

ANNUAL FINANCIAL REPORT

for the year ended December 31, 2008

In accordance with L. 3556/2007

Forthnet S.A.

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



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STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

The following statements, which are effected in accordance with article 4 par. 2 of the 1..3556/2007, as applicable, are given by the following Members of the Board of Directors of the Company:

- 1. Ioannis Averof of Michalis, resident of Metsovo, President of the Board of Directors
- 2. Pantelis Tzortzakis of Michalis, resident of Kallithea Attica, 4, Atthidon Str., CEO and
- 3. Iasonas Stratos of Stamoulis, resident of Glyfada Attica, 22, Faidras Str., Member of the Board of Directors

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

- (a) the financial statements of the Company and the Group of the societe anonyme company under the name "Hellenic Company of Telecommunications and Telematic Applications Societe Anonyme" and trade title "Forthnet S.A." for the period from January 01, 2008 to December 31, 2008, which were compiled according to the applicable International Financial Reporting Standards, depict in a truthful way the assets and the liabilities, the equity and the results of the Company, as well as the companies' which are included in the consolidation as total, according to what is stated in paragraphs 3 to 5 of article 4 of the L.3556/2007 and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.
- (b) the Annual Report of the Board of Directors of the Company depicts in a truthful way the evolution, the achievements and the financial position of the Company, as well as the companies' which are included in the consolidation as total, including the description of the main risks and uncertainties they face and relevant information that is required according to what is stated in paragraphs 6 to 8 of article 4 of the l. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

	Athens, March 16, 2009	
Ioannis Averof	Pantelis Tzortzakis	Iason Stratos
President of the Board of Directors	Chief Executive Officer	Member of the Board of Directors



BOARD OF DIRECTORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

of

«Hellenic Company for Telecommunications and Telematic Applications S.A. - Forthnet S.A.» (according to the regulations of par. 6 of article 5 of L. 3556/2007)

Regarding the consolidated and separate Financial Statements for the year ended December 31, 2008

1. PERFORMANCE AND KEY FINANCIAL DATA

2008 was a transformational year for Forthnet particularly against a challenging credit environment. The past year's major achievements at a glance are as follows:

- a) Acquisition of the Pay TV platform "NOVA"
- Successful rights issue in Forthnet's share capital by € 137.6 million, with total proceeds reaching € 299.6 million
- c) Signing and drawdown of a 9 year Committed Credit Facility amounting to € 245 million by Forthnet Media Holdings S.A., (a 100% subsidiary of the Company)
- d) 23.6% increase in telecommunication services revenues
- e) Successful replacement in NetMed management and gradual integration with Forthnet.

More specifically, the main events of the year were as follows:

Telecommunication Services (Forthnet)

Market Data

The year of 2008 was characterized by the accelerated roll-out of services based n Local Loop Unbundling. The efforts of the Company were aimed at the development of LLU infrastructure in the areas outside the Metropolitan Areas of Athens and Thessaloniki while we continued the investment in private network infrastructure within the two Metropolitan Areas. The Company managed to exploit commercially the investments in infrastructure through a strong increase in customer base of LLU services, and in parallel it achieved a fast migration of existing customers from wholesale services to LLU services.

Thus, at the end of 2008 the Company achieved:

- 208k active LLU customers by end of December 08
- 23.6% revenue growth (excluding NetMed contribution)
- 32% LLU market share BY December end '08
- 35% share in net LLU activations with 132k new activations in '08

Local Loop Unbundling (LLU)

The investments in LLU infrastructure outside the Areas of Athens and Thessaloniki allowed the Company to expand its efforts in gaining new customers for its LLU services, thus achieving a q-on-q increase in LLU market share.

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	Q4 '08	Q3 '08	Q3 '08	Q1 '08	Q4 '07	
New LLU customers	35,804	26,085	38,590	30,810	33,820	
Market share ¹ in new LLU customers	36%	33%	37%	32%	30%	
Active LLU customers	207,688	171,884	145,800	107,210	76,400	
LLU market share ¹	32.1%	31.5%	31.3%	29.7%	27.9%	

¹ According to NRA data published in January 2009



Forthnet is the leading unbundler in Greece with an overall market share of 32% by the end of 2008, and an average market share of 36% in new LLU customers during the 4^{th} quarter of '08. The combined telephony and internet services are the major growth driver, constituting 76% of the total LLU active customers. The double play ARPU for the Q4 2008 was \notin 40.5 (VAT excl.).

The emphasis given by the Company in the LLU market and the migration of its existing customer base from wholesale to LLU services, is further depicted in the evolution of its total broadband customer base. As presented in the next table, the LLU customers grow faster than the overall broadband customers, due to the migration that takes place:

Forthnet Broadband Customers	31/12/08	30/09/08	30/06/08	31/03/08
Total ² Broadband Customers	274,150	250,480	230,710	216,776
New broadband customers ²	23,670	19,770	13,934	16,429
LLU active Customers	207,868	171,885	145,800	107,210

Telecommunication Services Results (Forthnet – excluding NetMed Group and Intervision Services BV) The shift of the focus from Wholesale to LLU services and the continuing organic growth of bundled services led to a quicker than anticipated reversal of the Company's results, to a positive EBITDA contribution for Q3 and Q4 of 2008:

	(in thousand euro)	Q4 '08	Q3 '08	Q2 '08	Q1 '08
Revenue		41,352	36,915	35,670	33,613
Adjusted EBITDA*		2,914	878	-1,670	-3,413
EBITDA margin		7.05%	2.38%	-4.68%	-10.15%
CAPEX		15,470	12,593	22,679	18,411

^{*} Adjusted EBITDA is defined as earnings before interest taxes, depreciation and amortization as well as any cash adjustments associated with stock option valuation and extraordinary impairment charges of assets.

The shift to LLU services is also illustrated in the following revenue analysis:

Revenue Analysis	(in thousand euro)	2008	2007	Diff (%)
Residential LLU services		65,199	11,501	466.91%
Residential Wholesale Services		35,471	67,353	-47.34%
Business Services and Applications	S	46,881	40,563	15.58%
Total Revenue		147,551	119,417	23.6%

For 2008 Telecommunication Services had total revenues of € 147.6 million representing a 23.6% increase to 2007.

Pay-TV Services (Nova)

Nova is the leading Pay TV service provider in Greece, offering a wide range of Pay TV programs through digital satellite and analogue terrestrial transmission in Greece and Cyprus.

During 2008 Nova achieved their targets, which were the increase of the digital subscribers and the enrichment of the offered content with new channels. For the period ended in December 2008 Nova increased its subscription revenues and its strong cash generation allowed the repayment of all its bilateral bank debt lines.

During 2008 Nova renewed the agreements for the existing 4 transponders, and finalised the agreement for a new 5th transponder which will become operational during the later part of 2009.

By the end of December 2008 Nova had 362,739 customers (digital subscribers were the 88.7% of the total subscribers) in Greece and Cyprus, from 357,565 by the end of 2007 (with digital subscribers to 85.3% of the total subscriber base).

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² Active & Pending wholesale plus active and pending LLU subscribers



Group Results

The consolidation of Nova financials in Forthnet Group improves considerably the Group performance, contributing healthy operating profitability and strong cash flow generation leading to an overall de-risking of the Group's outlook. For the 4th Quarter 2008 the Group Results compared to the proforma results of the 4th Ouarter 2007 are listed below:

(in thousand euro)		Q4 '07			Q4 08	
	Forthnet	Nova	Proforma GROUP	Forthnet	Nova	GROUP
Revenues	33,395	52,667	86,062	41,352	53.464	94,817
Adjusted EBITDA	-1,277	11,909	10,632	2,914	13,269	16.183
EBITDA margin	-3.82%	22.61%	12.35%	7.05%	24.82%	17.07%

Twelve-month Group Results:

Results	(in thousand euro)	2008	2007	Q4 '08	Q4 '07
Total Revenue		218,193	119,417	94,817	33,395
Reported EBITDA		6,474	-20,086	13,660	-1,917
Adjusted EBITDA (for non	-cash movements)	15,446	-17,253	16,183	-1,277
Loss before Taxes		-54,573	-40,443	-18,761	-8,865
Loss before taxes and minori	ty interests	-40,485	-32,533	-8,379	-7,558

From 01/09/2008 Nova is consolidated in Forthnet Group.

2. MAJOR EVENTS FOR THE YEAR ENDED 2008

NOVA platform Acquisition

On April 14, 2008, Forthnet entered into an agreement for the acquisition (the "Acquisition") of all shares in the foreign companies NetMed N.V. and Intervision (Services) B.V. (the "Acquired Companies"). NetMed N.V. is the parent company of, among others, NetMed Hellas S.A. and Multichoice Hellas S.A. which offer pay-TV services in Greece and in Cyprus. The Completion of the Acquisition was subject to certain conditions, including the approval of the Acquisition and the indirect change of control of undertakings affiliated to NetMed N.V. by the competent authorities in Greece and in Cyprus, as well as the approval of Forthnet's share capital increase from the Extraordinary General Meeting of the Company's shareholders.

On July 30, 2008, Forthnet announced that it has obtained all regulatory approvals required to complete the Acquisition and on August 5, 2008 Forthnet successfully completed the increase of its share capital by €137.56 million, which took place from July 18, 2008 up to and including August 01, 2008 was by existing shareholders and persons who acquired pre-emption rights during their trading period as the increase was oversubscribed by approximately 1.66 times. The increase was subscribed by 100%, and the total proceeds amounted to € 299.60 million. As a result of the above, the Company's share capital has increased by € 137.56 million through the issuance of 116.57 million new registered ordinary shares, each having a nominal value of €1.18. Therefore, the Company's share capital will amount to € 183.41 million, divided into € 155.43 million ordinary registered voting shares, each having a nominal value of € 1.18.

On August 27, 2008, Forthnet completed the acquisition of all shares in NetMed N.V. and Intervision (Services) B.V. (the "Acquisition") through its 100% subsidiary, Forthnet Media Holdings S.A. («FMH»), against payment of a total consideration of € 491,653,113. In addition, at completion of the Acquisition, three commercial agreements were entered into among members of the group of Naspers Limited and NetMed Hellas S.A., Multichoice Hellas S.A., Intervision (Services) B.V., Multichoice Holding (Cyprus) Limited and Multichoice (Cyprus) Public Company Limited now controlled by Forthnet in connection with, as applicable, the acquisition of the "Nova" trade mark, the granting of licence for the use of trade marks and domain names and the provision of services, to ensure their smooth commercial operation following completion of the Acquisition.



Moreover, at completion of the Acquisition, the relevant corporate bodies of NetMed N.V., Intervision (Services) B.V. and the direct and indirect domestic and international subsidiaries of NetMed N.V. held an extraordinary session and elected new members of their Board of Directors who are coming mainly from Forthnet's staff. As already announced, the funds for the payment of the total consideration of the Acquisition derived from the increase of Forthnet's share capital, which was recently completed, and the partial issuance of the bond facility amounting to & 200,000,000 by FMH, which were subscribed by National Bank of Greece, Alpha Bank, ATE Bank and Millennium Bank.

Network Development and Investments during 2008

During 2008 Forthnet activated 77 Collocations, thus offering LLU services to 154 Local Exchanges and in 48 capital cities with 151 Physical and 4 Remote Collocations. Additionally, the Company continued the roll-out of Fiber Optic backhaul Network, which covered 90 Local Exchanges by the end of 2008. During the year, the new international interconnection through Bulgaria was activated following the IRU agreement achieved in 2007. The new interconnection strengthened Forthnet's positioning in the LLU market of North Greece, by significantly enhancing the Quality of the Services offered. By the end of 2008 the total International Interconnections had reached a capacity of 17Gbps. In parallel, Forthnet continued the upgrade of the Interconnections to Athens Internet Exchange, with capacity by end of 2008 to 2Gbps.

Forthnet Shops

The Forthnet shops retail network continued to expand during 2008. By the end of December 2008, the total Forthnet shops reached 86, covering 49 cities of Greece, and by the end of February 2009, the number of Forthnet shops increased further to 101. Together with the geographical expansion, new functionalities were added to the services offered by the shops, as a result of the acquisition of Nova.

3. RISKS FOR THE YEAR 2009

Credit Risk: The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2008, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets. The Group has no significant concentrations of credit risk with any single counter party. Trade accounts receivable consist primarily of a large and diverse customer base. All Group companies monitor the financial position of their debtors on an ongoing basis. Also, as regards money market instruments, the Group only deals with well established financial institutions of high credit standing.

Foreign Exchange Risk: The Group is exposed to variations in foreign currency exchange rate which arise mainly from US- Dollar. This kind of risk arises mainly from trade transactions in foreign currency. Therefore, the Group is potentially exposed to market risk related to possible foreign currency fluctuations, which is however, mitigated to some extent by the set-off of credit and debit balances in the same currencies. Forthnet does not engage into speculative transactions or transactions that are irrelevant to the commercial, investing or financing activities of the Group.

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

_	The G	roup	The Gr	oup		
	December 31, 2008 De		December 3	ember 31, 2007		
	Interest Rate Variation	Effect on income	Interest Rate Variation	Effect on income		
EURO	1.0%	2,859,945	1.0%	338,410		
	-1.0%	-2,859,945	-1.0%	-338,410		

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



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

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

Risks related to Telecommunication Services:

- Forthnet's growth prospects depend on the continued increase in demand for broadband services and general economic development in Greece. The telecommunications market in Greece is characterised by intense competition that produces price pressures.
- Forthnet may face delays and cost overruns in expanding its network, relating to factors outside its control.
- The expansion of Forthnet's network substantially depends on its ability to unbundle an increasing number of local loops and also on factors outside its control.
- Forthnet's sales and distribution network is dependent on the success of its franchisees.

Risks Relating to pay TV Services:

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



4. RELATED PARTIES

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

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

Related Party	Relation with Forthnet	Fiscal Years	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Technology and	Shareholder	2007	155,130	53,903	80,306	12,925
Research Foundation	Shareholder	2008	196,393	74,216	5,686	12,126
Forth CRS S.A.	Subsidiary	2007	216,070	21,587	162,287	15,255
rotui CKS S.A.	Subsidiary	2008	122,340	28,719	161,090	32,072
Telemedicine	C1: 4:	2007	-	-	336,675	-
Technologies S.A.	Subsidiary	2008	-	-	336,675	-
Forth e-com S.A.	Associated	2007	18,074	520,000	-	-
rorui e-com s.A.	Associated	2008	-	-	-	-
Athlonet S.A.	Associated	2007	9,331	12,260	1,736	5,698
Atmonet S.A.	Associated	2008	8,539	25,846	2,489	17,131
MultiChoice Hellas S.A.	Subsidiary	2007	_	-	-	-
Multichoice Helias S.A.	Subsidiary	2008	8,930	168,634	10,626	147,905
NetMed Hellas S.A.	Subsidiary	2007	-	-	-	-
Netwed Helias S.A.	Subsidiary	2008	40,278	-	47,931	-
Forthnet Media Holdings	Cubaidiam	2007	-	-	-	-
S.A.	Subsidiary	2008	720	28,000	3,128	33,320
	Total	2007	398,605	607,750	581,004	33,878
	Total	2008	377,200	325,415	567,625	242,554



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

Related Party	Relation with the Group	Fiscal Years	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Technology and Research Foundation	Shareholder	2007 2008	155,130 196,393	53,903 74,216	80,306 5,686	12,925 12,126
Forth e-com S.A.	Associated	2007 2008	18,074	520,000		
Lumiere Productions S.A.	Shareholder	2007 2008	-	1,562,700		6,378
Lumiere Television Ltd	Shareholder	2007 2008	-	792,353	320,301	337,627
Lumiere Cosmos Communications	Shareholder	2007 2008	-	-	- -	10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	2007 2008	-	54,384	-	16,179
Gambritsos Georgios	Members of the B.O.D. – Executive members	2007 2008	-	91,945	-	-
Athlonet S.A.	Associated	2007 2008	9,331 8,539	12,260 25,846	1,736 2,489	5,698 17,131
	Σύνολα Σύνολα	2007 2008	182,535 204,932	586,163 2,601,444	82,042 328,476	18,623 389,451

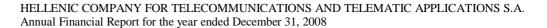
Salaries and fees for the members the Board of Directors and the general managers of the Group for the fiscal years 2008 and 2007, are analysed as follows:

	The Group		The Con	npany
	2008	2007	2008	2007
Salaries and fees for executive members				
of the BoD	483,806	430,619	483,806	430,619
Salaries and fees for non executive				
members of the BoD	139,200	139,200	139,200	139,200
Salaries and fees for Senior Managers	1,902,828	1,370,753	1,181,026	1,245,871
Total	2,525,834	1,940,572	1,804,032	1,815,690

Furthermore, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Management relating to stock option plans amounted to $\[mathcal{\in}\]$ 3,057,573 (December 31, 2007 $\[mathcal{\in}\]$ 1,199,976, respectively).

