



**REPORT OF THE BOARD OF DIRECTORS OF THE Forthnet S.A. GROUP OF
COMPANIES TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

CONCERNING

THE ACTIVITIES OF YEAR 1/1/2007 TO 31/12/2007

S.A. REGISTER NUMBER 34461/06/B/95/94

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Dear Shareholders,

According to the Law and the Company's Articles of Association, we hereby present the activities of the Company and the Group during financial year 1/1/2007 to 31/12/2007.

The following companies are included in the consolidated financial statements, as well as the parent Company Forthnet SA:

- FORTH-CRS S.A.
- TELEMEDICINE TECHNOLOGIES S.A.

1. FISCAL YEAR'S INFORMATION

Year 2007 was a milestone in Forthnet's history because, despite the initially unfavourable regulatory environment, the company began to provide broadband services and telephony services within the framework of Unbundled Access to the Local Loop. The main characteristics of this year for the company and for the group in general, were:

- Year 2007 began with a renewal of the company's corporate identity within the framework of its broader replacement on the retail telecommunications services market.
- Within the same framework, the company proceeded, within 2007, to create corporate shops with the aim of a more dynamic approach to customers and the provision of direct service thereto, also in view of the launch and dynamic expansion of the company's private network.
- The construction of metropolitan fibre optic networks in Athens, Thessaloniki and other large towns in the Greek territory, continued rapidly into year 2007; the total length of the structured network exceeded 300 km at the end of the year, while fibre optic pairs were acquired on an existing cable network interconnecting Thessaloniki and Sofia, with a total length of 400 km.
- Within year 2007, 77 telecommunication hubs for the provision of broadband services were gradually commissioned on the company's Next Generation network; these were installed in OTE Physical Co-location sites, within the framework of Unbundled Access to the Local Loop.
- The new Forthnet 2play product was commercialized. The product includes unlimited local and long-distance calls and broadband connection speeds of 4Mbps initially and subsequently up to 24Mbps (only over Forthnet's private network). The service is provided throughout Greece, either over Forthnet's private network, where available, or through ARYS OTE, thus significantly differentiating Forthnet from its competitors and leading other providers to adapt to this model during the year.
- As for the Forthnet Group's financial results in year 2007, it presented a total revenues of €119.4 million, up from €98.5 million in 2006 (21.25% increase). Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) amounted to losses of €20.1 million, up from losses of €5 million in year 2006. The group's losses before taxes came to €40.4 million, up from losses of €19.4 million in the previous financial year.

2. SERVICE PROVISION

Services to Domestic Customers

- Internet/Broadband Access Services

On the broadband connections market, the company was able to maintain its leadership among other private broadband service providers, with a share of more than 27% of the Greek ULL market and 20% of the total Greek broadband market. At the end of the year, the company had more than 200,000 customers, thus exceeding the target set for the year, while active ULL customers exceeded 76,000, more than 70% of whom subscribed to the Forthnet 2play service. The company's success was enhanced by the renewal of its corporate identity at the beginning of the year, focus on ULL services and combined services, with parallel coordinated actions to convert the existing customer base, as well as a systematic effort to differentiate the company from its competitors, in elements visible and non-visible to customers.

More specifically:

- The presence of the company's products was significantly enhanced by the development of Forthnet Shops, which were added to the already extensive distribution to retail chains and the reseller network;
- The new Forthnet 2play product was commercialized in January 2007. The product includes unlimited local and long-distance calls and broadband connection speeds of up to 4 Mbps. The service is provided throughout Greece, either over Forthnet's private network, where available, or through ARYS OTE, thus significantly differentiating Forthnet from its competitors and leading other providers to adapt to this model during the year.
- The Forthnet ADSL service began to be distributed in February 2007, thus further enhancing the range of products available through the company's private infrastructure. The service offers broadband connection speeds of up to 4 Mbps. As with Forthnet 2play, the service is provided throughout Greece, either over Forthnet's private network, where available, or through ARYS OTE.
- In March, the company proceeded to enhance the Forthnet 2play & Forthnet ADSL products further, by increasing the speed of the broadband connection through Forthnet's private network, to up to 10Mbps, both for new and existing subscribers.
- In June, Forthnet was the first company to increase its broadband connection speed via its private network, thus reaching the maximum speed of up to 24Mbps, and making the company's commercial packages even more attractive.
- In continuation of the great success of its offer on June 1st, 2006, Forthnet presented a particularly aggressive and attractive offer on the same date in 2007. Around 11,000 applications were sold in just a few days, thus breaking all previous records.
- During the summer holidays, free access was provided to all the company's broadband subscribers from all Forthnet WiFi Hotspots; this assisted in further expanding the popularity and recognizability of Forthnet Hotspots.
- The Forthnet 2play service was enhanced in December, through the addition of free calls to 24 international destinations, without any alteration of the overall price.
- The NetKey product family maintained its presence on the market, assisted by special collectors' editions addressed to young buyers, while dial up services are continuing to drop due to the market's transfer to broadband services.

In summary, the year was characterized by the company's particularly successful move to service provision over its privately-owned network. The significant delays in the delivery of centres, in deliveries of additional copper pairs, and in customer activations, caused major problems to the company. The regulatory framework for unbundled access to the local loop (RUO) was published at the beginning of the summer; however, the constant changes and additions that followed gave rise to additional management costs for the company and increased customer activation periods, thus enhancing the overall dissatisfaction. Moreover, the new regulatory framework for wholesale access (RBO) was also published in the summer.

At the beginning of September, OTE's wholesale prices were adjusted on a Retail Minus basis. However, OTE is entitled to exempt special offers from Retail Minus calculation, and continues to offer high-value additional equipment as a free gift with Conn-x connections. All of the above, combined with the huge advertising budgets of OTE, as well as Vodafone and Wind, have established a particularly competitive environment, in which Forthnet has succeeded in holding a leading market share, without altering its price levels.

Forthnet HotSpot

During year 2007 the commercial policy for distribution of the Forthnet HotSpot service changes; this move doubled the number of new HotSpots and allowed for penetration in new areas and users. There are currently more than 200 in Greece and Cyprus. Cooperation with the Amaroussion Medical Centre in 2007 whereby; a Forthnet Hotspot was created for the communal areas and patient rooms of the clinic.

