

**FORTHNETGROUP**



forthnet



**NOVA**

**SIX MONTHS**

**FINANCIAL REPORT**

**FORTHNETGROUP**

for the period

**January 1, 2011 to June 30, 2011**

**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 5 par. 2 of L. 3556/2007)

The following statements, which are effected in accordance with article 5 par. 2 of the L. 3556/2007, as applicable, are given by the following Members of the Board of Directors of the Company:

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

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

- (a) the interim condensed 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 1, 2011 to June 30, 2011, which were compiled according to the applicable International Financial Reporting Standards, provide a true and fair view of the assets and the liabilities, the equity and the results of the period of the Company, as well as the companies' which are included in the consolidation, according to that stated in paragraphs 3 to 5 of article 5 of the L.3556/2007 and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.
- (b) the Six-month Report of the Board of Directors of the Company provide a true and fair view the evolution, the achievements and the financial position of the Company, as well as the companies' which are included in the consolidation, including the description of the main risks and uncertainties they face and relevant information that is required according to paragraph 6 of article 5 of the L. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Athens, August 30, 2011

Deepak Srinivas Padmanabhan

Panagiotis Papadopoulos

Mohsin Majid

President of the  
Board of Directors

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

Member of the  
Board of Directors

## BOARD OF DIRECTORS' REPORT ON THE INTERIM CONDENSED 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 six months period ended June 30, 2011

### 1. PERFORMANCE AND KEY FINANCIAL DATA

#### Market data

The first half of 2011 was a period of rapid developments regarding the Greek Economy. The financial measures taken in order to cope with the debt crisis of the Greek state are expected to affect the Greek People in total. At the same time, aggressive competition has been putting pressure on prices.

The Group, facing a deteriorating financial environment, has maintained its leading position both in the telecommunications and in the PayTV. The efforts of Group were focused on achieving better operating performance from investments in broadband that have been completed in the previous years, and excising content rights. The Group has continued its efforts to expand the customer base with joint sell offerings of Pay TV and broadband services by fully utilising the commercial synergies between Forthnet and NOVA. At the same time, an extensive cost cutting initiatives program has been deployed.

Thus, at the end of June 2011 the Group reported:

- 122 thousands active Joint Sell customer of Pay TV and Broadband services
- 472 thousands active LLU customers
- 358 thousands active Pay TV customers in Greece
- 32 thousands new active digital subscribers in Greece as compared to the corresponding prior year period
- €208.5 m Group Revenue an increase of 3.5% as compared to the corresponding prior year period
- Adjusted EBITDA of €42.2m an increase of 23.7% as compared to the corresponding prior year period

#### Telecom Services

Forthnet continues to increase its Telecom customer base. The number of Active LLU customers at the end of June 2011 stood at 472,142 customers, with 26.8 thousands additions in H1 2011. ULL is the key growth driver, while demand for Broadband, 2play and other ULL services, is expected to remain strong.

Forthnet Broadband Customers	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
<b>Forthnet Broadband subscribers<sup>1</sup></b>	<b>501,705</b>	<b>496,304</b>	<b>483,163</b>	<b>461,343</b>	<b>438,966</b>
Quarterly net additions	5,401	13,141	21,820	22,377	30,124
<b>Active LLU customers</b>	<b>472,142</b>	<b>459,626</b>	<b>445,343</b>	<b>415,662</b>	<b>391,297</b>
Unbundling Ratio	94%	93%	92%	90%	89%
New LLU customers	12,516	14,283	29,681	24,365	33,371
Market share in new LLU customers	18.00%	18.50%	30.40%	33.00%	34.00%
LLU market share	31.30%	31.90%	32.60%	32.80%	32.60%

<sup>1</sup> Active & pending activation wholesale ADSL and 2Play customers, plus active & pending activation Unbundled Customers.

Forthnet is the leading unbundler in Greece with an estimated overall market share of 31.3% at the end of June with 26.8k net additions in H1. It is estimated that the market share in ULL net addition in H1 was 18.26%.

### Pay-TV Services

Satellite Pay-TV subscribers in Greece reached 340,705 at the end of June 2011, an all time high for H1. The Analogue subscriber base and the Digital subscriber base in Cyprus recorded a decrease.