Moreover, benefits provided by Group NetMed N.V. and Intervision (Services) B.V. to Managers and executive members of the BoD relating to Acquisition process amounted to \mathfrak{E} 5,540,216.

In addition, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Managerial executives relating to termination compensation amounted to \in 126,945 and \in 79,038, respectively (December 31, 2007 \in 68,609 and \in 66,409 respectively).





5. PROSPECTS AND INVESTMENTS FOR THE YEAR 2009

For 2009 the Group will continue its investments for the development of a nationwide broadband network in order to be able to offer bundled services that will include Internet access, telephony and content services. The primary target is to continue the expansion of the private infrastructure in order to improve the cost structure of the offered services, and in order to be able to provide new innovative services. Additionally, the Group will continue its efforts to further enrich the content of its Pay TV services with great choice and high quality content in order to retain its leading position on the Pay TV market segment.

More specifically:

<u>Residential Services</u> the Company during 2009 will focus on the further expansion of its customer base over LLU and bundled services, through the following actions:

- Enhancement of the Forthnet 2play service with new services and added value features.
- Commercial utilization of the collaboration with NOVA via/through cross sell & joint sell activities.
- Emphasis on the synergies from the acquisition of NOVA, with focus in the migration of the NOVA customer base to 2play LLU services, and on reducing the churn of the offered services.
- Continuing the migration of wholesale customers to LLU services.
- Maintain the competitive pricing policy, by further exploiting the Forthnet shops retail chain.
- Further development of the Premium telephony services (800, 801 & 90) targeting at higher penetration in the current business customer base and in parallel attracting new business customers.

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

Finally, the *Forthnet Shops* will continue the geographical expansion with the target of 115 shops by end of 2009. Emphasis will be given on the sales growth per shop and on the improvement on the quality of the offered services to the customers. The ultimate drivers are:

- Reallocation of the sales per channel, so the Forthnet shops chin will become the main sales channel of the Group.
- Improvement of market share and operating profitability throughout the improvement of diversity ratio and VAS.

<u>Business and SME services</u> during 2009 emphasis will be given on the further exploitation of the private infrastructure with systematic migration of customers from 3rd party physical access to private network, in order to improve the profit margin of the services. In parallel, the Company will focus in cross-selling to existing customers in order for the Company to cover the customer telecommunication needs.

More specifically the basic trading policies for the attraction of Business Clients will include:

- Migrate existing customers to private infrastructure.
- Offer new abilities in migrating from legacy data services (FR and IP VPN) to MPLS VPN.
- Develop of a new VPN packet that will offer bundled services, that is data VPN, Voice VPN, internet access through central secure firewall, and firewalling services.
- Enhance the offered Ethernet Leased Lines and offer competitive Internet Access services aiming at large capacity connections
- Put further emphasis on the Service Level Agreement services and connectivity backup solutions.
- Aim at cross-selling of eBusiness (Data Center, Interactive Marketing etc) services to existing customers.

Respectively, regarding the market of Small-to-Medium sized Businesses, emphasis will be laid on:

- The development of new combinative services for access, telephony and data center (Forthnet Professional), based on its private network, aiming at the reinforcement of the Company in the SOHO and SMEs market.
- Re-adjustment of the pricelists of Premium Data Center services, so that to attract high ARPU customers that require less space and more bandwidth.
- Most optimal exploitation of available space in the Company's Data Center in Ag. Stefanos via virtualization and migration and parallel evaluation of alternative movements to some other places.



Finally, regarding Public Sector during 2009, the provision of Public billing projects will be amount to €2.6 m. approximately which will be increased with new projects, acceptance of those which are in evaluation phase or in enhancement of the existing.

Investments:

For 2009 the main target is the expansion of the Optical Fiber network outside Athens and Thessaloniki areas and the construction of Metropolitan Access Networks in main Greek cities in order to cover with private network infrastructure the maximum possible number Local Exchanges. In parallel, during 2009 the Group will exert its efforts on completing the investments under the EU founded program of Information Society (known also as Invitation 157). More specifically during 2009 the Group has scheduled the following:

- Attica Metropolitan Network: The target is to reach 250km by end of 2009 covering 70 OTE Local Exchanges.
- *Thessaloniki Metropolitan Network*: The estimated total length is 67km by end of 2009 covering 13 Forthnet PoPs and OTE Local Exchanges.
- *Metropolitan Networks in Major Greek Cities*: During 2009 the networks in Patras, Alexandroupolis, Rhodes, Ioannina and Mitilini will become operational.
- Backbone Serres Alexandroupolis Kipoi: During 2009 the construction of the network will be completed and the commercial commencement will take place, covering all the main cities between the two ends. The total length of its network by the end of 2009 is estimated to be 363km.
- Thessaloniki west Ring: The network with a total length of 80km is part of the Invitation 157 investments and will cover remote collocations in OTE Local Exchanges. with a total length of 80 Km. to Mandra, Glyka Nera, Igoumenitsa, Ierapetra, Sitia
- Laterals of Optical Network: Part of Invitation 157 investments, which will connect remote collocations to the main Optical Fiber backbone in North Greece. Their total length is estimated to 800km.
- Optical Fiber Networks in Islands: Part of the investments for Invitation 157, it will cover the main remote collocations in the islands of Rhodes, Lesvos, Chios, Samos with a total length of 350km.
- Construction/expansion of the Physical Collocations:
 - 1. During 2009 it is expected that 5 new Physical Collocations will become commercially operational, therefore increasing the total number of physical collocations of Forthnet to 157 at the end of 2009.
 - 2. Forthnet participated in the construction plan of OTE regarding the expansion of 25 Physical Collocation sites, ensured the appropriate space for the new 75 racks locations
- Remote Collocations construction: During 2009, a total number of 330 remote collocations will commence, as part of the Invitation 157 investments.
- International and National Internet Interconnections: The Company will continue the upgrade of the international and National interconnections. Thus the total international interconnections are expected to reach a capacity of 25Gbps by the end of 2009. In parallel, the commencement of the GR-IX is expected to significantly improve the national interconnections between the Greek ISPs. Forthnet has already installed a private physical circuit with capacity of 10Gbps.

Pay-TV

The main targets for 2009 are the upgrade of the customers' experience of the digital packages with new services and options, adding more content in order for the Group to increase profitably its subscriber base. Over and above, the Group will focus on:

- 1. Further upgrading the NovaCinema and NovaSports digital channels.
- 2. Agreements for premium sports events both nationally and internationally, agreements for enrichment of the movie content and addition/renewal of Thematic Channels with focus on quality content for children.
- 3. Upgrade of the transmitted signal with investments in new technologies.
- 4. Effective cost control in all levels in order to increase the profit margins (subscriptions, advertisements, sales of rights).
- 5. Preserving the image of the NOVA brand.



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying parent and consolidated financial statements of Hellenic Company for Telecommunications and Telematic Applications S.A. "Forthnet S.A." (the "Company") which comprise of the parent and consolidated and balance sheet as at December 31, 2008, and the statements of income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the aforementioned parent and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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

Athens, March 17, 2009

The Certified Auditors Accountants

CHRIS PELENDRIDIS R.N. ICA (GR) 17831 STAVROS SALOUSTROS R.N. ICA (GR) 14611

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

■ ERNST & YOUNG

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





ANNUAL FINANCIAL STATEMENTS

for the year ended December 31, 2008

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



		The Group		The Co	mpany
	Notes	01.01- 31.12.2008	01.01- 31.12.2007	01.01- 31.12.2008	01.01- 31.12.2007
Revenues Cost of sales	4 9	211,756,540 (198,531,525)	118,842,370 (115,815,261)	136,110,828 (137,466,991)	113,978,698 (112,600,756)
Gross profit/(loss)	,	13,225,015	3,027,109	(1,356,163)	1,377,942
Selling and distribution expenses Administrative expenses	9 9	(44,259,825) (17,363,861)	(32,841,972) (9,064,712)	(33,197,630) (10,481,388)	(31,807,665) (8,559,406)
Research and development expenses Other income Share of profits of associates accounted for under the equit	9 4, 29	(2,599,468) 6,436,748	(1,827,699) 574,461	(2,599,468) 5,253,140	(1,827,699) 340,896
method Financial income Financial expenses	11 8 8	3,274 2,271,456 (12,286,739)	4,462 2,334,093 (2,648,243)	1,386,135 (5,076,117)	2,323,588 (2,545,943)
Loss before income taxes	10	(54,573,400) 13,702,043	(40,442,501) 7,912,211	(46,071,491) 5,886,337	(40,698,287) 7,965,189
Income taxes Net loss	10	(40,871,357)	(32,530,290)	(40,185,154)	(32,733,098)
Attributable to: Equity holders of the parent Minority interests		(40,484,720) (386,637) (40,871,357)	(32,532,801) 2,511 (32,530,290)	(40,185,154) - (40,185,154)	(32,733,098)
Loss per share (Basic and Diluted)	31	(0.4855)	(0.8439)	(0.4773)	(0.8491)
Weighted Average Number of Shares (Basic)	31	84,191,967	38,549,492	84,191,967	38,549,492
Weighted Average Number of Shares (Diluted)	31	84,191,967	38,799,573	84,191,967	38,799,573

The accompanying notes are an integral part of the Financial Statements



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Annual Financial Report for the year ended December 31, 2008 BALANCE SHEET AS AT DECEMBER 31, 2008 (amounts in euro, unless stated otherwise)

		The Group		The Cor	mpany
	Notes	31.12.2008	31.12.2007	31.12.2008	31.12.2007
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	230,382,168	122,893,920	153,775,026	121,772,564
Intangible assets	13	269,166,534	16,872,009	15,002,342	14,786,324
Goodwill	11	727,519	727,519	512,569	512,569
Provisional goodwill	11	285,965,176	-	-	-
Investments in subsidiaries	11	-	-	289,113,234	4,053,234
Investments in associates accounted under the equity method	11	69,284	66,010	44,500	44,500
Other non-current assets		1,291,429	269,138	240,022	220,141
Available for sale financial assets	14	379,877	379,877	330,149	330,149
Programme and film rights	15	297,864	-	-	-
Deferred tax assets	10	34,092,165	17,017,253	24,162,579	16,753,955
Total Non-Current Assets		822,372,016	158,225,726	483,180,421	158,473,436
Current Assets					
Inventories	16	6,846,673	1,316,383	1,859,398	1,182,931
Film and sport rights	15	31,865,284	-	-	-
Trade accounts receivable	17	55,183,317	31,356,622	31,970,470	28,138,279
Prepayments and other receivables	18	32,779,863	19,416,032	21,130,099	19,324,585
Cash and cash equivalents	19	79,510,860	56,120,418	14,864,016	55,701,928
Total Current Assets		206,185,997	108,209,455	69,823,983	104,347,723
TOTAL ASSETS		1,028,558,013	266,435,181	553,004,404	262,821,159
Share premium Other reserves Accumulated deficit Minority interests Total Equity Non-Current Liabilities Long-term borrowings	21	300,981,286 12,864,883 (112,790,260) 384,464,872 4,388,902 388,853,774 315,285,988	143,510,993 6,415,982 (72,305,540) 123,473,676 43,428 123,517,104 49,821,935	300,981,286 12,242,213 (112,175,767) 384,456,695 - 384,456,695 84,225,806	143,510,993 5,793,312 (71,990,613) 123,165,933 - 123,165,933 49,101,935
Long-term transponder leases	25	60,441,236	-7,021,733	-	42,101,233
Other long-term leases	24	2,068,223	2,234,396	2,068,223	2,209,154
Other long-term obligations	24	35,000	2,234,370	35,000	2,207,134
Long-term obligations of programmes and film rights	26	1,840,217	_	33,000	_
			1 212 495	1.524.002	1 242 794
Reserve for staff retirement indemnities	30 29	3,157,009	1,312,485	1,524,902	1,242,784
Government grants		11,252,053	7,749,355	10,531,280	7,738,053
Deferred tax liability	10	54,501,066			
Total Non-Current Liabilities		448,580,792	61,118,171	98,385,211	60,291,926
Current Liabilities	27	92,791,139	69 719 002	£4 902 109	69 545 610
Trade accounts payable	27 23		68,718,092	54,892,198	68,545,610
Short-term borrowings		1,184,499	1,155,516	-	-
Current portion of interest bearing loans and borrowings	23	10,144,000	-	-	-
Deferred income	3	37,389,950	7,766,242	12,382,307	7,766,242
Current portion of transponder leases	25	9,525,898	-	-	-
Short-term portion of finance lease obligations	24	465,765	185,182	140,930	132,359
Current portion of programmes and film rights	26	21,447,115	-	-	-
Taxation		8,875,999	252,537	206,009	215,508
Accrued and other current liabilities	28	9,299,082	3,722,337	2,541,054	2,703,581
Total Current Liabilities		191,123,447	81,799,906	70,162,498	79,363,300
Total Liabilities		639,704,239	142,918,077	168,547,709	139,655,226

The accompanying notes are an integral part of the Financial Statements



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Annual Financial Report for the year ended December 31, 2008 STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2008 (amounts in Euro, unless stated otherwise)

		Attridutable to equi	ty holders of the	parent company		Minority Interests	Total Equity
The Group	Share capital	Sh ar e premium	Other reserves	A ccu mu lated d eficit	Total		
Balance at December 31, 2006	45,478,005	142,188,659	3,583,262	(39,772,739)	151,477,187	36,785	151,513,972
Loss for the year 2007	-	-	=	(32,532,801)	(32,532,801)	2,511	(32,530,290)
Issuance of share capital	374,236	1,325,683	-	-	1,699,919	-	1,699,919
Share capital issuance costs (net from deferred tax)	-	(3,349)	-	-	(3,349)	-	(3,349)
Employee stock option plan	-	-	2,832,720	-	2,832,720	-	2,832,720
Minority interest on reserves distributed by subsidiary	-	-	-	-	-	4,132	4,132
Balance at December 31, 2007	45,852,241	143,510,993	6,415,982	(72,305,540)	123,473,676	43,428	123,517,104
Balance at December 31, 2007	45,852,241	143,510,993	6,415,982	(72,305,540)	123,473,676	43,428	123,517,104
Acquisition of subsidiary	-	-		-		4,732,111	4,732,111
Loss for the year 2008	-	-	=	(40,484,720)	(40,484,720)	(386,637)	(40,871,357)
Employee stock option plan	-	-	6,448,901	-	6,448,901	-	6,448,901
Issuance of share capital	137,556,722	162,037,155	-	-	299,593,877	-	299,593,877
Share capital issuance costs (net from deferred tax)	-	(4,566,862)	-	-	(4,566,862)	-	(4,566,862)
Balance at December 31, 2008	183,408,963	300,981,286	12,864,883	(112,790,260)	384,464,872	4,388,902	388,853,774
			Other	Accumulated			
The Company	Share capital	Share premium	reserves	deficit	Total		
Balance at December 31, 2006	45,478,005	142,188,659	2,960,592	(39,257,515)	151,369,741		
Issuance of share capital	374,236	1,325,683		-	1,699,919		
Share capital issuance costs (net from deferred tax)	-	(3,349)	-	-	(3,349)		
Employee stock option plan	-	-	2,832,720	-	2,832,720		
Loss for the year 2007		<u> </u>		(32,733,098)	(32,733,098)		
Balance at December 31, 2007	45,852,241	143,510,993	5,793,312	(71,990,613)	123,165,933		
Balance at December 31, 2007	45,852,241	143,510,993	5,793,312	(71,990,613)	123,165,933		
Loss for the year 2008	-	-	-	(40,185,154)	(40,185,154)		
Employee stock option plan	-	-	6,448,901	-	6,448,901		
Issuance of share capital	137,556,722	162,037,155	-	-	299,593,877		
Share capital issuance costs (net from deferred tax)	-	(4,566,862)	-	-	(4,566,862)		
Balance at December 31, 2008	183,408,963	300,981,286	12,242,213	(112,175,767)	384,456,695		