Major collaborations were achieved with new hotels and well-known café-restaurant chains (e.g. Kitchen bar). Also, a contract has been signed (12.2007) for the implementation of Forthnet HotSpots in all Attiko Metro stations. The customer base/usage of Forthnet Hotspots, which is characterized by seasonality, has presented a significant increase (from 50 to 140% in relation to the previous year – 2006).

Forthnet Shops

In year 2007, Forthnet commenced the implementation of the Chain of Forthnet Shops. The ultimate goal is to redistribute the Company's production, so that it can provide the required degree of autonomy that will ensure the achievement of long-term sales increase, market share and profitability objectives. Other goals include the reinforcement of existing collaborations under the Forthnet "umbrella" and the increase of customer service levels (accessibility, service speed, etc.).

A total of 44 Forthnet Shops were commissioned during the 2nd half of year 2007 (28 shops and 16 shops-in-a-shop) in 31 towns throughout Greece. Most of the shops were developed under the franchising system, except for 4 privately-owned Forthnet Shops. The total construction budget for year 2007 amounted to 3.2 million euros.

- Telephony

Year 2007 was characterized by a generally positive progress during the first half with respect to the evolution of the customer base. A gradual reduction in active customers was observed during the second half, which is mainly due to the focus on services provided through the private network. Total outgoing traffic increased by 30% in relation to year 2006, amounting to 1,152,378,785 minutes, up from 884,125,593 minutes in 2006.

The image of the market and Forthnet's progress were influenced by the following:

- Commercial distribution of the Forthnet Telephony programme through Forthnet's private network, offering unlimited local and long-distance calls to fixed geographical numbers at a fixed monthly rate, with the option of avoiding OTE fixed charges.
- Also, at the end of 2006, OTE announced the abolition of the minimum charge of 30 seconds for calls to mobile numbers, applicable as of 01/01/2007, following the abolition of minimum 30'' charges by mobile telephony companies.
- A consultation took place during year 2007, concerning the drafting of a new RIO; the new document will be applicable as of its publication in the Government Gazette.
- Regulatory pressure resulted in the reduction of termination fees to mobile telephony networks by an average of around 17% in June 2007, followed by a reduction of prices for calls to mobile numbers in all low-cost telephony packages. Prices were reduced on June 24th, following on the corresponding reduction implemented by OTE on June 1st.
- In October 2007, the EETT allowed OTE to promote the OTE Talk package, which offers unlimited talk time to OTE landlines at a fixed charge. The above low-cost programme was commercialized for a limited period (until 31/12/2007) and to up to 150,000 customers.

The progress of the subscriber base and revenue was affected by a series of factors, such as:

- The focus of all telecommunications providers on services provided through private networks.
- Entry of mobile telephony providers Vodafone and Wind in the fixed telephony service provision market.
- Provision of very competitive products by OTE.
- The significant increase in activation of Smartalk prepaid talk time cards (719,460 activation in 2007, up from 74,870 in 2006).

The main milestones for telephony products in 2007, besides those mentioned above, include the following:

- June 2007: Commercialization of the Forthnet Telephony Programme.
- June 2007: Reduction in prices for outgoing calls to national mobile telephony networks.
- October 2007: Free caller ID services to mobile numbers for all selection and pre-selection subscribers.

- **Content Services**

During year 2007, the company upgraded its presence in the content sector quite significantly. It proceeded to upgrade existing services and signed contracts for the creation of new ones. Also, the process for creation of IPTV infrastructure advanced significantly, together with the acquisition of content rights for distribution over IPTV.

- Portal: Content was upgraded with new thematic categories, while the production of content in specific categories was enriched. At the same time, services such as the Forthnet newsletter, the electronic mapping service and news categories were upgraded, which brought about a significant increase in visitability.
- IPTV: The process of selecting a supplier for an IPTV platform advanced in year 2007, reaching the final selection stage. Our company evaluated offers for the creation of end to end IPTV infrastructure, and can initiate implementation within year 2008. At the same time, all necessary contacts and negotiations with content providers (in Greece and abroad) took place in year 2007, so as to allow the company to proceed with the acquisition of content rights for the IPTV service as soon as possible.
- Music: A service that allows users to download music from Forthnet's website was created and upgraded, to great acclaim.
- Mobile services: Content in the company's mobile content services was upgraded; traffic on these services increased through special offers and loyalty schemes provided in cooperation with mobile operators (special offers for new users, holiday offers, etc.).

Services to Corporate Customers

- **Business Data Services**

2007 was the year during which Forthnet's approach to the corporate market for Business Data services was readjusted as follows:

- Particular emphasis was placed in the exploitation of private infrastructure for service provision, so as to improve profit margins for such services and to facilitate the provision of integrated solutions to customers through service combination. 2007 was the year during which Forthnet provided services to corporate customers exclusively through its Fibre Optic Network, implementing FTTP solutions. At the same time, the provision of corporate solutions over the Unbundled Local Loop began during the last few months of the year, in 25 physical co-location centres.
- The effort to reward customer loyalty was intensified through loyalty schemes based on sales volumes and the duration of contractual commitment.
- The effort to liberalize the private LMDS wireless network commenced, in view of using it for the temporary direct implementation of services to corporate customers and establishing a significant competitive advantage for Forthnet's Business Data services.

With respect to the **Internet Leased Lines** service, Forthnet responded to significant price-level pressures exercised by internal competition from ADSL services, by focusing on the provision of increased capacity services, in view of covering corporate customer needs, and by focusing on the provision of combined services. Indicatively, service provision at 34Mbps through contracts with a minimum term of two years – in contrast to the usual tactic on one-year contracts – allowed the company to offer the service at a preferential rate, thus ensuring both good profit margins and customer loyalty. This approach had the expected results, with the following effects being observed simultaneously:

- The total number of connections fell – as expected – by 8% in relation to year 2006, as a result of the transition of a large number of small and medium enterprises to ADSL services.
- However, revenue increased by 6%, and this can be attributed to the increase in average revenue per customer, which was the objective of Forthnet's commercial policy for the service in question.
- Equally, the average speed of the service increased from 2242 to 2559Kbps for year 2007.

Data Connectivity Services continued to develop, driven mainly by the MPLS VPN service. 2007 was the year during which Forthnet succeeded in undertaking the development of VPNs for major customers with multiple points of presence. Examples include the development of a MPLS VPN for Piraeus Bank and for the LIDL supermarket chain. Exploitation of ADSL access constitutes an opportunity for this category of services, since Forthnet is able to provide the service through a combination of infrastructure, in order to propose the most cost-effective solution. The above events led to an increase in revenue for this category of services, at around 7% in relation to year 2006.