Pay TV Subscriptions	H1 2011	H1 2010	D
Digital Platform Greece	340,705	308,283	32,422
Analogue Platform Greece	9,283	22,853	-13,570
Digital Platform Cyprus	8,104	10,479	-2,375
<b>Total</b>	<b>358,092</b>	<b>341,615</b>	<b>16,477</b>

By the end of H1 2011 Pay-TV had 358,092 customers, a y-on-y increase of 16,477 subs.

### Bundled Services

In H1 2011 the Group continued to add customers that bundle Telecom and Pay TV services. By the end of Q2 the Group served 730 thousand households. Among which, 122 thousand have chosen bundled services. The penetration of Bundled Services in the subscriber base is expected to increase over time.

	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Households with Bundled Services	121,582	111,613	99,932	76,697	56,586
Households in Greece with Bundled Services as % of Total	16.7%	14.6%	13.1%	10.3%	7.9%
New Households with Bundled Services	9,969	11,681	23,235	20,111	17,491

The majority of the customers that chose Bundled Services in 2010 already had a billing relationship with the group. In H1 2011 most of the customers that chose Bundled Services were new additions to both Telecom and PayTV.

### Consolidated H1 2011 Results

The Group reported total revenues of €208,5m, an increase of 3.52% compared to the same period in 2010. Revenue from ULL services grew by 13.74% driven by an increase in the customer bases.

Revenue Analysis	(in €'000)	H1 2011	H1 2010	D (%)
Residential LLU services		81,268	71,453	13.74%
Residential Wholesale Services		4,019	4,648	-13.53%
Business Services and Applications		27,371	26,527	3.18%
PayTV Revenue		95,800	98,749	-2.99%
Total Revenue (incl. other income)		208,458	201,377	3.52%

The decrease in Pay-TV revenue by 2.99% is attributed mostly to Group's Cyprus Operations and the Analogue Services in Greece.

As result the cost cutting initiatives and the incremental revenue the adjusted EBITDA for H1 2011 stood at €42.2m, an increase of 23.7% compared to the same period last year. The adjusted EBITDA margin for the quarter was 20.3%, an increase of 3.4pp over H1 2010.

<i>(in € '000)</i>	<b>H1 2011</b>	<b>H1 2010</b>
Operating and Other Revenue	208,458	201,377
Reported EBITDA	392	33,606
EBITDA excluding impairment cost	38,615	33,606
Adjusted EBITDA (excluding extraordinary items)*	42,225	34,124
Adjusted EBITDA margin	20.3%	16.9%
EBIT	-54,037	-14,694
EBT	-63,705	-29,997
Net Income	-59,899	-32,464
Operating Cash Flow	15,557	4,080

\* Not included personnel indemnities and other provisions

The new round of downgrade of the credit ratings of the Greek sovereign debt during the first half of 2011 have had a material bearing on the valuation of the Group's intangible assets. Specifically the significant increase in the discount factors used for valuation purposes (from 12.06% as at 31.12.2010 to 13.6% as at 30.06.2011) has led to an impairment charge of €38.2m against goodwill previously recognized for the PayTV segment, which was charged to the current year's interim results.

#### **Liquidity and Debt**

As of June 30th 2011, Forthnet Group's cash and cash equivalents amounted to € 22.5m. Total net bank debt for the Group at the end of June 2011 stood at € 312.5m.

## **2. MAJOR EVENTS FOR THE CURRENT HALF YEAR**

#### **Cost cutting initiatives**

Extensive cost cutting initiatives addressing all group operations have been deployed in 2011, the emphasis is placed on projects that have a recurring nature. These initiatives aim to improve operations and extract value from existing assets. Already in Q2 some of these initiatives have decreased costs and improved EBITDA.

#### **Network developments and Investments**

During the first six months of 2011 Forthnet activated capacity 10Gbps in cooperation with the leading international internet exchange DC-CIX, in Frankfurt. This upgrade has increased the international capacity to 53Gbps offering direct interconnection with over 350 service providers.

At the same time, the first part of the fiber ring that covers the west part of mainland Greece has been completed. The project which upon completion will lead to further financial and operational efficiencies, is expected to complete within 2011.

#### **Pay TV**

In the first half of 2011, Nova focused on high definition transmission of major sports events and introduced new live streaming services. Discovery HD and National Geographic Wild HD constitute main additions to the HD portfolio.

At the same time, Nova revamped its cinema premium offering and introduced a new channel (novacinema 4). Novacinema (1,2,3) program was enriched with new content and a daily zone with Greek cinema.

Finally, enriched the HD bouquet by adding two new, internationally known channels, Discovery HD and National Geographic Wild HD.