		The Group		The Cor	The Company	
		01.01-	01.01-	01.01-	01.01-	
	Notes	31.12.2008	31.12.2007	31.12.2008	31.12.2007	
Cash flows from Operating Activities						
Loss before income taxes		(54,573,400)	(40,442,501)	(46,071,491)	(40,698,287)	
Adjustments for:						
Depreciation and amortisation	7	54,205,558	20,047,221	36,121,102	19,230,642	
Amortisation of subsidies	29	(3,169,775)	-	(2,960,597)	-	
Loss/(gains) on disposal of tangible and intangible assets		(292,446)	352,242	(113,605)	354,321	
Financial (income)/expenses	8	10,015,283	314,150	3,689,982	222,355	
Share of profits of associates accounted for under the equity method	11	(3,274)	(4,462)	-	-	
Allowance for doubtful accounts receivable	13	5,153,006	4,930,000	4,580,000	4,900,000	
Provision for staff retirement indemnities	30	467,792	372,211	354,672	348,378	
Stock option plan	6, 32	6,448,901	2,832,720	6,448,901	2,832,720	
Operating profit/(loss) before working capital changes		18,251,645	(11,598,419)	2,048,965	(12,809,871)	
(Increase)/Decrease in:						
Inventories		2,782,759	(27,792)	(676,467)	(13,805)	
Trade accounts receivable		(8,586,614)	(5,696,048)	(8,412,191)	(4,638,545)	
Programme and Film Rights Prepayments and other receivables		(10,139,413)	(11,672,609)	(1.905.514)	(11 505 124)	
Increase/(Decrease) in:		5,308,887	(11,672,608)	(1,805,514)	(11,585,134)	
Trade accounts payable		(7,995,906)	13,562,726	(9,798,429)	14,044,653	
Deferred income		7,027,192	1,424,031	4,616,064	1,424,031	
Accrued and other current liabilities		5,652,355	6,724,190	5,460,609	6,521,972	
Interest paid		(8,557,812)	(2,380,635)	(4,944,641)	(2, 289, 888)	
Tax paid		(2,086,453)	(63,956)	-	(63,956)	
Payment of staff retirement indemnities	30	(78,154)	(106,329)	(72,554)	(97,761)	
Increase in other long-term liabilities		(25,133)	(83,650)	(19,881)	(77,881)	
Increase in other long-term obligations		35,000	(1,219,750)	35,000	(1,219,750)	
Net cash from/(used in) Operating Activities		1,588,353	(11,138,240)	(13,569,038)	(10,805,935)	
Cash flows from Investing Activities						
Capital expenditure for property, plant and equipment		(65,278,571)	(39,778,658)	(64,872,864)	(38,977,750)	
Pur chase/development of intangible assets		(7,623,627)	(5,844,090)	(7,352,388)	(4,989,490)	
Disposals for property, plant and equipment and intangible assets		144,292	26,890	144,292	24,455	
Interest and related income received		2,466,901	2,219,875	1,499,718	2,210,005	
Acquisition of Loan Obligation	11	(61,652,458)	-	-	-	
Sales of financial assets at fair value through profit or loss		-	68,130,477	-	68,130,477	
Investment in subsidiary		(33,660)	-	(285,060,000)	(599,584)	
Acquisition of group of companies	11	(390,756,446)				
Net cash from/(used in) Investing Activities		(522,733,569)	24,754,494	(355,641,242)	25,798,113	
Cash flows from Financing Activities						
Net proceeds from the issuance of share capital		293,504,728	1,695,454	293,504,728	1,695,454	
Net proceeds from long-term borrowings		265,464,053	49,821,935	35,000,000	49,101,935	
Repayment of long-term borrowings		(18,000,000)	(34,000,000)	-	(34,000,000)	
Net Change in short-term borrowings		7,172,982	151,125	(122.260)	(100.701)	
Net Change in leases Not each from Financing Activities		(3,606,105)	(141,654)	(132,360)	(108,701)	
Net cash from Financing Activities		 _	17,526,860	328,372,368	16,688,688	
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of period		23,390,442 56,120,418	31,143,114 24,977,304	(40,837,912) 55,701,928	31,680,866 24,021,062	
Cash and cash equivalents of acquired companies		79,510,860	56,120,418	14,864,016	55,701,928	

The accompanying notes are an integral part of the Financial Statements



1. CORPRORATE 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 to the percentage of 34.79% 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-tobusiness medical services.

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



On August 27, 2008, Forthnet completed the acquisition of all shares in NetMed N.V. and Intervision (Services) B.V. through its 100% subsidiary "Forthnet Media Holdings S.A.", against payment of a total consideration € 491,653,113 (Note 11).

NetMed N.V.'s subsidiaries which are consolidated 100% in Forthnet Media Holdings S.A. for the first time in this fiscal year are the following:

Entity name	Date of incorporation	Country of incorporation	Operating activities
NetMed N.V.	January 12, 1996	Netherlands	Holding company
			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
NetMed Hellas S.A.	January 23, 1992	Greece	content is licensed to NetMed Hellas S.A through Intervision. The Company compiles and operates the Nova bouquet,
MultiChoice Hellas S.A.	September 14, 1994	Greece	distributes decoders, manages the analogue and digital subscriber base and markets and sells NetMed Group's digital and analogue Pay-TV services in Greece. The Company operates and maintains the digital satellite
Syned S.A.	February 23, 1996	Greece	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,	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

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 December 31, 2008, amounted to 1,538 while that of the Company to 914. At December 31, 2007, the respective number of employees was 992 for the Group and 935 for the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

(a) Basis of Preparation of Financial Statements:

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

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

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

The following new interpretations became mandatory for the first time for the financial year beginning 1 January 2008.

IFRIC 11, "IFRS 2 – Group and Treasury Share Transactions". IFRIC 11 requires arrangements whereby an employee is granted options to buy equity shares, to be accounted for as equity-settled schemes by an entity even if the entity chooses or is required to buy those equity shares from another party, or the shareholders of the entity provide the equity instruments granted. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to equity instruments of the parent. IFRIC 11 applies to the way the Group's subsidiaries account, in their individual financial statements, for options granted to their employees to buy equity shares of the Company. The accounting treatment followed by the Group is in line with the relevant provisions of the Interpretation.

IFRIC 12, "Service Concession Arrangements". This Interpretation outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognise a financial asset and/or an intangible asset This Interpretation has not yet been endorsed by the EU. IFRIC 12 is not relevant to the Group and the Company.

IFRIC 14, "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 "Employee Benefits". It also explains how this limit, also referred to as the "asset ceiling test", may be influenced by a minimum funding requirement and aims to standardize current practice. The Group expects that this Interpretation will have no impact on its financial position or performance as all defined benefit schemes are currently in deficit.

IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures; Reclassification of Financial Assets", effective from 1 July 2008 and cannot be applied retrospectively to reporting periods before the effective date. The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss ("FVTPL") category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the



intention and ability to hold that financial asset for the foreseeable future. The amendments do not permit reclassification into FVTPL. The amendment to IFRS 7 relates to the disclosures required to financial assets that have been reclassified.

(b) The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2009 and have not been earlier adopted by the Group and the Company:

IFRIC 13, "Customer Loyalty Programmes", effective for financial years beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. This interpretation will have no impact on the Company's / Group's financial statements as no such schemes currently exist.

IFRIC 15, "Agreements for the Construction of Real Estate", effective for financial years beginning on or after 1 January 2009 and is to be applied retrospectively. IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue' and, accordingly, when revenue from such construction should be recognised. This interpretation has retrospective valid. This Interpretation has not yet been endorsed by the EU. IFRIC 15 will not have any impact on the financial statements because the Group / Company does not conduct real estate activity.

IFRIC 16, "Hedges of a Net Investment in a foreign operation", effective for financial years beginning on or after 1 October 2008 and is to be applied prospectively. IFRIC 16 clarifies three main issues, namely:

- A presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.
- Hedging instrument(s) may be held by any entity or entities within the group.
- While IAS 39, 'Financial Instruments: Recognition and Measurement', must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 'The Effects of Changes in Foreign Exchange Rates' must be applied in respect of the hedged item.

This Interpretation has future implementation. This Interpretation has not yet been endorsed by the EU. The Group and the Company is in the process of assessing the impact of this interpretation and which accounting policy to adopt for the recycling on the disposal of the net investment.

IFRIC 17, "*Distributions of Non-cash Assets to Owners*", effective for annual periods beginning on or after 1 July, 2009. IFRIC 17 clarifies the following issues, namely:

- a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity;
- an entity should measure the dividend payable at the fair value of the net assets to be distributed;
- an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss; and
- an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation.

IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. It is to be applied prospectively and earlier application is permitted. This Interpretation has not yet been endorsed by the EU. The Group / Company is in the process of assessing the impact of this interpretation.



IFRIC 18, "Transfers of Assets from Customers", effective for financial years beginning on or after 1 July 2009 and is to be applied prospectively. However, limited retrospective application is permitted. This Interpretation is of particular relevance for the utility sector as it clarifies the accounting for agreements where an entity receives an item of PP&E (or cash to construct such an item) from a customer and this equipment in turn is used to connect a customer to the network or to provide ongoing access to supply of goods/services. This Interpretation has future implementation, although is permitted restricted retrospective implementation. This Interpretation has not yet been endorsed by the EU. Group / Company is in the process of assessing the impact of this interpretation.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements," The amendments to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 from a subsidiary, jointly controlled entity dividends or associate be recognised in the income statement in the separate financial statement. Both revisions will be effective for financial years beginning on or after 1 January 2009. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent's separate financial statement and do not have an impact on the consolidated financial statements.

IFRS 2, "Share-based Payments" (Amended), effective for annual periods beginning on or after 1 January 2009. The amendment clarifies two issues. The definition of 'vesting condition', introducing the term 'nonvesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. The Group / Company expects that this Interpretation will have no impact or no material impact on its financial statements.

IFRS 3, "Business Combinations" (Revised) and IAS 27, "Consolidated and Separate Financial Statements" (Amended), effective for annual periods beginning on or after 1 July 2009. A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on January 10, 2008. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The revised IFRS 3 and amendments to IAS 27 have not yet been endorsed by the EU. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with minority interests.

IFRS 8, "Operating Segments", effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 'Segment reporting'. IFRS 8 adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group and the Company are in the process of assessing the impact of this Standard on its financial statements.

IAS 1, "Presentation of Financial Statements" (Revised), effective for annual periods beginning on or after 1 January 2009. IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income"; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Group will make the necessary changes to the presentation of its financial statements in 2009.



IAS 32 and IAS 1, "Puttable Financial Instruments" (Amended), effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group and the Company do not expect these amendments to impact its financial statements.

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 May 2008 the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These amendments are effective for periods beginning on or after 1 January 2009 and have not yet been endorsed by the EU. The Group and the Company do not expect these amendments to impact its financial statements.

- *IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" (Amended).* The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale, under IFRS 5, even when the entity will retain a non-controlling interest in the subsidiary after the sale.
- *IFRS 7, "Financial Instruments: Disclosures" (Amended).* This amendment removes the reference to 'total interest income' as a component of finance costs.
- *IAS 1, "Presentation of Financial Statements" (Amended.* This amendment clarifies that assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.
- IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" (Amended). This amendment clarifies that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.
- *IAS 10, "Events after the Reporting Period" (Amende).* This amendment clarifies that dividends declared after the end of the reporting period are not obligations.

IAS 16, "Property, Plant and Equipment" (Amended):

- Replaces the term 'net selling price' with 'fair value less costs to sell', regarding the recoverable amount, to be consistent with IFRS 5 and IAS 36 Impairment of Assets.
- Items of property, plant & equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds on sale are subsequently shown as revenue. IAS 7 Statement of cash flows is also revised, to require cash payments to manufacture or acquire such items to be classified as cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also shown as cash flows from operating activities.

IAS 18, "Revenue" (Amended). This amendment replaces the term 'direct costs' with 'transaction costs' as defined in IAS 39.

IAS 19, "Employee Benefits" (Amended):

- Revises the definition of 'past service costs' to include reductions in benefits related to past services ('negative past service costs') and to exclude reductions in benefits related to future services that arise from plan amendments. Amendments to plans that result in a reduction in benefits related to future services are accounted for as a curtailment.



- Revises the definition of 'return on plan assets' to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation.
- Revises the definition of 'short-term' and 'other long term' employee benefits to focus on the point in time at which the liability is due to be settled.
- Deletes the reference to the recognition of contingent liabilities to ensure consistency with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 does not allow for the recognition of contingent liabilities.
- IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance" (Amended). Loans granted with no or low interest rates will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates, thereby being consistent with IAS 39. The difference between the amount received and the discounted amount is accounted for as a government
- IAS 23, "Borrowing Costs" (Amended). The amendment revises the definition of borrowing costs to consolidate the types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method as described in IAS 39.
- IAS 27 "Consolidated and Separate Financial Statements" (Amended). When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

IAS 28, "Investment in Associates" (Amended):

- If an associate is accounted for at fair value in accordance with IAS 39 (as it is exempt from the requirements of IAS 28), only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.
- An investment in an associate is a single asset for the purpose of conducting the impairment test including any reversal of impairment. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance. Any impairment is reversed if the recoverable amount of the associate increases.
- IAS 29, "Financial Reporting in Hyperinflationary Economies" (Amended). This amendment revises the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list.
- IAS 31, "Interest in Joint ventures" (Amended). This amendment clarifies that if a joint venture is accounted for at fair value, in accordance with IAS 39 (as it is exempt from the requirements of IAS 31), only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expenses will apply.
- IAS 34, "Interim Financial Reporting" (Amended). This amendment clarifies that earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.
- IAS 36, "Impairment of assets" (Amended). This amendment clarifies that when discounted cash flows are used to estimate 'fair value less costs to sell', the same disclosure is required as when discounted cash flows are used to estimate 'value in use'.

IAS 38, "Intangible Assets" (Amended):

- Expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or has received the services.
- Deletes references to there being rarely, if ever, persuasive evidence to support an amortisation method for finite life intangible assets that results in a lower amount of accumulated amortisation than under the straight-line method, thereby effectively allowing the use of the unit of production method.
- A prepayment may only be recognised in the event that payment has been made in advance to obtaining right of access to goods or receipt of services.



IAS 39, "Financial Instruments: Recognition and Measurement – Eligible Hedged Items", These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item.

IAS 40, "Investment property" (Amended):

- Revises the scope (and the scope of IAS 16) such that property that is being constructed or developed for future use as an investment property is classified as investment property. If an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.
- Revises the conditions for a voluntary change in accounting policy to be consistent with IAS 8.
- Clarifies that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.

IAS 41, "Agriculture" (Amended):

- Replaces the term 'point-of-sale costs' with 'costs to sell'.
- Removes the reference to the use of a pre-tax discount rate to determine fair value, thereby allowing use of either a pre-tax or post-tax discount rate depending on the valuation methodology used.
- Removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Rather, cash flows that are expected to be generated in the 'most relevant market' are taken into account.

c) Approval of Financial Statements:

The Board of Directors of Forthnet approved the separate and consolidated financial statements for the period ended at December 31, 2008, on March 16, 2009.

(d) Significant Accounting Judgements and Estimates:

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

- (a) Allowance for doubtful accounts receivables: The Group's Management periodically reassess the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal department, which are prepared following the processing of historical data and recent developments of the cases they are handling.
- (b) Provision for income taxes: According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits. The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.
- (c) **Depreciation rates:** The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs.



- (d) Impairment of property, plant and equipment: Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows (note 3i).
- (e) 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 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.

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

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

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

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

Investments in subsidiaries in the separate financial statements are accounted for at cost less any accumulated impairment.



- (b) Investments in Associates: The Group's investments in other entities in which it exercises significant influence are accounted for using the equity method. Under this method the investment in associates is recognised at cost and subsequently increased or decreased to recognize the investor's share of the profit or loss of the associate, changes in the investor's share of other changes in the associate's equity, distributions received and any impairment in value. The consolidated statements of income reflect the Group's share of the results of operations of the associate. Investments in associates in the separate financial statements are accounted for at cost less any accumulated impairment.
- (c) Foreign Currency Translation: The Group's measurement as well as reporting currency is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates, which were in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities which are denominated in other currencies are adjusted to reflect the current exchange rates.

Gains or losses of the period ended resulting from foreign currency re-measurements are reflected in the accompanying statement of income. Gains or losses resulting from transactions are also reflected in the accompanying statement of income.

(d) Property, Plant and Equipment: Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are expensed as incurred. Significant improvements are capitalised to the cost of the related asset if such improvements increase the life of the asset, increase its production capacity or improve its efficiency. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the statement of income.

Profit and losses arising from the write-off of assets are included in the income of statement that this asset is written-off.

(e) Depreciation: Depreciation is computed based on the straight-line method at rates, which approximate average useful lives. The rates used are as follows:

Classification	Annual Rates
Buildings	2.50%
Installations on buildings	7.50%-11.11%
Network equipment (Internet and Fixed Telephony)	15%
Network support equipment (LMDS)	10%
Network equipment LLU	20%
Fibre-optic network	6.67%
Transportation assets	10%
Computer hardware	10%-30%
Transmission equipment	8.33%
Furniture and other equipment	7.50%-12.50%

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cashgenerating 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:

Classification of Intangible asset	Years
Software	3.3
Fixed wireless access license	13
Subscriber acquisition cost	1
Reputation and customer base	2-5
Brand name	15
Customer Relationships	15
Beneficial Greek Superleague Contractual Rights	3
FTA channels carrying agreement	7
Intellectual property rights and patents	15

No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to the income statement in the period in which they are incurred.

(h) Programme and film rights: Purchased programme and film rights are stated at acquisition costs less the amounts recognised in the statements of income. The Group has certain programme and film rights liabilities that are classified as financial liabilities in terms of IAS 39, measured at amortised cost using the effective interest method. Licenses are recorded as assets and liabilities for rights acquired, and obligations incurred under license agreements when the license period begins and the cost of each programme is known or reasonably determinable.