Finally, in relation to **Forthnet Leased Line** net capacity services, Forthnet is able to propose the provision thereof, but focusing mainly on the synthesis of solution on the basis of the above services, aiming at improving profit margins and ensuring customer loyalty in view of serving the customer's telecommunications needs and not simply providing leased lines. Therefore, the service in question can be provided in combination with other services above, in cases where this is required by the customer's needs.

Development of Regional Broadband Infrastructure

The development of infrastructure in accordance with the company's contractual obligations within the framework of call 157 of the Information Society began in year 2007. Within the framework of this call, Forthnet has undertaken the provision of subsidized broadband services in central and eastern Macedonia, Thrace and the Eastern Aegean islands. The development of infrastructure is ongoing, and the company will be in a position to provide the subsidized services within year 2008, in accordance with the project's schedule.

- eBusiness Services

In this new era of broadband networks and services, Forthnet fully exploits the developments of technology through its eBusiness services, offering integrated outsourcing, promotion and information services over the Internet. eBusiness services concern the provision of added value services, in view of covering all of a business's online needs, and covering a broad range including:

- Data Center Services;
- Interactive Marketing Services, and stock market information applications.

During year 2007, emphasis was placed on approaching large private companies in view of increasing average revenue per customer, mainly through the Premium Data Center (Co-location, Dedicated & Managed Hosting) and Online Advertising services.

The main activities and milestones for the Forthnet eBusiness Services sector include:

- Constant cross-selling efforts with respect to existing company customers, for Data, Internet Access, Telephony services etc.
- Consolidation of Application Development & Online Advertising services in an integrated group of services entitled Interactive Marketing, with the main objective of providing the most efficient coverage for the constantly changing needs of the existing clientele, focused mainly on advertising services through special applications such as microsites, newsletters, etc.
- Integration of the "Forthnet.gr" portal under the Interactive Marketing service umbrella, in view of a joint distribution of online advertising services. The portal itself presented a significant increase in visitor numbers, and especially in unique visits, which exceeded 800,000 each month.
- Major distinctions for yet another year in Interactive Marketing at the "Ermis Web Awards 2007". Forthnet has received a total of 37 awards in the last six years, more than any other single company in the sector.
- Constant maintenance and upgrading of network and other infrastructure in Forthnet's Data Center, located in Aghios Stefanos, Attica, for the provision of Data Center services. Due to the increase in data center subscriptions during the year, the company reached 80% of its capacity (with respect to space, available bandwidth etc.).
- Renewal of cooperation with the Microsoft software developer at a "Golden Partnership" level for software development solution provision (ISV) and Networking Infrastructure Solutions.
- Commencement of cooperation with the SoftOne software provider for the promotion of SaaS-model services.

In particular, Data Center services amounted to 31,147 subscriptions, up 8.6% in relation to year 2006. A particular increase was observed in Premium Data Center services (Co-location, Dedicated Hosting) - 36.5% - as a result of the emphasis placed on approaching large private-sector customers.

The increase in overall bandwidth consumption by the data center was also significant, and due mainly to the increase in the number of ADSL broadband connections, the gradual development in distribution of audiovisual content, and the use of more and more business applications over the Internet. Coverage of more than 70% of the existing bandwidth availability at 310Mbps led to the commencement of the procedure to upgrade to 500Mbps.

The Interactive Marketing category displayed significant activity, with main objectives being an enrichment of the client list and an improvement in the quality of projects produced. As a result, the client list expanded to include major companies such as Athinaiki Zythopoiia SA. The client list also includes major traditional advertisers such as KLM ROYAL DUTCH AIRLINES, Friesland Hellas S.A., Nortec Multimedia S.A., Anytime Insurance Online INTERAMERICAN, Beiersdorf Hellas S.A., Hellenic Seaways and others.

Particular emphasis was placed on the evolution of online advertising services, with the aim of exploiting the trend among traditional advertisers to gradually revert part of their advertising budget to new media. The main actions involved:

- Commissioning of the ADMAN platform in view of providing better-quality and integrated advertising services in the Interactive Marketing sector. The ADMAN platform is an advanced service for the management, distribution and monitoring of targeted advertising campaigns on the Internet.
- Organizational reform and staffing of the department, in view of a more efficient response to constantly increasing customer requirements.

Financial information services presented a small drop in relation to year 2006, and sales developed at the forecasted levels. IP products and custom-made solutions created for corporate customers contributed to sales at a greater degree than in previous years, and show margins for development; they are expected to contribute even more to sales figures in year 2008.

- **Public Sector Projects**

Noteworthy activity took place with respect to Public Sector projects in year 2007. In particular:

- Operation of the “Syzefxis – Sub-project 3” project, with a budget of €4.75 million, which was awarded to Forthnet in 2004, continued with absolute success throughout year 2007 (the 2nd of the project’s three-year term).
- Also, operation and billing of a sub-contracted project with a budget of €1.66 million euros to OTE for “Syzefxis – Sub-project 2” (ending on 31/12/2008), continued throughout year 2007.
- The strategically important portal of the Special Management Authority of the Operational Programme for the Information Society, with a contractual value of €437,000, was completed and published.
- Also within 2007, maintenance & hosting of the Portal of the Special Management Authority with Dedicated Hosting services and portal maintenance services was contracted. Project Contractual Value: €70,210.00.
- The project concerning web hosting of Municipal Internet Portals on Forthnet’s Data Center, was completed. Web hosting services for MIPs include: Co-location Hosting, Internet access and Firewall Services, Monitoring Services: Basic Hardware Monitoring, Monitoring Services: Basic Services Monitoring and Data Storage Services: Advanced Veritas Backup 5GB. Also, Forthnet undertook interconnection of the web hosting environment with the SYZEFXIS core network. Overall value of the project: €70,208.81. The above project concerns the execution of a sub-contracting agreement with the InfoQuest SA – Decision SA Joint Venture.

The “Mini SYZEFXIS island 3” project, with a total budget of €2.9 million, was delivered in year 2007, and trial operation commenced. Also, operation and billing of a sub-contract with a budget of €440,000 to OTE for the “Mini SYZEFXIS island 1” and “Mini SYZEFXIS island 2” began on 1/9/2007.

It is pointed out that the “SYZEFXIS” and “Mini SYZEFXIS” projects constitute the largest Public Sector customer concentrations for the provision of advanced telematic data and voice services.