### 3. PROSPECTS FOR THE 2ND HALF OF THE YEAR

The deterioration of the financial statute during the first half of 2011, resulted inevitably in strategy adjustments for every company in Greece. Thus, although the main strategic targets of the Company remain the same, as presented in the Board of Directors Report on the annual Financial Statements of 2010, during the second half of 2011, emphasis will be given to the points below:

1. Further promotion of the successful Joint Sell packages of broadband and PayTV
2. Forthnet Group portfolio will be enriched with new innovative value added services enabling content offerings via alternative means (e.g. novasports.gr), thus increasing respectively broadband services value.
3. Migration of existing clientele to higher bundled offerings while at the same time focus attention in reducing churn
4. Migration of existing customers to private infrastructure
5. The expansion of Fiber networks, in ways that will strengthen our position as a Wholesaler to other Telecom operators
6. Increased effort on targeting SMEs and focusing on improving market share
7. Introduction of bundled services (Broadband, Pay TV) addressing the specific needs of the business sector
8. Further leverage Forthnet shops ability to approach the market more efficiently.
9. Continue functional integration with NOVA, that will significantly improve Group's efficiency and customer experience.

### 4. MAJOR RISKS AND CONCERNS FOR THE 2ND HALF OF THE YEAR

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

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

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

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps agreements amounting to € 120m.

**5. RELATED PARTIES:**

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

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

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	30.06.2010 30.06.2011	51,385 43,682	35,115 37,531
Forth CRS S.A.	Subsidiary	30.06.2010 30.06.2011	37,078 31,266	1,190 15
Athlonet S.A.	Associated	30.06.2010 30.06.2011	5,735 5,564	12,400 1,890
MultiChoice Hellas S.A.	Subsidiary	30.06.2010 30.06.2011	3,310,952 2,902,995	493,076 389,144
NETMED S.A.	Subsidiary	30.06.2010 30.06.2011	85,486 85,940	- -
NETMED Hellas S.A.	Subsidiary	30.06.2010 30.06.2011	2,027,433 -	20 -
Forthnet Media Holdings S.A.	Subsidiary	30.06.2010 30.06.2011	- 2,291,990	5,468 291
	<b>Total</b>	<b>30.06.2010</b>	<b>5,518,069</b>	<b>547,269</b>
	<b>Total</b>	<b>30.06.2011</b>	<b>5,361,437</b>	<b>428,871</b>

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Emirates International Telecommunications	Shareholder	31.12.2010 30.06.2011	- -	- 457,549
Technology and Research Foundation	Shareholder	31.12.2010 30.06.2011	20,960 33,328	6,179 20,023
Forth CRS S.A.	Subsidiary	31.12.2010 30.06.2011	391,159 429,616	40,190 40,208
Telemedicine Technologies S.A.	Subsidiary	31.12.2010 30.06.2011	136,677 3,734	- -
Athlonet S.A.	Associated	31.12.2010 30.06.2011	5,733 9,164	29,077 -
MultiChoice Hellas S.A.	Subsidiary	31.12.2010 30.06.2011	2,871,018 1,774,240	49,439,245 37,032,017
Forthnet Media Holdings S.A.	Subsidiary	31.12.2010 30.06.2011	40,750,917 8,914,779	2,254,579 553,423
NetMed S.A.	Subsidiary	31.12.2010 30.06.2011	112,180 53,002	- -
	<b>Total</b>	<b>31.12.2010</b>	<b>44,288,644</b>	<b>51,769,270</b>
	<b>Total</b>	<b>30.06.2011</b>	<b>11,217,863</b>	<b>38,103,220</b>

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

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	30.06.2010	51,385	35,115
		30.06.2011	43,682	37,531
Lumiere Productions S.A.	Shareholder	30.06.2010	-	2,177,140
		30.06.2011	-	-
Lumiere Television Ltd	Shareholder	30.06.2010	-	973,400
		30.06.2011	-	1,321,000
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	30.06.2010	-	81,576
		30.06.2011	-	-
Gambritsos Georgios	Members of the B.O.D. – Executive members	30.06.2010	-	235,539
		30.06.2011	-	-
Athlonet S.A.	Associated	30.06.2010	5,735	12,400
		30.06.2011	5,564	1,890
	<b>Total</b>	<b>30.06.2010</b>	<b>57,120</b>	<b>3,515,170</b>
	<b>Total</b>	<b>30.06.2011</b>	<b>49,246</b>	<b>1,360,421</b>