Rights for single sporting events are recognised on initial broadcasting of the event whereas sports rights acquired for an entire sporting season are amortised on a straight line basis over the duration of the season.

Rights for general entertainment and films are amortised either on a straight-line basis over the duration of the license or based on broadcasts where the number of screenings are restricted.

The expenses of programme and film rights is included in the cost of providing services and sale of goods. The costs of in-house programmes are expensed as incurred.

(i) Research and Development Costs: Research costs are expensed as incurred. Development expenditure is mainly incurred for developing software. Costs incurred for the development of an individual project are recognised as an intangible asset only when the requirements of IAS 38 "Intangible Assets" are met. Following initial recognition, development expenditure is carried at cost until the asset is ready for its intended use at which time all costs incurred for that asset are transferred to intangible assets or machinery and are amortised over their average useful lives.



(j) Impairment of Assets: With the exception of goodwill and other intangible assets with indefinite useful life which is tested for impairment on an annual basis, the carrying values of other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the statement of income. The recoverable amount is measured as the higher of net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Impairment losses which were accounted for in prior years are reversed only when there is sufficient evidence that the assumptions used in determining the recoverable amount have changed. In these circumstances, the related reversal is recognised as income. Probable impairment of goodwill is not reversed.

- **(k) Investments and Other (primary) Financial Assets:** (Primary) Financial assets which fall within the scope of IAS 39 are classified based on their nature and characteristics in the following three categories:
 - Financial assets at fair value through profit and loss,
 - Loans and receivables,
 - Available-for-sale financial assets.

Financial assets are initially recognised at acquisition cost which represents the fair value and, in certain circumstances, plus directly attributable transaction costs. The purchase and sale of investments is recognised on the date of the transaction which is the date on which the Group commits to purchase or sell the related financial asset.

The classification of the above mentioned financial assets is determined after initial recognition and, where allowed the designation is re-assessed periodically.

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

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

(ii) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale financial assets:

Available-for-sale financial assets (primary) are those non-derivative financial assets that are designated as available for sale or are not classified in any of the two preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

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



- (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.
- (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.



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.

Provisions and Contingencies: Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

(u) Income Taxes (Current and Deferred): Current and deferred income taxes are computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which entities operate.

Income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns, additional income taxes resulting from the audits of the tax authorities and deferred income taxes, using substantively enacted tax rates.

Deferred income taxes are provided using the liability method for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized.

- Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and there will be available taxable profit which will be used against temporary differences.

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.



Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the 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.

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 December 31, 2008 amount to \in 37,389,950, and \in 12,382,307 respectively, (at December 31, 2007, amounted to \in 7,766,242 for the Company and the Group).

Unbilled revenues for the Group and the Company at December 31, 2008 amounted to € 1,977,171 (at December 31, 2007, amounted to € 2,792,676, for the Group and the Company).

(x) Earnings/(Loss) per Share: Basic earnings/(loss) per share are computed by dividing net income/(loss) attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding during each year, excluding the average number of shares purchased as treasury shares.

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



- (y) Reserve for Staff Retirement Indemnities: Staff retirement obligations are calculated at the present value of the future retirement benefits deemed to have accrued, based on the employees earning retirement benefit rights steadily throughout the working period. The reserve for retirement obligations is calculated on the basis of financial and actuarial assumptions and are determined using the projected unit credit actuarial valuation method. Net pension costs for the period are included in payroll in the accompanying statement of income and consist of the present value of benefits earned in the period, interest cost on the benefit obligation, prior service cost, actuarial gains or losses and the cost of additional pension charges. Past service costs are recognised on a straight-line basis over the average period until the benefits under the plan become vested. Actuarial gains or losses are recognised based on the corridor approach over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year it exceeds 10% of the projected benefit obligation. The retirement benefit obligations are not funded.
- (z) Segment Reporting: The Group mainly provides telecommunication services and pay-tv services and operates in Greece. The Group presents the required information considering as criterion of segment segregation its business segments. The operating business are organised and managed separately according to the nature of the services provided with each segment representing a strategic business unit that offers different services.

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

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

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

- (aa) Dividend Distribution: Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the General Meeting of the Company's Shareholders.
- (ab) Share Capital: Share capital represents the value of the Parent company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as the "Share premium" in shareholders' equity. Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.
- (ac) De-recognition of Financial Assets and Liabilities:
 - (i) **Financial assets:** A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:
 - The rights to receive cash flows from the asset have expired.
 - The Company retains the right to receive cash flows from the asset, but has assumed an
 obligation to pay them in full without material delay to a third party under a "pass-through"
 arrangement.
 - The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.



Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities: A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

4. REVENUES:

Revenues in the accompanying financial statements are analysed as follows:

	The G	roup	The Co	Company		
	January 1-Do	ecember 31,	January 1-De	ecember 31,		
	2008	2007	2008	2007		
Operating Revenues						
Fixed telephony (voice)	39,742,076	59,548,720	39,742,076	59,548,720		
Internet Access	15,903,932	21,645,123	15,903,932	21,645,123		
Forthnet 2play	53,893,684	10,179,036	53,893,684	10,179,036		
Internet Leased Lines	8,831,493	7,555,998	8,831,493	7,555,998		
Data Connectivity Services	4,693,173	2,676,508	4,693,173	2,676,508		
LMDS	3,695,091	2,935,220	3,695,091	2,935,220		
Data Center Services	2,951,961	2,611,392	2,951,961	2,611,392		
Interactive Marketing	1,609,774	1,750,156	1,609,774	1,750,156		
Pay-TV revenues	62,455,799	1,730,130	1,002,774	1,730,130		
Pay-TV advertisement revenues	3,149,461	_	_	_		
Services (ticketing, reservations, etc) Forth CRS	4,637,096	4,002,505				
Other revenues from services rendered	7,483,489	5,280,979	4,092,738	4,707,414		
Sales of equipment and consumables	2,709,511	656,733	696,906	369,131		
Total Operating Revenues	211,756,540	118,842,370	136,110,828	113,978,698		
Other Income						
Amortization of Government grants (Note 29)	3,910,986	-	3,634,058	-		
Other grants	324,214	431,673	511,017	220,135		
Collocation Revenues	823,196	-	823,196	-		
Other	1,378,352	142,788	284,869	120,761		
Total Other Revenues	6,436,748	574,461	5,253,140	340,896		
Total Revenues	218,193,288	119,416,831	141,363,968	114,319,594		
Total Nevellues	410,175,400	119,410,031	141,505,908	114,519,594		

During the year 2008 the Company focused on the expansion of 2play services and increased significantly its market share.



The above revenues in the accompanying financial statements are also analysed as follows:

	The Gr	oup	The Con	The Company		
	January 1-December 31,		January 1-De	cember 31,		
	2008	2007	2008	2007		
Operating Revenues						
Direct Retail Services	127,654,490	11,500,713	65,198,691	11,500,713		
Bundled services (2play)	53,893,684	10,179,036	53,893,684	10,179,036		
Telephony	7,442,259	1,021,916	7,442,259	1,021,916		
ADSL	3,862,748	299,761	3,862,748	299,761		
Pay-TV Revenues	62,455,799	-	-	-		
Indirect Retail Services	35,471,297	67,353,435	35,471,297	67,353,435		
Telephony	23,430,113	46,603,203	23,430,113	46,603,203		
ADSL	9,848,747	17,638,600	9,848,747	17,638,600		
Other	2,192,437	3,111,632	2,192,437	3,111,632		
Direct Business Services	26,089,460	27,149,279	26,089,460	27,149,279		
E-business	4,794,223	4,682,867	4,794,223	4,682,867		
Pay-TV Advertisement Revenues	3,149,461	-	-	_		
Forth CRS	4,637,096	4,002,505	-	-		
Equipment	2,709,511	793,061	696,905	505,460		
Other services	7,251,002	3,360,510	3,860,252	2,786,944		
Total Operating Revenues	211,756,540	118,842,370	136,110,828	113,978,698		
Other Income	6,436,748	574,461	5,253,140	340,896		
Total Revenues	218,193,288	119,416,831	141,363,968	114,319,594		

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 year ended December 31, 2008 is analysed as follows:

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

The Group during the previous fiscal year 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 fiscal year did not present segment information.



6. PAYROLL COST:

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

	The G	roup	The Company		
	Decemb	er 31,	December 31,		
	2008	2007	2008	2007	
Wages and salaries	29,073,359	20,240,620	22,378,374	18,631,866	
Social security costs (Note 30)	6,555,853	4,937,948	5,370,710	4,466,590	
Staff retirement indemnities (Note 30)	467,792	372,211	354,672	348,378	
Stock option plans	6,448,901	2,832,720	6,448,901	2,832,720	
Other staff costs	571,016	575,660	405,814	550,551	
Total	43,116,921	28,959,159	34,958,471	26,830,105	
Less: Amounts capitalised	(3,386,077)	(2,511,282)	(2,931,055)	(2,005,084)	
Payroll Cost (Note 9)	39,730,844	26,447,877	32,027,416	24,825,021	

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 (Note 32).

7. DEPRECIATION AND AMORTISATION:

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

	The G	roup	The Company December 31,		
-	Decemb	er 31,			
	2008	2007	2008	2007	
Depreciation on buildings	4,616,825	2,100,554	4,547,095	2,088,312	
Depreciation on network equipment	23,771,425	13,059,752	19,872,933	13,054,432	
Depreciation on transportation equipment	6,101	6,290	4,868	5,057	
Depreciation on furniture and equipment	2,214,543	1,467,078	1,825,191	1,145,768	
Depreciation on property, plant and equipment	20 (00 004	16 622 674	26 250 097	16 202 560	
(Note 12)	30,608,894	16,633,674	26,250,087	16,293,569	
Amortisation on fixed wireless access license Amortisation on software and other intangible	659,218	659,218	659,218	659,218	
assets Amortization of other intangible assets identified	9,814,435	2,754,329	9,211,797	2,277,855	
from PPA exercise	13,123,011	_	_	_	
Amortisation on intangible assets (Note 13)	23,596,664	3,413,547	9,871,015	2,937,073	
Depreciation and amortisation (Note 9)	54,205,558	20,047,221	36,121,102	19,230,642	

8. FINANCIAL INCOME / (EXPENSES):

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

	The Group		The Company		
	Decem	ber 31,	December 31,		
	2008	2007	2008	2007	
Interest on long-term borrowings (Note 23)	(10,295,714)	(1,847,714)	(4,353,619)	(1,841,956)	
Interest on short-term borrowings (Note 23)	(262,851)	(80,642)	(133,221)	-	
Finance charges paid under finance leases	(262,077)	(141,850)	(131,476)	(136,054)	
Bond loan costs (Note 23)	(123,871)	(61,935)	(123,871)	(61,935)	
Other financial costs	(1,342,226)	(516,102)	(333,930)	(505,998)	
Total financial expenses	(12,286,739)	(2,648,243)	(5,076,117)	(2,545,943)	
Interest earned on cash at banks and on time deposits (Note 19)	2,271,456	980,167	1,386,135	969,662	
Interest on bank bonds	-	1,353,926	-	1,353,926	
Total financial income	2,271,456	2,334,093	1,386,135	2,323,588	
Total financial income/(expenses), net	(10,015,283)	(314,150)	(3,689,982)	(222,355)	

9. ANALYSIS OF EXPENSES:

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

	The G	Froup	The Company		
-	Deceml	ber 31,	Decemb	per 31,	
	2008	2007	2008	2007	
Desirell and related acres (Nets C)	20.720.044	06 447 077	22 027 416	24.025.021	
Payroll and related costs (Note 6)	39,730,844	26,447,877	32,027,416	24,825,021	
Third party fees and services	32,973,881	21,496,745	20,306,353	19,981,877	
Telecommunication Costs ULL	72,548,593	70,614,976	72,548,593	70,614,976	
Royalties / Licenses	24,992,414	-	-	-	
Taxes and duties	1,270,091	919,027	799,885	893,592	
Sundry expenses	3,665,645	2,086,896	2,367,185	1,906,616	
Advertising and promotion costs	15,408,868	8,839,386	9,177,613	8,752,095	
Depreciation and amortisation (Note 7)	54,205,558	20,047,221	36,121,102	19,230,642	
Allowance for doubtful accounts receivable (Note					
17)	5,153,006	4,930,000	4,580,000	4,900,000	
Cost of sales of inventory and consumables	12,805,779	4,167,516	5,817,330	3,690,707	
Total expenses	262,754,679	159,549,644	183,745,477	154,795,526	

The above expenses are analysed as follows:

	ΟΌμ	ιλος	Η Εταιρεία		
	31 Δεκε	μβρίου	31 Δεκεμ	βρίου	
-	2008 2007		2008	2007	
Cost of sales	198,531,525	115,815,261	137,466,991	112,600,756	
Selling and distribution expenses	44,259,825	32,841,972	33,197,630	31,807,665	
Administrative expenses	17,363,861	9,064,712	10,481,388	8,559,406	
Research and development expenses	2,599,468	1,827,699	2,599,468	1,827,699	
- -	262,754,679	159,549,644	183,745,477	154,795,526	



10. 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 statement of income are analysed as follows:

	The Group December 31,		The Company December 31,	
	2008	2007	2007 2008	
Current income taxes	1,193,588	-	_	_
Deferred income taxes	(14,895,631)	(7,912,211)	(5,886,337)	(7,965,189)
Total income taxes (credit) / debit reflected in the statements of income	(13,702,043)	(7,912,211)	(5,886,337)	(7,965,189)

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

	December 31,		
	2008	2007	
The Group			
Loss before tax	(54,573,400)	(40,442,501)	
Income tax calculated at the nominal applicable tax rate (25%)	(13,643,350)	(10,110,625)	
Tax effect of non tax deductible expenses and non taxable income	3,953,505	2,160,998	
Reversal of deferred income tax on previously recognized tax losses	56,397	-	
Tax effect of change in tax rates	(4,068,595)	37,416	
Income tax reported in the statements of income	(13,702,043)	(7,912,211)	
The Company			
Loss before tax	(46,071,491)	(40,698,287)	
Income tax calculated at the nominal applicable tax rate (25%)	(11,517,872)	(10,174,571)	
Tax effect of non tax deductible expenses and non taxable income	2,185,444	2,152,790	
Tax effect of change in tax rates	3,446,091	56,592	
Income tax reported in the statements of income	(5,886,337)	(7,965,189)	

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



Forthnet 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.	01/04/2008 - 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.	16/0/2006 - 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.

The movement of the deferred tax asset is as follows:

	December 31,	
	2008	2007
The Group		
Beginning balance	17,017,253	9,100,690
Income taxes [credit/(debit)]	14,895,631	7,912,211
Tax charged to equity (share capital issuance costs and acquisition costs)	1,525,627	4,352
Tax of acquired companies	(53,847,412)	-
Ending balance	(20,408,901)	17,017,253
For reporting purposes in the Balance Sheet the deferred tax is analysed as follows:		
Deferred tax asset	34,092,165	17,017,253
Deferred tax liability	(54,501,066)	-
	(20,408,901)	17,017,253
The Company		
Beginning balance	16,753,955	8,787,650
Income taxes [credit/(debit)]	5,886,337	7,965,189
Tax charged to equity (share capital issuance costs)	1,522,287	1,116
Ending balance	24,162,579	16,753,955



The movement in deferred tax assets/liabilities during the year is as follows:

The Group	January 1 st ,	Debit/ (Credit) from acquisition	Debit/ (Credit) to P&L	Debit/ (Credit) to equity	December 31 st , 2008
Deferred income tax asset:					
Deferred cost	1,378,321	9,918,077	(1,027,088)	1,525,627	11,794,937
Staff retirement indemnities	328,121	290,733	12,548	-	631,402
Tax losses carried forward	14,980,683	2,392,646	4,870,227	_	22,243,556
Property, plant and equipment/intangible assets Total	339,968 17,027,093	12,601,456	37,780 3,893,467	1,525,627	377,748 35,047,643
Deferred income tax liability:					
Intangible assets	-	(66,132,500)	11,631,434	-	(54,501,066)
Other	(9,840)	(316,368)	(629,270)		(955,478)
Total	(9,840)	(66,448,868)	11,002,164		(55,456,544)
Net deferred income tax asset	17,017,253	(53,847,412)	14,895,631	1,525,627	(20,408,901)

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

During the current fiscal year the Company incurred tax losses of \in 34,990,275 (\in 36,509,707 at December 31, 2007) and for the Group \in 41,562,072 (\in 36,509,707 at December, 2007) for which a deferred tax asset was recognized. The Company's management believes that these tax losses will be recovered through profits of the following five years.