(Note: All prices include VAT 19%).

3. INVESTMENTS

- Infrastructure investments

Major investments were made in year 2007 for the creation of a private network, both through the purchase of equipment and the acquisition of national and international capacity. The purpose of these investments is to exploit Unbundled Access to the Local Loop in order to provide new broadband services. These investments will continue into year 2008, during which year development of the company's nationwide network will be completed. The investments in question concern the following categories:

a. Development of Fibre Optic Networks:

- Attica Metropolitan Network, with a total constructed length of 265 km by the end of 2007, connecting Forthnet's points of presence and 67 OTE Urban Centres.
- Thessaloniki Metropolitan Network, with a total constructed length of 17.5 km by the end of 2007, connecting Forthnet's points of presence and 5 OTE Urban Centres.
- Metropolitan Networks in various large towns in Greece, and specifically Larissa, Volos and Tripoli, with a total constructed length of 22 km by the end of 2007, Forthnet's points of presence and OTE's Urban Centres in the towns in question. At the same time Metropolitan Networks in Heraklion (Crete), Kavala and Serres began to be constructed in 2007 and are currently in progress.
- Acquisition of Fibre Optic pairs on an existing cable network interconnecting Athens and Thessaloniki, total length 600 km, with the IRU method, for fifteen years.
- Acquisition of Fibre Optic pairs on an existing cable network interconnecting Thessaloniki and Sofia, total length 400 km, with the IRU method, for fifteen years.

b. Development of an ADSL, SDSL and POTs provision network. The relevant equipment for access to Multiservice Access Nodes (MASN) and NG-SDH technology transmission was procured, installed and commissioned in OTE Urban Centres with the Physical Co-location method, and on Forthnet hubs serving Remote Co-location and Aggregation PoPs operations. In particular, equipment was installed in 108 Urban Centres delivered by OTE and in 17 Forthnet hubs during year 2007. In December 2007, the number of OTE Urban Centres on which Unbundled Access to the Local Loop services were provided commercially amounted to 77, and at the end of February 2008 this number has risen to 108. Finally, OTE's construction programme and receipt of the Physical Co-location sites in OTE Urban Centres was completed in January 2008, concerning 110 Urban Centres, so as to cover the capitals of all Greek counties and the country's largest towns. The total number of Physical Co-location sites in OTE Urban Centres constructed and received by Forthnet amounted to 151.

c. Development of the company's CORE network in accordance with the architecture determined on the IP Multimedia Subsystem (IMS), through the procurement, installation and commissioning of:

- Upgrading and expansion of BBRAS servers with new systems that can serve more than 300,000 subscribers throughout Greece.
- Expansion of the capacity of Soft Switch class 5, so as to serve the needs created by both expansion of the network's geographical coverage, and by the increase in the number of subscribers.
- Expansion of the IP/MPLS network with the addition of Giga-routers.

d. The following were implemented for the provision of high quality access services:

- Upgrading of a Central OKSYA 2-type interconnection with a total capacity of 5 Gbps in Athens.
- Upgrading of the interconnection to the international Internet to a total capacity of 11.2 Gbps.

e. The access services provision network in the Attica area were developed with the construction of a Metro Ethernet network capable of serving large corporate customers using the extensive Fibre Optic network and SHDSL technology for the provision of dedicated leased lines. Finally, the acquisition of positions and the construction of two new LMDS Base Stations in Attica were completed.

4. REGULATORY ENVIRONMENT

The regulatory change attempted in year 2007 focuses mainly on adoption by the EETT of the OTE RUO 2007 for Unbundled Access to the Local Loop and Relevant Facilitations, which became valid at the beginning of May 2007. To date, the EETT has intervened correctively on the OTE RUO for the Provision of Unbundled Access to the Local Loop, amending the offer and taking temporary regulatory measures wherever necessary. This was followed by approval by the EETT of OTE's Reference offers for Wholesale Broadband Access Provision (RBO) and Interconnection (RIO). At the same time, the EETT proceeded to amend the General Licensing Framework and adopt an Ethics Code, both for the provision of Provider Pre-selection service and the provision of multimedia information services. Finally, the EETT published its decision on the results of the OTE cost audit it carried out for year 2007.

However, pieces of legislation that are significant for market operation are still pending, namely the Joint Ministerial Decision and Regulations for Transit Rights and OTE's Wholesale Leased Lines Offer, for which the EETT has completed consultation procedures; institution thereof has been delayed, however, due to the involvement, in some case, e.g. in transit rights, of the Ministry of Transport and Communications and other jointly competent ministries. At the same time, the EETT completed the public consultation procedure for the determination of quality indexes for electronic communication services. Public consultation with respect to amendment of OTE's 2007 Reference Offer for Unbundled Access to the Local Loop and the Co-location Regulation, is currently in progress.

With respect to Unbundled Access to the Local Loop, by virtue of the physical co-location agreements for 110 OTE UCs in various parts of Greece, OTE delayed delivery of most of the UCs, while the whole process is expected to be completed and the beginning of year 2008.

With respect to cases pending for judgment before the EETT, a stagnancy and slackness on the part of the regulatory authority was observed in 2007; as a result, major problems continue to be observed in operation of the market and the establishment of a free competition regime, including margin and price squeezing practices and other form of incumbency abuse. During the year, the EETT issued decisions imposing fines for violation of the rules for unbundled access to the local loop and provider pre-selection, both against OTE and against alternative providers.

The company continued to exercise pressure on the State and the Regulatory Authority, by making presentations and formulating opinions on a national and European level. These pressures are starting to bear fruit and, according to the affirmations made by competent authorities, a significant number of decisions are expected to be made with respect to pending cases within the next four months. This is expected to contribute to improved operation of the electronic communications market and smooth functioning of competition.

On a European level, consultation regarding review of the existing regulatory framework is ongoing. At the same time, three of the important issues that are expected to be discussed and acted upon by the European Commission include the functional separation of incumbent telecommunications organizations, removal of the obligation for prior regulation of specific electronic communications markets, mainly on a retail level, in view of publication of the European Commission's new recommendation on markets undergoing regulation, and asymmetry in the termination fees of alternative providers and incumbents, at least for a transitional period and on the basis of the cost model implemented by each company. The company is participating in discussions and in the evolving dialogue, formulating justified opinions in view of protecting its interests during final decision-making.

