsidiary	31.12.2008 31.03.2009	10,626 101,122	147,905 2,305,709
SYNED S.A.	Subsidiary	31.12.2008 31.03.2009	115	- -
NETMED S.A.	Subsidiary	31.12.2008 31.03.2009	- 172	-
NetMed Hellas	Subsidiary	31.12.2008 31.03.2009	47,931	12,918,712
Forthnet Media Holdings S.A.	Subsidiary	31.12.2008 31.03.2009	3,128 3,555	33,320 83,300
	Total Total	31.12.2008 31.03.2009	567,625 579,658	242,554 15,350,658

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

Related Party	Relation with Forthnet	Period ending at	Sales to related parties	Purchases from related parties
Technology and Research Foundation	Shareholder	31.03.2008 31.03.2009	98,989 26,180	11,486 18,489
Lumiere Productions S.A.	Shareholder	31.03.2008 31.03.2009		1,312,821
Lumiere Television Ltd	Shareholder	31.03.2008 31.03.2009		344,704
Lumiere Cosmos Communications	Shareholder	31.03.2008 31.03.2009	-	-
Tagmatarchis Charalambos	Members of the B.O.D. – Executive	31.03.2008	-	-
r agmatarenis Charatannoos	members	31.03.2009	-	40,788
	Members of the	31.03.2008	-	-
Gambritsos Georgios	B.O.D. – Executive members	31.03.2009	-	68,958
Athlonet S.A.	Associated	31.03.2008	805	1,500
		31.03.2009	1,505	
	Total	31.03.2008	99,794	12,986
	Total	31.03.2009	27,685	1,785,760



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 orthnet (amounts in Euro, unless stated otherwise)

Επωνυμία Εταιρείας	Σχέση με τον Ομιλο	Περίοδος που λήγει	Ποσά που οφείλουν τα συνδεδεμένα μέρη	Ποσά που οφείλονται στα συνδεδεμένα μέρη
Technology and Research Foundation	Shareholder	31.12.2008 31.03.2009	5,686 22,362	12,126 160
Forth e-com S.A.	Associated	31.12.2008 31.03.2009		- -
Lumiere Productions S.A.	Shareholder	31.12.2008 31.03.2009		6,378 396,333
Lumiere Television Ltd	Shareholder	31.12.2008 31.03.2009	320,301 320,301	337,627 169,089
Lumiere Cosmos Communications	Shareholder	31.12.2008 31.03.2009	-	10 10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.12.2008 31.03.2009	-	16,179
Gambritsos Georgios	Members of the B.O.D. – Executive members	31.12.2008 31.03.2009	-	-
Athlonet S.A.	Associated	31.12.2008 31.03.2009	2,489 921	17,131 10,229
	Σύνολα Σύνολα	31.12.2008 31.03.2009	328,476 343,584	373,272 592,000

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the period ending March 31, 2009 and March 31,2008, are analysed as follows:

	The G	roup	The Company	
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Salaries and fees for executive members of the BoD Salaries and fees for non executive	65,845	216,241	65,845	216,241
members of the BoD	34,800	34,800	34,800	34,800
Salaries and fees for Senior Managers	623,366	403,669	171,159	388,110
Total	724,011	654,710	271,804	639,151

#### 28. COMMITMENTS AND CONTINGENCIES:

**Litigation and Claims:** The Group is currently involved in a number of legal proceedings and has various claims pending arising in the ordinary course of business. Based on currently available information, management and its legal counsel believe that the outcome of these proceedings will not have a significant effect on the Group's and Company's operating results or financial position (Refer to Note 29).

Compensation of Senior Executives: According to the employment contracts of the Chief Executive Officer and certain senior executives, there is a provision for the payment of compensation at the end of their employment term which liability has been included in the provision for staff retirement indemnities. In addition, in case of early termination of their contracts by the Company without grounds or in case of forced resignation, the Company shall pay to them an additional compensation. The amount of the additional compensation amounted to approximately € 1.4 million at March 31, 2009 (approximately € 1.4 million at December 31, 2008).

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



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

2002, MBA's network covered in excess of 20% of the Greek population. A letter of guarantee of  $\in$  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 €28.54 million. The percentage of subsidy equals to 30% of the total investment, i.e. equal to the amount of € 8.5 million. Up to March 31, 2009, the Company had completed its investment of the above amount and a related provision of approximately € 8.5 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 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.

In addition, the subsidiary NetMed Hellas S.A. has received approvement from the Attica Region (GG 1314/27.07.2007) relating the multimedia content for advanced services business plan amounted to  $\in$  1,612,150. The percentage of subsidy equals to 30% of the total investment (i.e. equal to the amount  $\in$  483,645), and an application for the certification of completion of works has been submitted with protocol number 17297/12421/30.09.2008.