11. SUBSIDIARIES AND ASSOCIATES - GOODWILL:

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

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity 1	Interest	Bala	ınce
				31.12.2008	31.12.2007	31.12.2008	31.12.2007
Forth CRS S.A.	P. Faliro, Attica, Greece	Full	Direct	99.31%	99.31%	3,738,753	3,738,753
Telemedicine							
Technologies	Paris,						
S.A.	France	Full	Direct	94.40%	94.40%	314,481	314,481
Forthnet Media	Kallithea,						
Holdings S.A.	Attica, Greece	Full	Direct	100.00%	-	285,060,000	-
						289,113,234	4,053,234

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

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest		Balance	
				31.12.2008	31.12.2007	31.12.2008	31.12.2007
Athlonet S.A.	Kallithea, Attica, Greece	Equity method	Direct	44.00%	44.00%	69,284	66,010

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

	December 31,		
	2008	2007	
Share of associate's balance sheet:			
Current Assets	71,443	71,023	
Non-Current Assets	5,466	3,076	
Short-term Liabilities	(7,625)	(8,089)	
Net Assets	69,284	66,010	
Share of associate's revenue and profit/(loss):			
Income	152,514	148,492	
Profit	3,274	4,462	
Investments in Associates	69,284	66,010	

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

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

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

	Registered Office	Consolidatio n Method	Participation Relationship	Equity Interest 31.12.2008
Intervision (Services)				
B.V.	Holland	Full	Indirect	100.00%
NetMed N.V.	Holland	Full	Indirect	100.00%



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

Company	Registered Office	Consolidation Method	Participation Relationship	Percentage participation
			31.12.2008	31.12.2008
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 owns 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 Financial Statements is analysed as follows:

	The Group		The Company	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
MBA	512,569	512,569	512,569	512,569
Forth CRS S.A.	24,595	24,595	-	-
Telemedicine S.A.	190,355	190,355	-	-
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 $\[mathcal{\in}\]$ 491,653,113.

The funds for the payment of the total consideration of the Acquisition derived from the increase of Forthnet's share capital, which was completed on August 4^{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 AT
	<u>CARRYING</u>	ACQUISITION
ASSETS	<u>VALUES</u>	DATE
Property, plant and equipment	15,803,670	15,803,670
Intangible assets	66,771,559	265,132,121
Deferred tax asset	12,285,088	12,285,088
Inventories	8,313,049	8,313,049
Current assets	73,715,745	73,715,745
Cash and cash equivalents	55,270,307	55,270,307
Total assets	232,159,418	430,519,980
LIABILITIES		
Long-term and short-term borrowings	(21,000,001)	(21,000,001)
Other long-term liabilities	(67,212,457)	(67,212,457)
Other short-term liabilities	(111,381,334)	(111,381,334)
Deferred tax liability	-	(66,132,500)
Total liabilities	(199,593,792)	(265,726,292)
Net Assets acquired	32,565,626	164,793,688
Minority interest		(4,732,111)
Total net value of assets		160,061,577
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 December 31, 2008 was € 285,965,176 due to recognition of intangible assets which were evaluated at the date of acquisition and are analysed as follows:

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

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

From the date of acquisition the acquired Group have contributed an amount of \in 3,648,320 to the year's net results before taxes and minority interest.

If the aforementioned acquisition has taken place on January 1st, 2008, the total revenues and the total loss before tax of the Group for the period ended in December 31, 2008, would be amounted to \in 346,323,201 and \in 27,135,740, respectively.



Cash outflow at the acquisition date:

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

12. PROPERTY, PLANT AND EQUIPMENT:

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

The Group	Land	Buildings	Telecommun ication Equipment	Transmissio n Equipment	Transpo rtation Means	Furniture & Other Equipment	Constructio n in Progress (CIP)	Total
COST								
At January 1, 2007	1,672,789	14,152,828	94,573,911	-	62,008	9,755,171	7,900,200	128,116,907
Additions	-	12,291,117	31,605,174	-	-	5,031,187	6,989,669	55,917,147
Transfers from CIP	-	3,402,954	9,225,601	-	-	-	(12,628,555)	-
Disposals/Write-offs			(20,468)			(1,998,175)		(2,018,643)
At December 31, 2007	1,672,789	29,846,899	135,384,218		62,008	12,788,183	2,261,314	182,015,411
Acquisition of entities	=	2,648,251	65,362,264	86,275,717	-	-	-	154,286,232
Additions	-	8,637,089	46,255,263	63,509,544	-	2,436,670	1,638,801	122,477,367
Transfers from CIP	-	1,861,597	1,349,082	-	-	-	(3,259,937)	(49,258)
Disposals/Write-offs		(56,641)	(94,148)	(30,928,372)		(96,527)		(31,175,688)
At December 31, 2008	1,672,789	42,937,195	248,256,679	118,856,889	62,008	15,128,326	640,178	427,554,064
DEPRECIATION At January 1, 2007		(2,510,752)	(35,227,966)		(23,830)	(6,364,780)	_	(44,127,328)
Depreciation expense	_	(2,100,554)	(13,059,752)	_	(6,290)	(1,467,078)	_	(16,633,674)
Disposals/Write-offs	-	-	20,468	-	-	1,619,043	-	1,639,511
At December 31, 2007		(4,611,306)	(48,267,250)		(30,120)	(6,212,815)		(59,121,491)
Depreciation from Acquisition of subsidiary	<u> </u>	(2,438,214)	(59,053,981)	(76,990,367)	-	-		(138,482,562)
Depreciation expense	-	(4,616,825)	(20,520,264)	(3,251,161)	(6,101)	(2,214,543)	-	(30,608,894)
Disposals/Write-offs		12,447	7,303	30,928,372		92,929		31,041,051
At December 31, 2008		(11,653,898)	(127,834,192)	(49,313,156)	(36,221)	(8,334,429)		(197,171,896)
NET BOOK VALUE								
At January 1, 2007	1,672,789	11,642,076	59,345,945	-	38,178	3,390,391	7,900,200	83,989,579
At December 31, 2007	1,672,789	25,235,593	87,116,968	-	31,888	6,575,368	2,261,314	122,893,920
At December 31, 2008	1,672,789	31,283,297	120,422,487	69,543,733	25,787	6,793,897	640,178	230,382,168



The Company	Land	Buildings	Telecommunicatio n Equipment	Transportatio n Means	Furniture & Other Equipment	Construction in Progress (CIP)	Total
COST							
At January 1, 2007	1,672,789	14,024,831	96,051,195	51,205	7,466,212	7,900,200	127,166,432
Additions	-	12,289,732	31,569,435	-	4,275,577	6,989,669	55,124,413
Transfers from CIP	-	3,402,954	9,225,601	-	-	(12,628,555)	-
Disposals/Write-offs	-	-	(20,468)	-	(1,995,740)	-	(2,016,208)
Transfers			(1,636,058)				(1,636,058)
At December 31, 2007	1,672,789	29,717,517	135,189,705	51,205	9,746,049	2,261,314	178,638,579
Additions		8,605,380	45,856,873	-	2,314,358	1,638,802	58,415,413
Transfers from CIP		1,861,597	1,349,082	-	-	(3,259,937)	(49,258)
Disposals/Write-offs		(56,641)	(70,742)		(96,527)		(223,910)
At December 31, 2008	1,672,789	40,127,853	182,324,918	51,205	11,963,880	640,179	236,780,824
DEPRECIATION							
At January 1, 2007 Depreciation	-	(2,468,080)	(36,809,152)	(17,447)	(4,551,258)	-	(43,845,937)
expense	-	(2,088,312)	(13,054,432)	(5,057)	(1,145,768)	-	(16,293,569)
Disposals/write-offs	-	-	20,468	-	1,616,965	-	1,637,433
Transfers			1,636,058				1,636,058
At December 31, 2007		(4,556,392)	(48,207,058)	(22,504)	(4,080,061)		(56,866,015)
Depreciation expense	-	(4,547,095)	(19,872,933)	(4,868)	(1,825,191)	-	(26,250,087)
Disposals/write-offs		12,447	4,929		92,928		110,304
At December 31, 2008		(9,091,040)	(68,075,062)	(27,372)	(5,812,324)		(83,005,798)
NET BOOK VALUE							
At January 1, 2007 At December 31,	1,672,789	11,556,751	59,242,043	33,758	2,914,954	7,900,200	83,320,495
2007 At December 31,	1,672,789	25,161,125	86,982,647	28,701	5,665,988	2,261,314	121,772,564
2008	1,672,789	31,036,813	114,249,856	23,833	6,151,556	640,179	153,775,026

There is no property, plant and equipment that has been pledged as security. The title of the capitalized leased assets has been retained by the lessor. The net book value of the Company's capitalized leased assets at December 31, 2008 and 2007, amounted to \in 2,551,610 and \in 2,641,587, respectively. For the Group the related amounts are \in 71,009,053 and \in 2,689,349 at December 31, 2008 and 2007, respectively. The net book value of property, plant and equipment held under finance leases are analyzed as follows:

_	The Gr	oup	The Company		
	December 31,		December 31,		
	2008	2007	2008	2007	
Land	535,200	535,200	535,200	535,200	
Buildings	2,013,825	2,067,171	2,013,825	2,067,171	
Telecommunication and other equipment (transponders)	68,460,028	86,978	2,585	39,216	
Total	71,009,053	2,689,349	2,551,610	2,641,587	



13. **INTANGIBLE ASSETS:**

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

The Group	Purchased Software	Internally Generated Software	Licenses & Other Intangibles	Intangibles Under Development	Total
COST			<u> </u>		
At January 1, 2007	8,866,577	3,480,830	9,524,118	832,917	22,704,442
Additions	2,873,460	235,382	4,849,384	449,691	8,407,917
Transfers from intangibles					
under development	587,527	-	-	(587,527)	-
Disposals/write-offs	(3,043,297)				(3,043,297)
At December 31, 2007	9,284,267	3,716,212	14,373,502	695,081	28,069,062
Acquisition of entities	-	-	4,484,316	-	4,484,316
Additions	1,483,435	772,383	8,032,065	421,927	10,709,810
Purchased Price Allocation			244 520 000		2 < 1 = 20 000
exercise Transfers from intangibles	-	-	264,530,000	-	264,530,000
under development	328,864	_	_	(279,606)	49,258
At December 31, 2008	11,096,566	4,488,595	291,419,883	837,402	307,842,446
110 2000111011 01, 2000	11,000,000	1,100,000	271,117,000		
AMORTIZATION					
At January 1, 2007	(5,756,153)	(1,583,398)	(3,487,252)	-	(10,826,803)
Amortization expense	(1,943,509)	(27,892)	(1,442,146)	-	(3,413,547)
Disposals/write-offs	3,043,297	-	-	-	3,043,297
At December 31, 2007	(4,656,365)	(1,611,290)	(4,929,398)		(11,197,053)
Acquisition of entities	-	-	(3,882,195)	-	(3,882,195)
Amortization expense	(2,435,126)	(77,609)	(7,960,918)	-	(10,473,653)
Amortization Purchased Price					
Allocation exercise		-	(13,123,011)		(13,123,011)
At December 31, 2008	(7,091,491)	(1,688,899)	(29,895,522)		(38,675,912)
<u>NET BOOK VALUE</u>					
At January 1, 2007	3,110,424	1,897,432	6,036,866	832,917	11,877,639
At December 31, 2007	4,627,902	2,104,922	9,444,104	695,081	16,872,009
At December 31, 2008	4,005,075	2,799,696	261,524,361	837,402	269,166,534



The Company	Purchased Software	Internally Generated Software	Licenses & Other Intangibles	Intangibles Under Development	Total
<u>COST</u>					
At January 1, 2007	9,079,318	1,505,311	9,588,083	-	20,172,712
Additions	2,427,705	235,382	4,840,466	-	7,503,553
Disposals/Write-offs	(3,043,297)			<u> </u>	(3,043,297)
At December 31, 2007	8,463,726	1,740,693	14,428,549		24,632,968
Additions Transfers from intangibles under	1,330,212	772,383	7,935,180	-	10,037,775
development	49,258			<u> </u>	49,258
At December 31, 2008	9,843,196	2,513,076	22,363,729		34,720,001
<u>AMORTIZATION</u>					
At January 1, 2007	(6,069,175)	(316,775)	(3,566,918)	-	(9,952,868)
Amortization expense	(1,545,690)	(27,892)	(1,363,491)	-	(2,937,073)
Disposals/Write-offs	3,043,297			<u> </u>	3,043,297
At December 31, 2007	(4,571,568)	(344,667)	(4,930,409)		(9,846,644)
Amortization expense	(1,948,169)	(77,609)	(7,845,237)		(9,871,015)
At December 31, 2008	(6,519,737)	(422,276)	(12,775,646)		(19,717,659)
NET BOOK VALUE					
At January 1, 2007	3,010,143	1,188,536	6,021,165	-	10,219,844
At December 31, 2007	3,892,158	1,396,026	9,498,140	-	14,786,324
At December 31, 2008	3,323,459	2,090,800	9,588,083	-	15,002,342

14. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analysed as follows:

	The Group		The Company	
	Decemb	er 31,	December 31,	
	2008	2007	2008	2007
Shares – unlisted	379,877	379,877	330,149	330,149
Total	379,877	379,877	330,149	330,149

Available for sale financial assets consist of investments in ordinary unlisted shares and, therefore, have no fixed maturity or coupon rate.

The above shares are stated at cost because the reliable valuation at fair value is not possible.

15. PROGRAMME AND FILM RIGHTS:

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

	The Group December 31,		
	2008	2007	
Purchased sports rights	36,547,468	-	
Licensed film rights	9,737,623	-	
Sports and Film Rights	46,285,091		
Purchased sports rights	12,491,009	_	
Licensed film rights	1,630,934	-	
Sports and Film Rights Amortization	14,121,943		
Purchased sports rights	24,056,459	_	
Licensed film rights	8,106,689		
Sports and Film Rights, net	32,163,148	-	
Less: Programme and film rights short term	31,865,284	-	
Programme and film rights, long term	297,864	-	

16. INVENTORIES:

Inventories in the accompanying financial statements are analysed as follows:

The Group December 31,		The Company December 31,	
6,769,866	1,220,584	1,859,398	1,182,931
76,807	95,799	-	-
6,846,673	1,316,383	1,859,398	1,182,931
	2008 6,769,866 76,807	2008 2007 6,769,866 1,220,584 76,807 95,799	December 31, December 31, 2008 2007 2008 6,769,866 1,220,584 1,859,398 76,807 95,799 -

17. TRADE ACCOUNTS RECEIVABLE:

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

	The Group		The Company	
	Decem	ber 31,	December 31,	
	2008	2007	2008	2007
Domestic customers	71,519,696	36,418,806	42,351,106	33,652,616
Foreign customers	2,126,695	894,442	669,822	655,528
Receivables from Greek State	1,556,043	1,465,240	1,556,043	1,465,240
Cheques and notes receivable	4,468,783	2,167,509	1,743,225	1,571,753
Unbilled revenue	1,977,171	2,792,676	1,977,171	2,792,676
	81,648,388	43,738,673	48,297,367	40,137,813
Less: Allowance for doubtful	, ,	, ,	, ,	, ,
accounts receivable	(26,465,071)	(12,382,051)	(16,326,897)	(11,999,534)
Balance of trade accounts receivable	55,183,317	31,356,622	31,970,470	28,138,279



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

	The Group		The Company	
	Decemb	er 31,	December 31,	
	2008	2007	2008	2007
Beginning balance	12,382,051	7,770,410	11,999,534	7,370,410
Acquisition of subsidiary	9,182,651	-	-	-
Provision (Note 9)	5,153,006	4,930,000	4,580,000	4,900,000
Less: Utilisation	(252,637)	(318,359)	(252,637)	(270,876)
Ending balance	26,465,071	12,382,051	16,326,897	11,999,534

The ageing analysis of trade receivables is as follows:

	The Group		The Company	
	Decemb	per 31,	December 31,	
	2008	2007	2008	2007
Neither past due nor impaired	36,910,287	18,132,126	23,542,441	16,891,656
Part due not impaired				
60-90 days	7,869,554	4,516,065	3,401,926	3,515,900
90-180 days	6,681,738	4,204,375	3,172,714	3,985,279
181-365 days	2,401,462	3,665,628	1,056,479	2,966,579
>365 days	1,320,276	838,428	796,910	778,865
Total	55,183,317	31,356,622	31,970,470	28,138,279

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

18. PREPAYMENTS AND OTHER RECEIVABLES:

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

	The Group		The Company	
	Decemb	er 31,	December 31,	
	2008	2007	2008	2007
Receivables due from the Greek State	15,107,612	8,137,756	12,390,323	8,134,505
Prepaid expenses	3,862,195	2,557,452	973,910	2,364,024
Value Added Tax	8,374,878	8,148,294	6,766,904	8,148,294
Advances to suppliers	4,370,190	237,729	47,611	51,999
Other debtors	106,498	334,801	951,351	625,763
Total balance of other receivables and	<u> </u>			
prepayments	32,779,863	19,416,032	21,130,099	19,324,585

19. CASH AND CASH EQUIVALENTS:

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

	The Group December 31,		The Company December 31,	
	2008	2007	2008	2007
Cash in hand	2,704,127	30,464	51,854	29,077
Cash at banks	30,456,733	6,089,954	11,812,162	5,672,851
Time deposits	46,350,000	50,000,000	3,000,000	50,000,000
Total	79,510,860	56,120,418	14,864,016	55,701,928



Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended December 31, 2008, amounted to \in 2,271,456 and \in 1,386,135 for the Group and the Company, respectively, (for the year ended December 31, 2007, \in 980,167 and \in 969,662 for the Group and the Company, respectively) and is included in financial income in the accompanying statements of income.