Also during year 2007, the significant positive interventions of collective authorities, such as SEPE and SEV, the State's authorized interlocutors, continued in view of the smooth operation of the electronic communications market. Also, the Ministry of Transport and Communications intends to announce the main axes of the state's policy in the electronic communications and new technologies sector from 2008 to 2013. A consultancy firm has already been hired, and is expected, during 2008, to submit its proposal to the State on the specific measures that must be implemented, according to the results of a relevant study.

In conclusion, in view of the above and other upcoming developments, year 2008 is expected to bring about, to a satisfactory degree at least in relation to the past, a secure regulatory framework, which will act as satisfactory preparation for a more effective and efficient business growth in the years to come.

5. CORPORATE CHANGES

- Share Capital Increases

By its decision on 21/12/2007, the company's Board of Directors increased its share capital by 374,235.82 euros, following the issuance of 317,149 shares due to the exercise of a corresponding number of stock options by 69 beneficiaries, at the price of 5.36 euros. On the same day, i.e. on 21/12/2007, the Board of Directors certified payment of the said increase. Capital raised amounted to 1,699,918.64 euros. The difference between the issue price and the nominal value of each share, with a total value of €1,325,682.82, is credited, according to the law and the articles of association, to account "Share premium account".

The above were implemented within the framework of the decision dated 30.6.2006 of the Ordinary General Meeting of shareholders, which established a stock option plan for 2,800,000 shares during fiscal years 2007 to 2011, on the basis of the provisions of article 13, par. 9, C.L. 2190/1920, as valid before its amendment by L. 3604/2007. The objectives that constitute the framework for implementation of the plans were established as follows:

- To ensure executives' focus on the effort to increase the company's value in the medium and long-term.
- To enhance executives' commitment and identification with the company through the creation of an "executive-shareholder" culture, to ensure the surplus effort that is necessary for growth.
- To establish incentives for the executives to remain with the company and reduce departure trends, by planning and providing benefits in such a way as to ensure that the executives-beneficiaries of the plan have significant incentives to remain and offer their services to the company.
- To improve the company's image with investors further, due to the awareness that conditions for long-term executive loyalty have been created.

The Beneficiaries of the plan include: a) members of the Boards of Directors, the Management team and in particular General Managers, Division Managers, Heads of Department and/or Project Managers from Forthnet and its subsidiary companies; b) other executives of the Company and its subsidiaries, at the Board of Directors' discretion. Beneficiaries may include persons that belong to the above categories and are affiliated to the company even after establishment of the plans.

The Board of Directors, authorized by the General Meeting of shareholders, decided to approve the plan operation regulation, specified the plans further and established the precise criteria and objectives required for their implementation.

6. FINANCIAL FIGURES

- Analysis of the Year's Results

The results of the group and the company during the fiscal year (01/01/2007-31/12/2007), compared with the corresponding period in the previous fiscal year, according to International Financial Reporting Standards (IFRS), are as follows:

(Amounts in €)	The Group			The Company		
	01.01-31.12.2007	01.01-31.12.2006	Change %	01.01-31.12.2007	01.01-31.12.2006	Change %
Income	118,842,370	97,600,534	21.76%	113,978,698	92,756,031	22.88%
Cost of sales	-115,815,261	-81,598,133	41.93%	-112,600,756	-78,123,727	44.13%
Gross Operating Results	3,027,109	16,002,401	-81.08%	1,377,942	14,632,304	-90.58%
Other operating income	574,461	887,154	-35.25%	340,896	748,106	-54.43%
Distribution Expenses	-32,841,972	-28,272,508	16.16%	-31,807,665	-27,147,739	17.17%
Administrative Expenses	-9,064,712	-6,131,180	47.85%	-8,559,406	-5,693,350	50.34%
Research and Development Costs	-1,827,699	-1,199,578	52.36%	-1,827,699	-1,199,578	52.36%
Operating Profits/ (Losses)	-40,132,813	-18,713,710	114.46%	-40,475,932	-18,660,257	116.91%
Profits before Taxes – Interest & Depreciation	-20,085,592	-4,975,932	303.65%	-21,245,290	-5,619,953	278.03%
Profit/(loss) ratio from affiliated companies valued according to the net position method	4,462	6,148	-27.42%	-	-	-
Net financial results (Income/Expenses)	-314,150	-672,374	-53.28%	-222,355	-512,088	-56.58%
(Losses) before taxes	-40,442,501	-19,379,937	108.68%	-40,698,287	-19,172,345	112.28%

The Company's turnover amounted to €113,978,698 in 2007, up from €92,756,031 in 2006, showing an increase of 22.88%, while Group turnover amounted to €118,842,370 for 2007, up from €97,600,534 in 2006, i.e. up 21.76%. The Company's gross operating results (profit) amounted to €1,377,942 in 2007, down from €14,632,304 in 2006,

presenting a decrease of (90.58%), while the Group's results came to €3,027,109, down from €16,002,401 in the previous financial year, thus presenting a decrease of (81.08%).

Other operating income was added to these amounts, concerning mainly subsidies for research programmes, while operating expenses and debit interest were deducted; after the addition of credit interest, the Company showed losses before taxes of (€40,475,932) in 2007, compared with losses of (€18,660,257) in 2006. At the Group level, losses amounted to (€40,132,813), compared to losses of (€18,713,710) in the previous financial year.

- Analysis of Sales

The analysis of the Group's and the Company's turnover during years 2006 and 2007, according to International Financial Reporting Standards (IFRS), is shown in the following table:

	The Group			The Company		
	31 December			31 December		
	2007	2006	Change %	2007	2006	Change %
Operating Income						
Voice Telephony	59,548,720	52,380,023	13.69%	59,548,720	52,380,023	13.69%
Internet Access	21,645,123	18,837,720	14.90%	21,645,123	18,837,720	14.90%
2play Services	10,179,036	-	-	10,179,036	-	-
Internet Leased Lines	7,555,998	7,207,327	4.84%	7,555,998	7,207,327	4.84%
Data Connectivity Services	2,676,508	2,655,014	0.81%	2,676,508	2,655,014	0.81%
LMDS	2,935,220	3,001,749	-2.22%	2,935,220	3,001,749	-2.22%
Data Center Services	2,611,392	2,145,598	21.71%	2,611,392	2,145,598	21.71%
Interactive Marketing	1,750,156	1,928,108	-9.23%	1,750,156	1,928,108	-9.23%
FORTH crs Services (shipping, hotel reservations, etc.)	4,002,505	3,988,940	0.34%	-	-	-
Other revenue from service provision	5,280,979	4,895,971	7.86%	4,707,414	4,427,941	6.31%
Sales of equipment and consumables	656,733	560,084	17.26%	369,131	172,551	113.93%
Total Operating Income	118,842,370	97,600,534	21.76%	113,978,698	92,756,031	22.88%
Other Income						
Subsidies	431,673	617,695	-30.12%	220,135	494,812	-55.51%
Other	142,788	269,459	-47.01%	120,761	253,294	-53.32%
Total Other Income	574,461	887,154	-35.25%	340,896	748,106	-54.43%
Grand Total - Income	119,416,831	98,487,688	21.25%	114,319,594	93,504,137	22.26%