Furthermore, according to decision no. 32454/YPE/4/00525/E/l. 3299/2004/29.12.2006 (GG 341/13.03.2007) of the Minister and Deputy-Minister of Finance and Economics, the Company's subsidiary, Forth CRS S.A., business plan relating to the provision of innovative, large-scale electronic and broadband services in the sectors of tourism, transportation and culture in the region of Attica was approved in accordance with the provisions of Development Law 3299/2004. The amount of investment approved equals to approximately €1.8 million and the percentage of subsidy equals to 30% of the investment, i.e. € 540 thousand. At March 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 subprojects 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 March 31, 2009, the Company's investment amounted to € 18.9 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.



Notes to the Interim Condensed Financial Statements for the period ended March 31, 2009 (amounts in Euro, unless stated otherwise)

#### **Commitments:**

**Rent**: The Group has entered into commercial operating lease agreements for the lease of a building, office space and offices used as points of presentation for dealers. These lease agreements have an average life of 5 to 10 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancelable operating leases as at March 31, 2009 and at December 31,2008, are as follows:

	The C	The Group		ompany
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Within one year	2,026,557	1,847,561	1,769,666	1,673,096
2-5 years	6,352,788	5,611,674	5,852,931	5,226,052
Over 5 years	3,131,850	3,276,527	3,131,850	3,219,196
Total	11,511,195	10,735,762	10,754,447	10,118,344

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

	The Group		The Company	
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Good execution of agreements	27,453,940	19,898,399	19,606,770	12,467,875
Participation in biddings	287,345	256,000	39,845	8,500
Guarantee for advance payments received	3,822,735	6,709,735	3,822,735	6,709,735
Total				
	31,564,020	26,864,134	23,469,350	19,186,110

Contractual Commitments: The outstanding balance of the contractual commitments for the Group amounted to approximately  $\in$  58 million and for the Company amounted to approximately  $\in$  20 million at March 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  $\in$  8 million.

#### 29. LITIGATION - ARBITRATION:

- **A.** Forthnet's outstanding judicial claims against third parties amount to approximately € 38.7 million.
  - I. 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.



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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.

- II. (a) The remaining (apart from the above claims concerning regulatory and telecommunication law matters) judicial claims of the Company against third parties amount to approximately € 7.6 millions. For these judicial claims no related revenue has been provided by the Company in its financial statements.
  - (b) Judicial claims from a Cyprian company against the Company amount to  $\in$  2.6 million seeking a compensation resulting from an alleged cancellation of an agreement has been cancelled on the May 12, 2008 by decision from the court of Nicosia.
  - (c) There remains outstanding a 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 the consumer protection which violation consists in the without right use of the company name of OTE in the Company's advertising campaign. With its legal action, OTE claims amongst other the payment of compensation amounting to Euros five hundred thousands ( $\epsilon$  500.000,00) due to moral damages claimed to have suffered by it, and that amount with interest backwards from the date of legal notice of the said action (namely from 11/03/2009) and until payment thereof.
- **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 been heard yet.
  - ii) € 7.4 million approximately plus interest, concern claims of PAE, 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.
  - (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 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 € 12,2 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 based on the Audit Reports. Multichoice Hellas S.A. has filed appeals against the above actions before the Administrative Court of Athens. Trial date has not been set yet.
  - ii) € 810 thousand approximately, plus the legal interest, concerned a lawsuit of MSG MEDIA SERVICES S.A. as a compensation (lost future gains and moral harm) for the alleged as abusive, on the part of Multichoice Hellas S.A., rescission of their in-between cooperation agreement regarding the purchase and disposal of technical equipment and the provision of technical services. The judgement issued at first instance, 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 a cassation application.
  - iii) € 1.8 million approximately concerned a lawsuit of the company UNITEK S.A, an agent of Multichoice Hellas S.A, by which it demanded the as above amount to be paid to it, for disputes arising from their inbetween agreement. UNITEK S.A. quitted the claim of the said lawsuit, but it did not waive the relevant rights and consequently it is possible to come back.



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(b) The outstanding judicial claims of the subsidiary Multichoice Hellas S.A. against third parties amount to  $\in$  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  $\in$  325.877 relates to Multichoice'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 the amounts of subscriptions received by PASSPOINT.

It is stated that for the above mentioned judicial claims no related provision has been made by the Company in its financial statements.

#### **30. SUBSEQUENT EVENTS:**

On April 07, 2009, the Prefecture (of East Athens) approved the dissolution and settlement of Forthnet's subsidiary Ad Value as of March 31, 2009.

On April 10, 2009, the affiliated with Forthnet company NetMed Hellas announced the acquisition of the TV rights of UEFA Europa League (formerly branded as UEFA Cup) for the three-year period 2009-10, 2010-11 and 2011-12.

On April 24, 2009 Forthnet announced in accordance with the Athens Stock Market that the Forthnet Group signed 3 year Agreement with Greek Super League for the exclusive broadcasting of the games of 14 football teams of Super League for the three-year period 2009-2012 for the price of 105 millions Euros.

On May 4, 2009, the third series of Forthnet's bond was drawn down amounting to € 35 million. The Company entered into the bond loan agreement in June 29, 2007.

Iraklion, May 11, 2009

President of the Board of Directors

Chief Executive Officer

Ioannis Averof I.D. N. 772354 Pantelis Tzortzakis LD. X 072948

Chief Financial Officer

Chief Accountant

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