20. SHARE CAPITAL:

Forthnet's ordinary share capital at incorporation amounted to GRD 250,000,000 (ε 733,676) divided into 250,000 ordinary registered shares of GRD 1,000 (ε 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 (ε 17,379,310) divided into 14,805,000 ordinary shares of GRD 400 (ε 1.17) par value each.

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

On March 17, 2006, the Extraordinary General Shareholders Meeting decided to increase the Company's share capital, with cash contribution, by \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 December 31, 2008, amounted to \in 183,408,963 divided into 155,431,324 ordinary shares of \in 1.18 par value each.

21. OTHER RESERVES:

Other reserves are analysed as follows:

	The Group		The Company	
	Decembe	er 31,	December 31,	
	2008	2007	2008	2007
Legal reserve	118,940	118,940	94,031	94,031
Tax-free reserves	1,862,148	1,862,148	1,853,715	1,853,715
Special reserves	640,474	640,474	122,446	122,446
Reserve for employee stock option plan	10,172,021	3,723,120	10,172,021	3,723,120
Other	71,300	71,300	-	-
Total reserve	12,864,883	6,415,982	12,242,213	5,793,312



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

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

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

22. DIVIDENDS:

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

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

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

23. LONG-TERM AND SHORT-TERM BORROWINGS:

a) Long-term Loans:

Long-term loans for the Group and the Company at December 31, 2008 and 2007, are analysed as follows:

	The Group		The Company	
	Decemb	er 31,	December 31,	
	2008	2007	2008	2007
Bond loan	324,853,988	49,101,935	84,225,806	49,101,935
Other long term loans	576,000	720,000	-	-
Total	325,429,988	49,821,935	84,225,806	49,101,935
Less current portion:				
- Bond loan	10,000,000	-	-	-
- Other	144,000	-	-	-
Long-term portion	315,285,988	49,821,935	84,225,806	49,101,935



Bond Loan 2005:

In December 2005, Forthnet entered into bond loan agreement with a consortium of banks for a principle amount of \in 50,000,000 which bears interest at the six-month Euribor plus a margin of 1.5%. The purpose of the bond is the refinancing of existing bank indebtedness and to finance a portion of the Company's capital expenditure. Through December 31, 2006, the first two series of the bond had been drawn-down amounting to \in 34,000,000 whereas on June 21, 2007, the first payment was made amounting to \in 3,090,909. On December 21, 2007, the Company fully repaid the above bond loan.

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.

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 \in 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 years ended December 31, 2008 and 2007, amounted to \in 10,295,714 and \in 1,847,714 respectively for the Group and \in 4,353,619 and \in 1,841,956 respectively for the Company and are included in financial expenses (Note 8), in the accompanying statements of income.

b) Short-term borrowings:

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

	The G	The Group		mpany
	Decemb	December 31,		ber 31,
	2008	2007	2008	2007
Credit lines available	24,222,000	4,110,000	11,600,000	11,600,000
Unused portion	(23,037,501)	(2,954,484)	(11,600,000)	(11,600,000)
Used portion	1,184,499	1,155,516		

The total interest expense for short-term borrowings for the years ended December 31, 2008 and 2007, amounted to \notin 262,851 and \notin 80,642, respectively, for the Group and \notin 133,221 and \notin 0, for the Company respectively and is included in financial expenses (Note 8), in the accompanying statements of income.



24. FINANCE LEASE OBLIGATIONS:

The finance lease obligations relate to:

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

The finance lease obligations are analysed as follows:

	The Group		The Company		
	Decembe	December 31,		December 31,	
	2008	2007	2008	2007	
Obligation under finance lease	2,533,988	2,419,578	2,209,153	2,341,513	
Less: Current portion	(465,765)	(185,182)	(140,930)	(132,359)	
Long-term portion	2,068,223 2,234,396		2,068,223	2,209,154	

Future minimum lease payments under the finance lease in relation with the present value of the net minimum lease payments for the Group and the Company as at December 31, 2008 and 2007, are as follows:

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

	The Group		The Company		
	Decemb	per 31, 2007	December 31, 2007		
	Minimum payments	Present value of payments	Minimum payments	Present value of payments	
Within one year	331,688	185,182	275,891	132,359	
After one year but no more					
than five years	1,405,286	827,260	1,379,454	802,017	
Over five years	1,701,326	1,407,136	1,701,326	1,407,137	
Total minimum lease					
payments	3,438,300	2,419,578	3,356,671	2,341,513	
Less: amounts representing		• •			
finance charges	(1,018,722)	-	(1,015,158)	-	
Present value of minimum					
lease payments	2,419,578	2,419,578	2,341,513	2,341,513	

25. 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 Gr	The Group			
	December 31,				
	2008	2007			
Obligation under finance lease	69,967,134	_			
Less: Current portion	(9,525,898)				
Long-term portion	60,441,236				

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

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

26. PROGRAMME AND FILM RIGHTS LIABILITIES:

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

	The Group December 31,				
	2008	2007			
Programmes and Rights	23,287,332	_			
Less: Current portion	(21,447,115)	-			
Long-term portion	1,840,217				

27. TRADE ACCOUNTS PAYABLE:

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

	The Group December 31,		The Company December 31,	
	2008	2007	2008	2007
Domestic suppliers	67,903,083	51,821,734	42,854,286	51,791,496
Foreign suppliers	18,437,747	4,117,531	7,343,836	4,103,635
Post dated cheques payable	6,450,309	12,778,827	4,694,076	12,650,479
	92,791,139	68,718,092	54,892,198	68,545,610

Trade accounts payable include balances due to suppliers for the acquisition of property, plant and equipment. The related balances due for the acquisition of property, plant and equipment as at December 31, 2008 and 2007, for the Group amounted to \in 26,256,618 and \in 29,588,960 respectively, and the Company amounted to \in 26,102,216 and \in 29,874,280 respectively.



28. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	The Group		The Company	
	Decembe	er 31,	December 31,	
	2008	2007	2008	2007
Social security payable	1,603,277	1,230,144	1,219,033	1,118,137
Value added tax	627,920	120,919	-	-
Other taxes and duties	2,925,428	560,926	481,584	473,725
Customer advances	68,953	691,471	-	608,801
Interest accrued	1,455,649	-	-	-
Other current liabilities	2,617,855	1,118,877	840,437	502,918
	9,299,082	3,722,337	2,541,054	2,703,581

29. GOVERNMENT GRANTS:

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

	The Group		The Company	
	Decemb	per 31,	December 31,	
	2008	2007	2008	2007
Grants received	567,701	11,302	-	_
Government Grant N. 3299/2004 (Note 34)	8,992,074	7,618,053	8,562,074	7,618,053
Subprojects 6 & 7 of the Operational Programme				
"Information Society" (Note 34)	5,603,264	120,000	5,603,264	120,000
Released (credit) to the statement of income				
(subsidies of capital expenditure)	(3,169,775)	-	(2,960,597)	-
Released (credit) to the statement of income				
(subsidies of other expenses)	(741,211)	-	(673,461)	-
Ending balance	11,252,053	7,749,355	10,531,280	7,738,053

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

30. RESERVE FOR STAFF RETIREMENT INDEMNITIES:

- a) State Pension: The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan. The contributions to the pension funds for the years ended December 31, 2008 and 2007, amounted to € 6,555,853 and € 4,937,948, respectively for the Group and € 5,370,710 and € 4,466,590, respectively for the Company.
- b) Staff Retirement Indemnities: Under Greek labor law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that pension plans are not funded. In accordance with this practice, the Company does not fund these plans. The Company charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.



An international firm of independent actuaries evaluated the Group's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial study as at December 31, 2008 and 2007, have as follows:

	The Group December 31,		The Con	The Company		
			December 31,			
	2008	2007	2008	2007		
Present value of unfunded obligations	2,878,186	1,297,475	1,295,741	1,231,981		
Unrecognised actuarial gain	278,823	15,010	229,161	10,803		
Net Liability in Balance Sheet	3,157,009	1,312,485	1,524,902	1,242,784		
Components of net periodic pension cost						
Service cost	311,917	247,228	245,726	232,138		
Interest cost	85,278	49,332	57,903	46,854		
Amortisation of unrecognised net loss	2,047	1,854	-	1,854		
Regular charge to operations	399,242	298,414	303,629	280,846		
Additional cost of extra benefits	68,550	73,797	51,043	67,532		
Total charge to operations	467,792	372,211	354,672	348,378		
Reconciliation of benefit obligation						
Present value of liability at start of period	1,297,475	1,203,206	1,231,981	1,142,774		
Liability from acquisition	1,454,886	-	-	-		
Service cost	311,917	247,228	245,726	232,138		
Interest cost	85,278	49,332	57,903	46,854		
Benefits paid	(78,154)	(106,329)	(72,554)	(97,761)		
Extra payments or expenses	60,522	73,797	51,188	64,177		
Actuarial gains/(loss)	(253,738)	(169,759)	(218,503)	(156,201)		
Present value of liability at the end of year	2,878,186	1,297,475	1,295,741	1,231,981		
Principal Assumptions:						
Discount Rate	5.4%	4.7%	5.4%	4.7%		
Rate of compensation increase	4.2%	4.5%	4.5%	4.5%		
Increase in consumer price index	2.9%	3.9%	2.9%	3.9%		

The additional cost of extra benefits relates to benefits paid to employees who became redundant. Most of these benefits were not expected within the terms of this plan and, accordingly, the excess of benefit payments over existing reserves have been treated as an additional pension charge. The additional pension charge for the years ended December 31, 2008 and 2007, amounted to \notin 60,522 and \notin 73,797 respectively for the Group and \notin 51,188 and \notin 64,177 respectively for the Company.

31. LOSS PER SHARE:

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

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



The following reflects the net loss and share data used in the basic and diluted earning per share computations as at December 31, 2008 and 2007:

	The Group		The Company		
	Decem	ber 31,	Decemb	December 31,	
	2008	2007	2008	2007	
Net loss attributable to the shareholders of the parent	(40,484,720)	(32,532,801)	(40,185,154)	(32,733,098)	
Total weighted average number of ordinary					
shares	84,191,967	38,549,492	84,191,967	38,549,492	
Effect of dilution resulting from share options	-	250,081	-	250,081	
Adjusted weighted average number of ordinary shares for diluted loss per share	84,191,967	38,799,573	84,191,967	38,799,573	

During the current year the effect of dilution resulting from share option was not calculated due to fact that the average price per share was lower than the exercise price per share.

32. EMPLOYEE STOCK OPTION PLANS:

The Group has two types of compensatory management share option plans, a short-term plan exercisable on an annual basis and a long-term plan of an overall life of five years since its initial establishment. These plans are further analysed below:

SHORT TERM PLAN:

1) First Short Term Plan

The plan for 2006 was initially approved on June 30, 2006, by Forthnet's Shareholders Ordinary General Assembly and is administered by the Board of Directors which granted 311,593 stock options on September 25, 2006. The principal terms of the plan that were approved by the shareholders are as follows:

- (i) Eligibility: Options can be granted to the Company's and its related companies members of the Board of Directors, to General Managers, Directors of Departments, as well as other executives, whose contribution, duties and accountability are considered as key factors for the achievement of the Company's targets as at April 30, 2007 and, as long as the following cumulative conditions are met: (a) the number of unbundled OTE exchanges (b) the number of active Broadband subscribers and, (c) kilometers of rolled out fiber optic network on National level.
- (ii) Entitlement to Options: The total number of shares under the option plan granted was 311,593 at an exercise price of € 5.36 per share.

The fair value of the options as at September 25, 2006, was determined using the Black & Scholes model. The main assumptions affecting the model are the share price at the grant date of \in 7.3, exercise price, dividend yield, discount rate of 3.5% and the volatility of the share price of 18.49%. The volatility is the variance between the expected volatility in the share price and is computed using statistical analyses of the daily share prices of the last 12 months.

As the Company's targets were reached as at April 30, 2007 the above mentioned plan was exercised in December 2007.



2) Second Short Term Plan

The plan for 2006 was initially approved on June 30, 2006, by Forthnet's Shareholders Ordinary General Assembly and is specified by the Board of Directors on April 27, 2007, and afterwards by the Managing Director on August 17, 2007, granted 350,000 stock options. The principal terms of the plan that were approved by the shareholders are as follows:

- (i) Eligibility: Options can be granted to the Company's and its related companies members of the Board of Directors, to General Managers, Directors of Departments, as well as other executives, whose contribution, duties and accountability are considered as key factors for the achievement of the Company's targets as at April 30, 2008 and, as long as the following cumulative conditions are met: (a) the number of unbundled OTE exchanges (b) the number of active Broadband subscribers and/or ULL subscribers, (c) kilometers of rolled out fiber optic network on National level.
- (ii) Entitlement to Options: The total number of shares under the option plan granted was 350,000 at an exercise price of € 5.36 per share.

The fair value of the options as at August 17, 2007, was determined using the Black & Scholes model. The main assumptions affecting the model are the share price at the grant date of \in 9.00, exercise price, dividend yield, discount rate of 4.5% and the volatility of the share price of 4.86%. The volatility is the variance between the expected volatility in the share price and is computed using statistical analyses of the daily share prices of the last 12 months.

LONG-TERM PLAN:

This plan was approved on June 30, 2006, by the Shareholders General Assembly Meeting and is administered by the Board of Directors which granted a) 1,746,000 stock options on September 25, 2006 and b) 80,000 stock options on February 9, 2007.

The principal terms of the plan that were approved by the shareholders are as follows:

- **Eligibility:** Options can be granted to the Company's and its related companies members of the Board of Directors, to General Managers, Directors of Departments, as well as other executives, whose contribution, duties and accountability are considered as key factors for the achievement of the Company's goals. The options can be exercised by fiscal year 2011 or sooner according to the following criteria/targets: (a) profit before taxes, interest and depreciation for fiscal year 2010 or (b) the average share price as at December 2010 or (c) a change of shareholder control in the Company.
- (ii) Entitlement to Options: The total number of shares under the option plan granted was 1,826,000 at an exercise price of € 5.36 per share.

The fair value of the options as at September 25, 2006 and February 9, 2007 (grant dates), was determined using the Black & Scholes model.

The main assumptions affecting the model are the share price at the grant date (\in 7.3 on September 25, 2006 and \in 10.76 on February 9, 2007), exercise price, dividend yield, discount rate of 4.5% and the volatility of the share price (49.72% on September 25, 2006 and 53.69% on February 9, 2007). The volatility is the variance between the expected volatility in the share price and is computed using statistical analyses of the daily share prices and calculated in accordance with the duration of options safeguards.

On December 21, 2007, the Company's Board of Directors granted 255,000 options which correspond to 255,000 shares to Forthnet's 1st Line Managers at a price set at 5.36 per share. The criteria set for exercising the options was the achievement of the Company's 2008 budget and the Exercise Date was set for December 31, 2009.



The following table illustrates the number (No.) and exercise prices (EP) of share options for the Company's share incentive plans:

	December 31,					
	2008		2007			
	Number	E.P.	Number	E.P.		
Outstanding at the beginning of the year	2,425,444	5.36	2,057,593	5.36		
Granted during the year	-	-	685,000	5.36		
Exercise of option during the year (First short-term)	-	-	(311,593)	5.36		
Exercise of option resulting from unvested rights			(5,556)			
Outstanding at the end of the year	2,425,444	5.36	2,425,444	5.36		

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. During the fiscal year no stock option was exercised.

33. RELATED PARTIES:

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

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

Relation with Forthnet	Fiscal Years	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Shareholder	2007 2008	155,130 196,393	53,903 74,216	80,306 5,686	12,925 12,126
Subsidiary	2007 2008	216,070 122,340	21,587 28,719	162,287 161,090	15,255 32,072
Subsidiary	2007 2008	-	- -	336,675 336,675	- -
Associated	2007 2008	18,074	520,000	- -	-
Associated	2007 2008	9,331 8,539	12,260 25,846	1,736 2,489	5,698 17,131
Subsidiary	2007 2008	- 8,930	- 168,634	10,626	147,905
Subsidiary	2007 2008	40,278	-	47,931	
Subsidiary	2007 2008	720	28,000	3,128	33,320
Total	2007	398,605	607,750	581,004	33,878 242,554
	Shareholder Subsidiary Subsidiary Associated Associated Subsidiary Subsidiary Subsidiary	Forthnet Years Shareholder 2007 2008 Subsidiary 2007 2008 Subsidiary 2007 2008 Associated 2007 2008 Associated 2007 2008 Subsidiary 2007 2008 Subsidiary 2007 2008 Subsidiary 2007 2008 Subsidiary 2007 2008 Total 2007 2007 2008	Relation with Forthnet Fiscal Years related parties Shareholder 2007 2008 155,130 196,393 Subsidiary 2007 216,070 2008 122,340 Subsidiary 2007 2008 122,340 Subsidiary 2007 2008 - Associated 2007 2008 - Associated 2007 2008 9,331 2008 Subsidiary 2007 2008 8,539 Subsidiary 2007 2008 49,278 Subsidiary 2007 2008 40,278 Subsidiary 2007 2008 720 Total 2007 398,605 -	Relation with Forthnet Fiscal Years related parties from related parties Shareholder 2007 2008 155,130 196,393 53,903 74,216 Subsidiary 2007 216,070 21,587 2008 21,587 2008 Subsidiary 2008 122,340 28,719 Subsidiary 2007	Relation with Forthnet Fiscal Years Sales to related parties Purchases from related parties owed by related parties Shareholder 2007 2008 155,130 374,216 53,903 53,903 74,216 80,306 56,686 Subsidiary 2007 216,070 21,587 2008 162,287 162,287 162,287 161,090 161,090 Subsidiary 2007 2008 2008 2008 2008 2008 2008 2008

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

Technology and Research Foundation owned 4.20%, and 11.36% of the ordinary shares of Forthnet as at December 31, 2008 and 2007, respectively and is represented by one non-executive member on Forthnet's Board of Directors.