The grand total of Forthnet's income in 2007 was increased by 22.26% in relation to year 2006, and up by 21.25% at the Group level. In particular, at the company level, the greatest increase compared to year 2006 was shown by sales of equipment (113.93%) and income from Data Center Services (21.71%). Voice telephony revenue increased by 13.69%, while Internet Access sales increased by 14.90%. Finally, Internet Leased Lines and Data Connectivity Services sales increased by 4.84% and 0.81% respectively in 2007, compared with 2006 figures. The greatest decrease in revenue was presented by Interactive Marketing services (-9.23%). Additionally, revenue from subsidies dropped by (-55.51%), and other revenue by (-53.32%).

2007 was the 1st year during which the company was involved in Unbundled Access to the local Loop services. Sales for the 2play service amounted to 10.2 million euros, thus contributing 8.9% of the company's revenue.

At the Group level, the same services continue to display the greatest growth. The greatest decrease in relation to 2006 was shown, as at the Company level, by Interactive Marketing services (-9.23%). Reduction in revenue from subsidies came to (-30.12%) and of other income to (-47.01%).

- Subsidiaries

FORTHcrs S.A.

In year 2007, FORTHcrs continued to grow in the provision of services and solutions for the tourism, transport and entertainment sectors. It maintained its leadership in the provision of booking systems for Greek passenger shipping; it enriched its client list with new companies in Greece and abroad, and completed major adaptations to the needs and trends of global shipping markets. At the same time, the network of international agencies expanded significantly, reaching 2,995 agencies abroad at the end of year 2007. FORTHcrs's penetration of agencies abroad is based mainly on the special web-based edition of OpenSeas, addressed to agencies with a broad network of associated, a structure that is particularly common on the Italian market. A new edition (with a web interface) of the RoomView electronic systems was completed and commissioned for rooms to let and hotels, while connections with major consolidators for Greek and foreign hotels were implemented at the same time. Currently, the RoomView system handles 27,000 hotels in Greece and abroad. In the entertainment field, FORTHcrs focused on the provision of computerized ticketing and

reservation services for large theaters and venues with many visitors, at the same time completing the implementation of products for the integrated issuance of a reservation and ticketing management systems for theatres, museums and events or tourist sites. In 2007 the company:

- Distributed more that 17,200,000 tickets in Greece and abroad, for all of its activities.
- Commenced implementation of its investment plan, which was approved for financing at the end of 2006, implementing major upgrades and enhancements to software and hardware infrastructure.
- Designs new systems and products with the aim of dynamic expansion on the international market in the years to come, with the main objective of revenue management in the shipping sector, specialized CRM subsystems for the ticketing and booking systems, dynamic packaging and mobile ticketing applications, as well as new mechanisms for online reservations on the web for all types of tickets.
- Observes and participates in European Union actions for the “Motorways of the Seas”, in cooperation with authorities in Greece and abroad.
- Completed a pilot application for interconnected transport information – within the framework of its cooperation with Forthnet – in the ENOSIS project (www.enosis.gr), which was co-financed by the General Secretariat for Research and Technology.

TELEMEDICINE TECHNOLOGIES S.A.

In year 2007, TELEMEDICINE TECHNOLOGIES S.A. continued to develop and promote CleanWEB™, the product for Electronic Processing of Clinical Trials, thus significantly enhancing its position on the market, with major new clients and extensive usage.

In telemedicine, remote medical training and software development for medical information systems, Telemedicine Technologies continued to develop and promote MEDSKY, the product developed jointly with EUTELSAT/SKYLOGIC, which serves telemedicine and medical training applications on satellite connections.

7. GROUP PROSPECTS FOR YEAR 2008

Services to Domestic Customers

In year 2008, the group will continue the implementation of its investment plan for development of a national broadband access network and combined Internet, telephony and content services (3 play). In this direction, the expansion of its private telecommunications infrastructure will continue, in order to improve the existing service provision cost structure and the supply of new innovative services. Also, the company will continue to place emphasis on the enrichment of its service portfolio, by providing quality services adapted to user needs, with ultimate aim of increasing its market shares and maintaining its leadership on the Greek telecommunications market.

In particular:

- Internet/Broadband Access Services

For the broadband services sector in year 2008, the company will focus its interest on developing and expanding its subscriber base, with particular emphasis on its private infrastructure and combined products through:

- Enrichment of the Forthnet 2play service with services and added value features, in order to confront price decreases indirectly.
- Creation of products combining voice, data and television content (3play) and dynamic penetration of IPTV.
- Emphasis on special actions aimed at customer migration to upgraded 2play packages via the private network, and simultaneous efforts to reduce churn.
- Intensification, where possible, of the migration of the customer base to private infrastructure and combined products.
- Preservation of a competitive pricing policy and further enhancement of the distribution network with full exploitation of the network of Forthnet Shops.
- Targeted communication & promotion policy and further development of the efficiency of customer support.

Also, the enrichment of access services via prepaid NetKey cards will continue, through product, commercial and communication renewal thereof.

Forthnet HotSpot

The service's growth prospects increase every year, as new everyday appliances acquire capabilities for wi-fi networking. Within this framework, efforts will be made in year 2008 to complete the construction of the Forthnet HotSpot in the Attiko Metro, and possible pilot installation in other means of transport, such as the TRAM, and in Municipalities in Attica. A major increase is expected in contracts with hotel enterprises.

The increase in access points (and therefore customers/usage) may increase dramatically if, in the same way as other European providers, some of the equipment and available bandwidth for 2play customers is used for the public provision of wireless broadband access, according to the Forthnet HotSpot model. In this case, the network is expected to be so dense as to be capable to support wireless VoIP calls from GSM/Wifi devices to a very satisfactory degree, especially in areas where GSM coverage is insufficient.

Forthnet Shops

For year 2008, the main objectives of the Chain of Forthnet Shops are:

- Further geographical expansion of the Chain of Shops, with the aim of 100 shops throughout Greece, covering all 52 Municipalities, and with particular emphasis on Attica. The provision for construction expenses for year 2008 amounts to 5 million.
- Redistribution of the company's production, with 40% being accounted for by Forthnet Shops.
- Increase in visibility, market share & profitability, through the improvement of quality indexes, diversification and VAS.

- Telephony

In the Voice Telephony sector, interest in year 2008 will be focused on the following:

- Gradual systematic conversion of existing Call by Call (CBC) subscribers to ULL in areas covered by the private network.
- A standard policy for acquisition of new ULL subscribers in areas covered by the private network.
- Intensification of the customer retention policy for provider pre-selection plans.
- Continuation of the positive progress of the Smartalk prepaid talk time cards and establishment thereof on the distribution channels.
- Increase in revenue through the development of additional, user-friendly services, such as a Greek yellow pages and time service.
- Further exploitation of Premium Services (800, 801 & 90), with the aim of higher penetration in the existing corporate customer base, and by attracting new customers.

- Content Services

The ultimate aim and the main strategic axis in the content sector in year 2008 will be to develop combined access-voice-content services, 3play services.

In the content service sector, the company will focus on the development of broadband content services and pay TV services in year 2008. The progress made in 2007 allows us to be prepared to implement our plans, both with respect to infrastructure and with respect to content. The company's main moves in the content field in 2008 will be aimed at completing infrastructure to support pay TV services, and the acquisition of popular content rights from content providers in Greece and abroad. At the same time, particular emphasis will be placed on the creation of added value content-based services, especially in the fields of music, video and sports content.

Services to Corporate Customers**- Business Data Services**

Forthnet's approach for Business Data services in year 2008 will be based on the following axes:

- The effort to take exploit private infrastructure will continue, in order to increase profit margins and to provide diversified and combined solutions; The efforts already made to migrate existing customers to private infrastructure will be systematized and intensified, as these develop further; Additionally, 2008 will bring

about possibilities to attract new customers and migrate existing ones to private infrastructure on a national level.

- Particular emphasis will be placed on the further enhancement of customer loyalty; The effort to provide combined solutions, which has already begun with the provision of an Internet Leased Line 2Mbps service together with voice services to corporate customers will be enriched with new combinations and through the incorporation of eBusiness services in standardized solutions; At the same time, the provision of combined solution over private infrastructure will also improve profit margins due to the economies of scale that will arise for the company.
- The provision of combined solutions, and the focus on the provision of high-speed services will allow Forthnet to respond to the competitive pressure it is receiving on a price level, in a more effective way; Focusing on these solutions will allow for transfer of part of the benefits arising at a profit level to the end customer, instead of a non-targeted price reduction as a knee-jerk reaction.
- Efforts will be made to migrate customers from the legacy Frame Relay service to the MPLS VPN service.

- **eBusiness Services**

The main objectives for eBusiness services in year 2008 include a dynamic approach of the SME market on the one hand, and a preservation of their excellent placement in large companies and organizations, mainly in the private sector. Particular emphasis will be placed on:

- dynamic opening to the SME market in view of establishing leadership on the market, through the provision of a full range of access, telephony and data center services, in dynamic and flexible packages based on bundling and the company's private network;
- approaching existing and new business customers of the company for the provision of combined eBusiness services (Data Center, Interactive Marketing etc.), to achieve cross-sales;
- promoting new, improved techniques in online advertising (video banners, viral marketing, microsites, etc.), in order to differentiate the company from its competitors;
- developing new services focused on exploiting broadband access, with emphasis on streaming, videoconferencing services etc.

- **Public Sector Projects**

Within year 2008, provisions for billing Public Sector projects amount to around €2.6 million, from currently valid and signed 2007 contracts and prior contracts; this amount is certain to rise as new products currently under evaluation are awarded or by increases to existing contracts.

It is worth noting that contracting has proceeded in view of expanding the scope of the Physical Object for project "SYZEFXIS – island 3" for year 2008. The value of the increase amounts to €776,407.39.

No major events or losses have occurred since expiry of the year and to this day, that would affect the company's financial state and prospects, and there are no indications that such events are likely to occur.

Dear Shareholders, pursuant to the above, we hereby request that you:

- Approve the Financial Statements of the Company and the Group for the fiscal year expiring on December 31st, 2007;
- Release the Board of Directors and the auditors of any liability for the activities of year 2007, according to the law and the company's articles of association;
- Appoint an ordinary and a substitute auditor for year 2008.

Heraklion, 17 March 2008

For the Board of Directors

The Chief Executive Officer

Pantelis Tzortzakis

CERTIFIED AUDITORS' – ACCOUNTANTS' CERTIFICATE

It is hereby confirmed that the above Report, together with the Annex, consisting of nineteen (19) pages, are those mentioned in the Audit Report we issued on March 18th, 2008.

Athens, 18 March 2008

The Certified Auditors

Christos Pelendridis
SOEL Reg. No. 17831

Spyros Bountas
SOEL Reg. No. 11451

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS
SOEL Reg. No. 107



SOL S.A.
CERTIFIED AUDITORS
SOEL Reg. No. 125


Horwath

8. ANNEX I:

ARTICLE 11A, L. 3371/2005 EXPLANATORY REPORT

This explanatory report of the Board of Directors to the Ordinary General Assembly of shareholders contains detailed information on the issues of paragraph 1, article 11a, L. 3371/2005.

- Structure of the Company's share capital

The company's share capital amounts to forty five million eight hundred and fifty two thousand two hundred and forty euros and fifty eight eurocents (€ 45,852,240.58) and is divided into thirty eight million eight hundred and fifty seven thousand eight hundred and thirty one euros (38,857,831) common nominal shares with a nominal value of one euro and eighteen cents (1.18) each.

The Company's shares are listed for trading on the Athens Stock Exchange.

The quality of shareholder implies legal, automatic and unlimited exercise of all rights and the undertaking of all responsibilities arising from the legislation on limited companies, the provisions of these articles of association, the decisions of the General Assembly of shareholders and the decisions of the Board of Directors. Shareholders shall exercise their rights as regards company management only through the General Assembly and each share shall the right to one (1) vote at the General Assembly, a) each shareholder, irrespective of place of residence, shall be subject to Greek Legislation and shall be deemed to reside permanently at company headquarters where the shareholder shall appoint an attorney and shall inform the company of such appointment and b) shareholders, general successors or their creditors and the legal holders of company shares (trustees, depositories, pledgers, lenders e.t.c.) shall not be entitled for any reason to cause seizure or sealing of company books and any other property of the company or to endeavour to distribute or liquidate the company.