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

Related Party	Relation with the Group	Fiscal Years	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Technology and Research Foundation	Shareholder	2007 2008	155,130 196,393	53,903 74,216	80,306 5,686	12,925 12,126
Forth e-com S.A.	Associated	2007 2008	18,074	520,000	-	- -
Lumiere Productions S.A	Shareholder	2007 2008	- -	1,562,700	- -	6,378
Lumiere Television Ltd	Shareholder	2007 2008	- -	792,353	320,301	337,627
Lumiere Cosmos Communications	Shareholder	2007 2008	- -	- -	- -	10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	2007 2008	-	54,384	-	16,179
Gambritsos Georgios	Members of the B.O.D. – Executive members	2007 2008	-	91,945	-	-
Athlonet S.A.	Associated	2007 2008	9,331 8,539	12,260 25,846	1,736 2,489	5,698 17,131
	Σύνολα Σύνολα	2007 2008	182,535 204,932	586,163 2,601,444	82,042 328,476	18,623 389,451

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the fiscal years 2008 and 2007, are analysed as follows:

	The Gro	oup	The Company		
	2008	2007	2008	2007	
Salaries and fees for executive members of the BoD Salaries and fees for non executive	483,806	430,619	483,806	430,619	
members of the BoD	139,200	139,200	139,200	139,200	
Salaries and fees for Senior Managers	1,902,828	1,370,753	1,181,026	1,245,871	
Total	2,525,834	1,940,572	1,804,032	1,815,690	

Furthermore, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Management relating to stock option plans amounted to € 3,057,573 (December 31, 2007 € 1,199,976, respectively).

Moreover, benefits provided by Group NetMed N.V. and Intervision (Services) B.V. to Managers relating to Acquisition process amounted to € 5,540,216.

In addition, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Managerial executives relating to termination compensation amounted to $\[mathcal{\in}$ 126,945 and $\[mathcal{\in}$ 79,038, respectively (December 31, 2007 $\[mathcal{\in}$ 68,609 and $\[mathcal{\in}$ 66,409 respectively).



34. COMMITMENTS AND CONTINGENCIES:

Litigation and Claims: The Group is currently involved in a number of legal proceedings and has various claims pending arising in the ordinary course of business. Based on currently available information, management and its legal counsel believe that the outcome of these proceedings will not have a significant effect on the Group's and Company's operating results or financial position (Refer to Note 36).

Compensation of Senior Executives: According to the employment contracts of the Chief Executive Officer and certain senior executives, there is a provision for the payment of compensation at the end of their employment term which liability has been included in the provision for staff retirement indemnities. In addition, in case of early termination of their contracts by the Company without grounds or in case of forced resignation, the Company shall pay to them an additional compensation. The amount of the additional compensation amounted to approximately € 1.4 million at December 31, 2008 (approximately € 1.3 million at December 31, 2007).

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

Development Law 3299/2004: According to decision no. 28757/YPE/4/00447/L.3299/E/ 22.12.2006 of the Minister and Deputy-Minister of Finance and Economics (GG 358/15.03.2007), the Company's business plan relating to the establishment of an integrated, high-speed broadband network applying a cutting-edge technology for the provision of new data, voice and content services in the regions of Attica and Thessaloniki, in accordance with the provisions of Development Law 3299/2004 was approved. The amount of investment approved amounts to approximately €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 December 31, 2008, the Company had completed its investement 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 € 1,612,150. The percentage of subsidy equals to 30% of the total investment (i.e. equal to the amount € 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/I. 3299/2004/29.12.2006 (GG 341/13.03.2007) of the Minister and Deputy-Minister of Finance and Economics, the Company's subsidiary, Forth CRS S.A., business plan relating to the provision of innovative, large-scale electronic and broadband services in the sectors of tourism, transportation and culture in the region of Attica was approved in accordance with the provisions of Development Law 3299/2004. The amount of investment approved equals to approximately €1.8 million and the percentage of subsidy equals to 30% of the investment, i.e. € 540 thousand. On December 31, 2008, the Company's investment amounted to € 1.4 million and a related provision of € 430 thousand has been included in Government grants and receivable from State.



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

Commitments:

Rent: The Group has entered into commercial operating lease agreements for the lease of a building, office space and offices used as points of presentation for dealers. These lease agreements have an average life of 5 to 10 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancelable operating leases as at December 31, 2008 and 2007, are as follows:

	The G	Group	The Company		
	Decem	December 31,	December 31,		
	2008	2007	2008	2007	
Within one year	1,847,561	1,667,459	1,673,096	1,524,576	
2-5 years	5,611,674	5,535,924	5,226,052	5,112,423	
Over 5 years	3,276,527	3,200,940	3,219,196	3,200,940	
Total	10,735,762	10,404,323	10,118,344	9,837,939	

Guarantees: Letters of guarantee are issued and received by the Group to and from various beneficiaries and as at December 31, 2008 and 2007, are analysed as follows:

	The G	roup	The Company	
	December 31,		December 31,	
	2008	2007	2008	2007
Good execution of agreements	19,898,399	13,705,972	12,467,875	13,705,972
Participation in biddings	256,000	8,500	8,500	8,500
Guarantee for advance payments received	6,709,735	2,130,654	6,709,735	2,130,654
Total	26,864,134	15,845,126	19,186,110	15,845,126

Contractual Commitments: The outstanding balance of the contractual commitments for the Group amounted to approximately \in 59 million and for the Company amounted to approximately \in 20 million at December 31, 2008. 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 9 million.

35. FINANCIAL INSTRUMENTS:

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

The fair value of variable rate loans and borrowings approximate the amounts appearing in balance sheets.

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



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

	The C	Group	The Co	mpany
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Nominal amounts in US\$				
Financial Assets	3,026,682	-	-	-
Financial liabilities	(15,993,858)	-	-	-
Long term exposure	(12,967,176)	-		

The following table presents the sensitivity of the result for the year in regards to the financial assets and financial liabilities and the US- Dollar / Euro exchange rate. It assumes a 5% (2007: 5%) increase of the Euro/US-Dollar exchange rate for the year ended 31 December 2008. The sensitivity analysis is based on the company's foreign currency financial instruments held at each balance sheet date.

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

	The G	roup
	31.12.2008	31.12.2007
Result for the year	648,359	-

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

	The Gr	oup
	31.12.2008	31.12.2007
Result for the year	(648,359)	-

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

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

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

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

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

	The G	The Group		The Company		
	Decemb	per 31,	December 31,			
	Interest Rate Variation	Effect on income	Interest Rate Variation	Effect on income		
EURO	1.0%	2,859,945	1.0%	338,410		
	-1.0%	-2,859,945	-1.0%	-338,410		

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



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

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

The table below summarizes the maturity profile of financial liabilities at December 31, 2008 and 2007, respectively, based on contractual undiscounted payments.

Group

Year ended December 31, 2008	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	_	11,600,000	11,744,000	139,439,333	203,031,154	365,814,487
Leases	-	7,241,707	7,241,707	32,619,145	54,625,437	101,727,996
Trade, programme and						
film rights and other						
payables		40,839,363	82,697,973			123,537,336
Total	-	59,681,070	101,683,680	172,058,478	257,656,591	591,079,819
Year ended December		Less than 6	6 to 12	1 to 5		
31, 2007	On demand	months	months	years	>5 years	Total
Borrowings	-	2,583,516	1,572,000	29,028,404	35,593,895	68,777,451
Leases		165,844	165,844	1,405,286	1,701,326	3,438,30
Trade and other payables	2,550,000	33,283,758	36,606,671		<u> </u>	72,440,429
Total	2,550,000	36,033,118	38,344,515	30,433,326	37,295,221	144,656,180
Company						
Year ended December		Less than 6				
31, 2008	On demand	months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	1,700,000	1,700,000	59,593,333	40,642,473	103,625,806
Leases		137,946	137,946	1,379,454	1,425,435	3,080,781
Trade and other payables		16,379,760	41,053,492			57,433,252
Total	-	18,217,706	42,891,438	60,962,787	42,067,908	164,139,839
Year ended December		Less than 6				
31, 2007	On demand	months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	_	1,500,000	1,500,000	28,152,040	34,949,895	66,101,935
Leases		137,945	137,946	1,379,454	1,701,326	3,356,671
Trade and other payables	2,500,000	32,233,758	36,515,432	-	-	71,249,190
Total	2,500,000	33,871,703	38,153,378	29,531,494	36,651,221	140,707,796



Capital Management

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

	The Group		The Company		
	December 31,		December 31,		
	2008	2007	2008	2007	
Long-term borrowings	315,285,988	49,821,935	84,225,806	49,101,935	
Short-term borrowings	11,328,499	1,155,516	-	-	
Total Debt	326,614,487	50,977,451	84,225,806	49,101,935	
Less: Cash and cash equivalents	79,510,860	56,120,418	14,864,016	55,701,928	
Net Debt/(cash)	(247,103,627)	(5,142,967)	(69,361,790)	6,599,993	
-Adjusted EBITDA	15,446,078	(17,252,872)	(2,772,104)	(18,412,570)	

36. LITIGATION – ARBITRATION:

- A. Forthnet's outstanding judicial claims against third parties amount to approximately € 38.3 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 \in 4.1 million against OTE with regard to the positive and indirect damages claimed to have been suffered from OTE's unlawful practices of customer winback.

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

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

- 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 € 7.2 million. 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.



- B. 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.

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 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.
 - (b) The outstanding judicial claims of the subsidiary Multichoice Hellas S.A. against third parties amount to € 125 million approximately, plus interest and legal expenses. The abovementioned amount is mainly related to the company's claims against several PAE for the restitution of (pecuniary and moral) damage incurred by Multichoice Hellas S.A. due to the unlawful and void termination –on the part of PAE- of the agreements which the PAE had concluded with NetMed Hellas S.A. for the TV/radio broadcast of their football matches. From the abovementioned amount, the amount of € 325.877 relates to Multichoice'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 should be noted that for the above claims, no related provision has been provided by the Company in its financial statements.



37. SUBSEQUENT EVENTS:

On March 3, 2009, Forthnet's subsidiary, Forth CRS S.A. has accepted the tax settlement issued in accordance with the Law 3697/2008 concerning unaudited fiscal years from 2003 to 2006. According to the tax settlement the total tax for the above four fiscal years amounted to \notin 78,840.

On March 10, 2009, Forthnet's affiliated company NetMed Hellas S.Aannounced the acquisition of the television rights of UEFA Champions League for the three-year period 2009-10, 2010-11 and 2011-12.

Iraklion, March 16., 2008

President of the Board of Directors Ioannis Averof Chief Executive Officer Pantelis Tzortzakis

I.D. N. 772354 President of the Board of Directors I.D. X 072948 Chief Executive Officer

President of the Board of Directors

Chief Executive Officer

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

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Annual Financial Report for the year ended December 31, 2008

INFORMATION OF THE ARTICLE 10 OF THE LAW 3401/2007

Forthnet A.E. published to press the following information of article 10, Law 3401/2005 and made them available to public during the financial year 2008. Information is uploaded both in the official web site of ASE www.ase.gr and in the company's as following:

DATE	DESCRIPTION	INTERNET ADDRESS
7/1/2008 Information regarding	he annual implementation of the company's stock option plan	http://www.forthnet.gr/templates/corporatePosting.aspx?p=218519
	shares due to exercise of stock option rights	http://www.forthnet.gr/templates/corporatePosting.aspx;p=219071
17/1/2008 Comment on Newspap		http://www.forthnet.gr/templates/corporatePosting.aspx?p=219316
	lated Information according to Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=219583
	lated Information according to Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=220176
	lated Information according to Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=220291
	ng the share capital of the Company (Law 3556/2007)	http://www.forthnet.gr/templates/corporatePosting.aspx?p=220471
5/2/2008 Notification	ag die draife capitarior die company (carriococyzeoxy)	http://www.forthnet.gr/templates/corporatePosting.aspx?p=220864
	lated Information according to Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=222669
	lated Information according to Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=222720
	ated information according to Law 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=222831
18/2/2008 Announcement of regu	ated information – Notification of Important changes in the voting rights according to the Law. 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=223012
	the 4th Quarter 2007 and Trading Update	http://www.forthnet.gr/templates/corporatePosting.aspx?p=226466
	f information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx?p=222832
10/4/2008 COMMENT ON ARTICL		http://www.forthnet.gr/templates/corporatePosting.aspx?p=229098
	t information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx?p=229333
	ENDMENT OF THE FINANCIAL CALENDAR	http://www.forthnet.gr/templates/corporatePosting.aspx?p=229345
14/4/2008 Forthnet enters into ar		http://www.forthnet.gr/templates/corporatePosting.aspx?p=229348
23/4/2008 Fairness Opinion 21 4		http://www.forthnet.gr/templates/corporatePosting.aspx?p=236319
	ordinary Shareholders Meeting in accordance to article 289 of the ATHEX Operation	http://www.forthnet.gr/templates/corporatePosting.aspx?p=236318
23/4/2008 INVITATION TO THE E	(TRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY Forthnet S.A.	http://www.forthnet.gr/templates/corporatePosting.aspx?p=230087
	of the amendment of the article 5 of the company's Articles of Associations	http://www.forthnet.gr/templates/corporatePosting.aspx?p=229346
14/5/2008 Resolutions of the Extr		http://www.forthnet.gr/templates/corporatePosting.aspx?p=231514
16/5/2008 Bond Facility Agreeme		http://www.forthnet.gr/templates/corporatePosting.aspx?p=231699
	RDINARY GENERAL SHAREHOLDERS MEETING	http://www.forthnet.gr/templates/corporatePosting.aspx;p=232201
27/5/2008 BoD resolutions regard		http://www.forthnet.gr/templates/corporatePosting.aspx?p=232401
	the 1st Quarter 2008 and Trading Update	http://www.forthnet.gr/templates/corporatePosting.aspx?p=232699
	olished Financial Data and Information for the 1st Quarter 2008	http://www.forthnet.gr/templates/corporatePosting.aspx?p=233420
10/6/2008 Investor Presentation	onsided material pata and Information for the 1st Quarter 2000	http://www.forthnet.gr/templates/corporatePosting.aspx?p=233680
	l information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx;p=233902
	ft of the Articles of Association of the Company	http://www.forthnet.gr/templates/corporatePosting.aspx?p=233900
13/6/2008 Announcement for sha		http://www.forthnet.gr/templates/corporatePosting.aspx?p=234025
	nary General Meeting of shareholders	http://www.forthnet.gr/templates/corporatePosting.aspx?p=234023
	ated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=23901
	ated information of the Law 3556/2007 and the article 13 of the Law 3540/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=234494
	ated information of the Law 3556/2007 and the article 13 of the Law 3540/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=229347



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Annual Financial Report for the year ended December 31, 2008