Moreover, each share shall provide:

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

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

In addition, shareholders representing 1/20 or 1/3 of the paid-up share capital shall have minority rights, as provided by the company's articles of association.

- Limitations on the transfer of Company shares

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

- Important direct or indirect holdings in the sense of L. 3556/2007 (no. 9 to 11)

Shareholders (natural or legal persons) who on 31/12/2007 directly or indirectly hold more than 5% of the total number of shares are presented in the following table:

COMPANY NAME	SHARES	PERCENTAGE
NOVATOR EQUITIES LTD*	3,934,068	10.12%
INSTITUTE OF RESEARCH AND TECHNOLOGY	4,412,465	11.36%
CYCLADIC CATALYST MASTER FUND	2,224,844	5.72%
CYRTE INVESTMENTS GP 1 B.V. **	2,902,704	7.47%
RNZY STICHTING PENSIOENFONDS ABP	3,243,822	8.41%

- * NOVATOR EQUITIES LTD, through NORDEA BANK DANMARK A/S, indirectly holds 4.28%, which is included in its total percentage (10.12%) as presented above.
- ** AVIVA PLC, the parent company of CYRTE INVESTMENT GP I B.V, indirectly holds 7.47%, which corresponds to 2,902,454 shares with voting rights and directly 0.16% that corresponds to 62,235 voting rights, i.e. a total percentage of 7.63% that corresponds to 2,964,689 voting rights.

On 15/02/2008, the following shareholders had more than 5% participation in the share capital:

COMPANY NAME	SHARES	PERCENTAGE
FORGENDO LIMITED	8,158,912	20.996%
RNZY STICHTING PENSIOENFONDS ABP	4,009,664	10.32%
CYRTE INVESTMENTS GP I B.V. *	2,902,704	7.47%
INSTITUTE OF RESEARCH AND TECHNOLOGY	2,412,465	6.21%
MORGAN STANLEY **	2,120,124	5.46%

- * AVIVA PLC, the parent company of CYRTE INVESTMENT GP I B.V, indirectly holds 7.47%, which corresponds to 2,902,454 shares with voting rights and directly 0.16% that corresponds to 62,235 voting rights, i.e. a total percentage of 7.63% that corresponds to 2,964,689 voting rights.
- ** It is noted that Morgan Stanley controls voting rights through MORGAN STANLEY AND CO INTERNATIONAL PLC and MORGAN STANLEY AND INCORPORATED NEW YORK.

- **Shares providing special control rights**

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

- **Limitations on voting rights**

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

- **Company shareholders' agreements**

The Company is not aware of the existence of agreements between its shareholders, which imply limitations on the transfer of its shares.

- **Rules applicable to the appointment and replacement of members of the BoD and amendments to the articles of association**

The rules set out in the Company's articles of association as regards the appointment and the replacement of members of the Board of Directors and amendments to the provisions of its articles of association do not differ from those stipulated by C. L. 2190/1920 prior to its amendment by L. 3604/2007. The Ordinary General Assembly to be convened in 2008 is expected to decide on harmonisation of the articles of association with the provisions of C.L. 2190/1920, as valid today.

- **Responsibilities of the BoD or certain members of the BoD as regards the issuance of new shares or the purchase of own shares**

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

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

- (i) increases of the company's share capital, partially or totally, through the issuance of new shares, for an amount that shall not exceed the paid-up Company share capital on the date of the General Assembly, in accordance with the provisions of the articles of association and the law, and

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

- b. In accordance with the provisions of article 13, par. 9, C.L. 2190/1920, prior to its amendment by L. 3604/2007, a share placement plan for members of the Board of Directors and the staff may be established by decision of the General Assembly; this plan shall have the form of an option to purchase shares in accordance with the special terms of the decision. The decision of the General Assembly shall define the highest number of shares to be issued, which according to law shall not exceed 1/10 of existing shares, if the beneficiaries exercise the right to purchase shares, the price and the terms for providing shares to beneficiaries.

The Board of Directors shall decide on any other relevant detail, which is not be settled by the General Assembly, it shall issue option certificates and in December of each year it shall issue shares to any beneficiaries exercising their right, it shall increase the share capital accordingly and certify the increase.

Within the framework of the above legislative provisions, the General Assembly of share holders of 30.06.2006 established a placement plan for 2,800,000 shares, to be implemented in the period 2007-2011, defining the objectives, at the price of 5.36 euros and in accordance with the provisions of the various decisions of the BoD. On the basis of authorization from the General Assembly, the BoD implemented the 2007 plan granting the 317,149 option purchase shares at the price of 5.36 euros; total capital raised amounted to 1,699,918.64 euros. On 21/12/2007, the BoD increased the share capital accordingly and certified payment of the share capital

- c. The General Assembly of shareholders of 22/06/2007, on the basis of par. 5 et seq., Article 16, C.L. 2190/1920, prior to its amendment by L. 3604/2007, decided on the possibility of purchasing up to 2,000,000 own shares at a minimum price of 0.30 euros and a maximum of 20 euros; the GA also defined the total period for purchasing the above own shares at twelve months of the date of the General Assembly and authorized the Board of Directors to decide on the various time periods for purchasing own shares and the respective number of shares, and also to undertake any other acts in accordance with the law and within the framework of the above mandate. The Board of Directors has not yet exercised this power.

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

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

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

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

In any case, for the contracts of the Chief Executive and a number of Directors, payment of compensation is foreseen upon contract termination. The relevant obligation has been included in the provisions for staff compensation. Moreover, in the case of contract termination for which they are not liable or forced resignation, they shall be entitled to additional compensation.

Furthermore, in the case of change in control of the company on the basis of the provisions of article 4 et seq. L.703/1977 the option to purchase shares granted to beneficiaries within the framework of the options placement plan decided by the GA of 30.06.2006 shall mature and as a result the beneficiaries (including the members of the Board of Directors of the Company and of affiliated companies, General Managers, Managers, Heads of Services and Units and other Company staff as well) shall be entitled to exercise their rights earlier than the agreed periods for exercising the right, as determined accordingly by the BoD.