8/7/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=235902
10/7/2008 Notification of regulated information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx?p=236254
10/7/2008 Notification of regulated information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx?p=236251
10/7/2008 SHARE CAPITAL INCREASE THROUGH PAYMENT OF CASH AND PRE-EMPTION RIGHT IN FAVOUR OF EXISTING SHAREHOLDERS	http://www.forthnet.gr/templates/corporatePosting.aspx?p=236252
10/7/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.qr/templates/corporatePosting.aspx?p=236244
11/7/2008 Announcement	http://www.forthnet.gr/templates/corporatePosting.aspx?p=236338
14/7/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=236727
16/7/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=236859
22/7/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=237587
31/7/2008 Announcement	http://www.forthnet.gr/templates/corporatePosting.aspx?p=238272
1/8/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=238271
5/8/2008 SHARE CAPITAL SUCCESSFULLY COMPLETED INCREASE THROUGH PAYMENT OF CASH	http://www.forthnet.gr/templates/corporatePosting.aspx?p=238433
7/8/2008 Trading in the Athex of new shares after share capital increase in cash payment	http://www.forthnet.gr/templates/corporatePosting.aspx?p=238688
11/8/2008 ANNOUNCEMENT ACCORDING TO THE ARTICLE 9 PAR, 5 OF THE LAW 3556/2007	http://www.forthnet.gr/templates/corporatePosting.aspx?p=238866
12/8/2008 Notification of regulated information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx?p=238965
12/8/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=238968
28/8/2008 Announcement to complete the acquisition of all shares in NetMed N.V. and Intervision (Services) B.V.	http://www.forthnet.gr/templates/corporatePosting.aspx?p=240276
29/8/2008 Forthnet SA Results for the 1st Half '08, Trading Update and NOVA's operating performance	http://www.forthnet.gr/templates/corporatePosting.aspx?p=240377
12/9/2008 Announcement senior managers change	http://www.forthnet.gr/templates/corporatePosting.aspx?p=225639
17/9/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=241621
22/9/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=241912
30/9/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=242809
1/10/2008 Notification of regulated information of the Law 3556/2007- Significant changes in voting rights	http://www.forthnet.gr/templates/corporatePosting.aspx?p=242885
1/10/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=242882
20/10/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=243033
24/10/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=244384
13/11/2008 Announcement of appointment of Group Legal Services Director	http://www.forthnet.gr/templates/corporatePosting.aspx?p=246133
27/11/2008 Forthnet SA Results for the Q3'08, Trading Update and operating performance.	http://www.forthnet.gr/templates/corporatePosting.aspx?p=247628
9/12/2008 Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/templates/corporatePosting.aspx?p=245672
24/12/2008 Announcement senior managers change	http://www.forthnet.gr/templates/corporatePosting.aspx?p=250516
31/12/2008 Forthnet A.E. has accepted the tax settlement issued in accordance with the Law 3697/2008 of its absorbed company INTERNET HELLAS SA	http://www.forthnet.gr/templates/corporatePosting.aspx?p=250677



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

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

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



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Annual Financial Report for the year ended December 31, 2008

FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Forthnet S.A. Registration No S.A. 34461/06/B/95/94

FORTHOET

Scientific Technological Park of Crete, Vassilika Vouton, Iraklion Crete 71003

FINANCIAL DATA & INFORMATION FOR THE PERIOD JANUARY 1, 2008 - DECEMBER 31, 2008

(Published based an Compared Law 2190, acids 28 Law

GENERAL INFORMATION:

Ministry of Development, Secretary of Commerce Murch 16, 2009 Chris Pelendridis, Saloustros Stavros ERNST & YOUNG S.A., SOL S.A. Upon approval www.fortinet.gr

Stratos Iason, Independent-Non-Executive Mer

Members of the Band of Directors: Averof Isamin - Prendent of the BoD, Non-Encourse Member Padamachian Desput Greens Vice Prendent of the BoD, Non En Tracturals Faundi - Colle Encourse Giffens, Theorets Member Warragen Michael, Non-Escourse Member Gentsondain Georgea, Independent-Non-Encourse Member Majul Mohin, Non-Encourse Member Payatakes Alkiviades, Non-Executive Member Portelli Saviour, Non-Executive Member

ANNUAL BALANCE SHEET 31.12.2008 31.12.2007 31.12.2008 31.12.2007 ASSETS
Tangible assets
Intangible assets
Provisional goodwill
Other non current asset
Inventories
Trade receivables
Other current assets 269,894,053 17,599,528 15,514,911 15,298,893 Non current assets a TOTAL ASSETS 379,877 1,028,558,013 262,821,159 EQUITY AND LIABILITIES Minority interests (b) Total Equity (c)=(a)+(b) Other Current Liabilities 179,794,948 70.162.498 79,363,30

139,655,226 262,821,159 1,028,558,013 ANNUAL STATEMENT OF INCOME

TOTAL EQUITY AND LIABILITIES (c)+(d) | Company | Comp (9,221,004) (21,245,290) STATEMENT OF CHANGES IN EQUITY

31.12.2008 31.12.2007 Total equity balance at the beginning of period including minority rights (01.01,2008 and 01.01,2007 respectively) (Loss) after income taxes (3,349) Employee stock option plan Minority interest on reserves distributed by subsidiary 6,448,901 6,448,901 2,832,720 4,732,111 388,853,774 123,517,104 384,456,695 123,165,933

ANNUAL CASH FLOW STATEMENT					
	GRO	OUP	COM	COMPANY	
	01.01 - 31.12.2008	01.01 - 31.12.2007	01.01 - 31.12.2008	01.01 - 31.12.2007	
Cash flow from Operating Activities					
Loss before taxes (continuing activities)	(54,573,400)	(40,442,501)	(46,071,491)	(40,698,287)	
Add / Less adjustments for:					
Depreciation and amortization	54,205,558	20,047,221	36,121,102	19,230,642	
Amortization of subsidies	(3,169,775)		(2,960,597)		
Gains/losses on disposals of tanglible and intangible assets	(292,446)	352,242	(113,605)	354,321	
Allowance for doubtful receivable accounts	5,153,006	4,930,000	4,580,000	4,900,000	
Other provisions	6,916,693	3,204,931	6,803,573	3,181,098	
Gains on disposals of financial investing activities	(2,271,456)	(2,334,093)	(1,386,135)	(2,323,588)	
Financial expenses	12,286,739	2,648,243	5,076,117	2,545,943	
Share of profits of associates accounted for under the equity method Add/less adjustments for changes in working capital related to operating activities:	(3,274)	(4,462)	-	-	
Decrease / (increase) inventories	2,782,759	(27,792)	(676,467)	(13,805)	
Decrease/ (increase) trade accounts receivable and prepayments	(13,417,140)	(17,368,656)	(10,217,705)	(16,223,679)	
(Decrease) / increase liabilities (other than Bank loans)	4,605,487	21,604,618	205,691	21,892,895	
Less					
Interest and related expenses paid	(8,557,812)	(2,380,635)	(4,944,641)	(2,289,888)	
Tax paid	(2,086,453)	(63,956)		(63,956)	
Increase/(decrease) in other long-term receivables	(25,133)	(83,650)	(19,881)	(77,881)	
Increase/(decrease) in other long-term liabilities	35,000	(1,219,750)	35,000	(1,219,750)	
Net cash from/(used in) operating activities (a)	1,588,353	(11,138,240)	(13,569,038)	(10.805,935)	

Acquisition of group of companies	(390,756,446)			
Investment in subsidiary	(33,660)		(285,060,000)	(599,584)
Purchase of tangible and intangible assets	(72,902,198)	(45,622,748)	(72,225,252)	(43,967,240)
Proceeds from the sale of tangble and intangible assets	144,292	26,890	144,292	24,455
Interest received	2,466,901	2,219,875	1,499,718	2,210,005
Sales of financial assets at fair value with changes in net results	-	68,130,477		68,130,477
Loan Repayment of Subsidiary	(61,652,458)		-	
Net cash flow from/(used in) investing activities (b)	(522,733,569)	24,754,494	(355,641,242)	25,798,113
Cash flow from Financing Activities				
Net payments for increase of share capital	293,504,728	1,695,454	293,504,728	1,695,454
Net proceeds from long-term issuance	265,464,053	49,821,935	35,000,000	49,101,935
Repayment of long-term borrowings	(18,000,000)	(34,000,000)		(34,000,000)
Net change in short-term borrowings	7,172,982	151,125		-
Net change in finance lease creditors	(3,606,105)	(141,654)	(132,360)	(108,701)
Net cash flows from/(used in) financing activities (c)	544.535.658	17.526.860	328.372.368	16.688.688

Cash and cash equivalents at beginning of year 56,120,418 24,977,304 55,701,928 24,021,062 79,510,860 56,120,418 14,864,016 55,701,928

ADDITIONAL DATA AND INFORMATION

- The above financial natements during the year \$1001/2008-31/12/2008 have been approved by the members of the Board of Directors on March 16, 2009.

 2. At December 31, 2008 the Group's total number of employees reached 1,538, while the parent Company's 914 At December 31, 2007 the Group's relative number of employees was 950, while the parent company's was 955.

 3. There are not any are before on the Group's real relative.

 4. The financial internents of the Group are nelabed in the financial internent of Company "FORGENDO LIMITED" (filed Office Cympu. Percentage Parlings and September 30, 2008 43 79%) under the equipments of the Board and arresements have been used as in print fixed upon.

 5. Same accounting methods and arresements have been used as in print fixed upon.

 6. The Group's industries, their registered dies, the equipments are well as the particulation of the company of the company in distinct and teamment.

 7. The washed the years of the Company of the Group are rate and to five 10 of the areas filancial interments.

 8. On August 27, 2008, Forthert completed the acquaints of 41 these in Netholds IV. voa Intervision (Services) B.V. drough its 100% inholding "Territorial Industries of the Board for the popment of the total construction of all these in Netholds IV. voa Intervision (Services) B.V. Netholds IV. v.

 Ferrom the above date the following: Companies are consolidated in the financial intervents.

 From the above date the following: Companies are consolidated in the financial intervents. Entervision (Services) B.V., Nethold IV.V., Netholds IV.V., Netholds IV.V., Services IV.V., Netholds IV.V., Services IV.V., Netholds IV.V., Services IV.V., Netholds IV.V., Netholds

Name	Revenues	%	Losses after taxes and minority interests	%
NETMED N.V.	69,604,613	32.87%	3,242,638	-8.01%
INTERVISION (SERVICES) B.V.	-	0.00%	405,682	-1.00%

- 9. The Company and the Croop have made cumulative provisions for additional taxes are suments for the smoothed tax years amounting to € 0.2 for the Company and € 2.5 for the Compa. In addition, no offering that are that been recognised for ext-off of tax borses of amount € 7.3 m. for the Croop and the Company on order to cover any additional taxes which are lower in these tax are that the company of the
- 10. There are no disputes or issues under arbitration, or decisions issued by legal or arbitration bodies affecting the Group's financial status

- IA AND INFOCRMATION

 The amount of the provision for the above innex are +0.00 for the company and +0.00 for the group.

 11. The amount of other provisions are +0.00 for the Company and +0.00 for the Group.

 12. At the end of current period on latter of the parent company are postered by either the parent company or any rubridany or associate companies.

 13. The accommandate of more and expenses much the beginging of the current float ayer as a we due at the Company's and the Group's trade accounts received and pupuls balances at the end of the current float ayer are were float year are well as the current float ayer are well as the measurement of the purple of the current float ayer are well as the measurement when their related parine, according to IAS 24, are as

(Amounts in euro)	Όμιλος	Εταιρεία
a) Income	204,932	377,200
b) Expenses	2,601,444	325,415
c) Receivables	328,476	567,625
d) Liabdities	389,451	242,554
e) Fees of Managers and members of the Board of Directors	11,123,623	4,861,605
f) Amounts owed by Managers and members of the Board of Directors	0	0
g) Amounts to Managers and members of the Board of Directors	74,551	58,372

- <u>De Amounts to Managers and numbers of the Doard of Directors</u> 74, 45,511 ≤ 3,572 14. In accordance with the decision of the Entraordinary Sensets Boweloiders Merting of May 14, 2008 as that coupilal increases took place from July 18, 2008 up to and inchoing August 1, 2008 up to the amount of € 137,556,722 through the insurance of 116,573,493 zero common registered shares, of a normal value of € 1.18 per there, at an offer price per three, of € 2.57. The difference between the exercise price and the normal value of each share of € 157,470,293 was carefuled to these persuans.
 15 The go-ofwell that arrised from the acquision that was completed on August 27, 2008 amounted to € 255,965,176 and it is provincinal (note 11 of the annual
- financial statements). The confirmation of the goodwill will be completed within 12 months from the date of the acquisition
- 16. During the current period an amount of € 4,566,862 is recorded directly in the equity of the company and the Group (net from deferred tax), which co
- to Journage or Certain persons all attention in C. 4., 200,000. In the contrary a time regard or time to strong person and interest usage, water contract contract or time and an advantage of the Company and the Company and time capital intermediate contract of the parameter of the Company and time and time of the Company and time and time of the Company and time and time of the Company and time deletion and time of the Company and time of the Company and time deletion and time of the Company and time of the Com
- from the registry of societe anonyme.

TZORTZAKIS PANTELIS ID Number, X 072948 License Number O.E.E. 0016310 A Class



REPORT ON THE USAGE OF CAPITAL RAISED THROUGH THE SHARE CAPITAL INCREASE WITH CASH

It is hereby notified, in accordance with decision no. 25/17.07.2008 of the Athens Stock Exchange, that from the Company's share capital increase by cash and share options exercised by old shareholders, which took place on the basis of decision no. 23/14.05.2008 of the Company's shareholders Extraordinary General Assembly and approved by the Athens Stock Exchange Board of Directors meeting on 10/07/2008, raised net capital of €285,000,000 (total amount €299,593,877 less issuing expenses of €14,593,877). The exercise period for the preemption rights was from 18/07/2008 to 01/08/2008. From this share capital increase, 116,573,493 new common shares were issued with a nominal value of €1.18 each, which were listed for trading on the A.S.E. on 11/08/2008. The Company's share capital increase was confirmed by the Company's Board of Directors on 04/08/2008.

Amounts in €	Intended use of funds according to Prospectus	Usage of funds 2008	Unused funds
Financing of portion of the consideration for the acquisition of NetMed N.V. και Intervision (Services)	-		
B.V.	285,000,000	285,000,000	-
Issuance expenses for the completions of the			
acquisition	14,593,877	11,456,916	3,136,961
Total	299,593,877	296,456,916	3,136,961

Notes:

- 1. The category "Issuance expenses for the completions of the acquisition" concerns expenses for guaranteed coverage, consultant fees, taxes and duties sundry expenses directly related to the increase as well as the issue consultant's fee.
- 2. The total funds raised from the rights exercised were fully utilized according to the purpose of the share capital increase as stated in the respective Prospectus of July 10, 2008.
- 3. The unused funds as at 31.12.2008 equal to € 3,136,961 are invested as follows:

 Time deposits
 3.000.000

 Cash at Banks
 136.961

 Total
 3.136.961



HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. Annual Financial Report for the year ended December 31, 2008

Iraklion, March 16, 2009

President of the Board of Directors

Chief Executive Officer

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

Chief Financial Officer

Chief Accountant

Pavlos Kanellopoulos I.D. N 006982 Spyros Kosmas I.D. AZ 555377 License No. O.E.E. 0016310 A Class

REPORT OF FACTUAL FINDINGS IN CONNECTION WITH THE "REPORT ON USAGE OF FUNDS" TO THE BOARD OF DIRECTORS OF "HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS – FORTHNET S.A."

Following the request of the Board of Directors of Hellenic Company for Telecommunications and Telematic Applications – Forthnet S.A. ("the Company"), we have performed the agreed-upon procedures enumerated below within the related regulatory framework of the Athens Stock Exchange as well as the related legal framework of the Hellenic Capital Markets Commission related to the Company's share capital increase, in cash, in 2008 in accordance to the decision of the Extraordinary Shareholders Meeting of May 14, 2008. The Company's Management is responsible for preparing the above report. Our engagement was undertaken in accordance with the International Standard on Related Services 4400, "Engagements to perform Agreed-Upon procedures regarding Financial Information". Our responsibility is to perform the agreed-upon procedures enumerated below and provide you with our findings.

Procedures:

- 1) We compared the payments presented in the attached table "Report on the Usage of Capital raised through the Share Capital Increase in cash" ("Report"), with the corresponding amounts recorded in the Company's accounting books and records for the relevant period.
- 2) We examined the consistency of the content of the above Report with the related Offering Circular issued by the Company as well as to other relevant decisions and announcements made by the official bodies of the Company.

Findings:

- a) The above "Usage of Funds" columns reflected in the accompanying "Report on the Usage of Capital raised through the Share Capital increase with Cash" is derived from the Company's books and records in the related period to which it refers to.
- b) The contents of the Report includes the minimum information required in this respect by the regulatory Framework of the Athens Stock Exchange and the legal framework of the Hellenic Capital Markets Commission and is consistent with the above mentioned Offering Circular and the related decisions and announcements issued by the competent bodies of the Company.



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Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or the International Standard on Review Engagement, we do not express any assurance other than that referred to above. Had we performed additional procedures or had we performed an audit or review, other matters might have come to our attention that would have been reported to you.

Our report is only addressed to the Board of Directors of the Company so that it complies with the related regulatory framework of the Athens Stock Exchange and the related legal framework of the Hellenic Capital Markets Commission. Accordingly, our report should not be used for any other purpose as it is restricted to the information referred to above and does not relate and extend to the financial statements prepared for the Company for the year January 1, 2008 to December 31, 2008, for which are issued a separate review report dated March 17, 2009.

Athens, March 17, 2009

The Certified Auditors Accountants

CHRIS PELENDRIDIS R.N. ICA (GR) 17831 STAVROS SALOUSTROS R.N. ICA (GR) 14611

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

II ERNST & YOUNG

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