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Emirates International Telecommunications	Shareholder	31.12.2010	-	-
		30.06.2011	-	457,549
Technology and Research Foundation	Shareholder	31.12.2010	20,960	6,179
		30.06.2011	33,328	20,023
Lumiere Productions S.A.	Shareholder	31.12.2010	-	1,193,709
		30.06.2011	-	6,378
Lumiere Television Ltd	Shareholder	31.12.2010	-	661,500
		30.06.2011	-	439,000
Lumiere Cosmos Communications	Shareholder	31.12.2010	-	10
		30.06.2011	-	10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.12.2010	-	195
		30.06.2011	-	195
Athlonet S.A.	Associated	31.12.2010	5,733	29,077
		30.06.2011	9,164	-
	<b>Total</b>	<b>31.12.2010</b>	<b>26,693</b>	<b>1,890,670</b>
	<b>Total</b>	<b>30.06.2011</b>	<b>42,492</b>	<b>923,155</b>

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the period ended June 30, 2011 and June 30, 2010, are analysed as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>January 1-June 30</b>		<b>January 1-June 30</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Salaries and fees for executive members of the BoD	1,323,871	282,306	1,323,871	142,351
Salaries and fees for non executive members of the BoD	69,600	66,256	69,600	66,256
Salaries and fees for Senior Managers	1,218,037	2,088,676	764,951	810,991
<b>Total</b>	<b>2,611,508</b>	<b>2,437,238</b>	<b>2,158,422</b>	<b>1,019,598</b>

Athens, August 30, 2011

Deepak Srinivas Padmanabhan  
President of B.o.D

**THIS REPORT HAS BEEN TRANSLATED FROM THE GREEK ORIGINAL VERSION**

**REPORT ON REVIEW OF THE INTERIM CONDENSED FINANCIAL INFORMATION**

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

**Introduction**

We have reviewed the accompanying condensed separate and consolidated statement of financial position of HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A. "Forthnet S.A. (the "Company") and its subsidiaries ("the Group") as at June 30, 2011, and the related condensed separate and consolidated statements of comprehensive income, changes in equity and cash flows for the six-months period then ended, as well as the selected explanatory notes that comprise the interim financial information, which is an integral part of the six-months financial report of article 5 Law 3556/2007. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standards as adopted by the European Union and apply to interim financial reporting ("International Accounting Standard IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

**Emphasis of Matter**

Without qualifying our report, we draw attention to Notes 3 and 18 to the separate and consolidated financial statements which explain the status of the Group's debt renegotiation with its lending banks including modification of financial covenants on existing bond loans so as to align them with those of the new bond loans and which indicate that, at June 30, 2011, the Group was not in compliance with certain of its loan covenants. To date there is no modification of the financial loan covenants of the Group's existing bond loans and as such no assurance can be provided that the alignment process will be successfully completed. Accordingly, Note 3 explains the basis on which the accompanying separate and consolidated financial statements have been prepared using the going concern assumption and clarifies that the accompanying financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts, the amounts and classification of liabilities or any other adjustments that might result should the Group be unable to continue as a going concern due to this uncertainty.

**Report on other legal and regulatory requirements**

Our review has not identified any inconsistency between the other information contained in the six-months financial report prepared in accordance with article 5 of Law 3556/2007 with the accompanying financial information.

Athens, August 30, 2011

The Certified Auditors Accountants

CHRISTODOULOS SEFERIS  
R.N. ICA (GR) 23431

STAVROS SALOUSTROS  
R.N. ICA (GR) 14611

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

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

 **ERNST & YOUNG**

  
ΟΡΚΗΤΟΙ ΛΟΓΗΤΕΣ  
 Crowe Horwath

# **INTERIM CONDENSED FINANCIAL STATEMENTS**

for the six-months period ended  
June 30, 2011

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

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

Interim Condensed Financial Statements for the six months period ended June 30, 2011  
(amounts in Euro, unless stated otherwise)

### INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	The Group			The Company		
		01.01- 30.06.2011	01.04- 30.06.2011	01.04- 30.06.2010	01.01- 30.06.2011	01.04- 30.06.2011	01.04- 30.06.2010
Revenues	4	206,264,467	103,623,753	100,420,688	113,501,881	103,068,519	54,933,349
Telecommunications costs		(53,310,208)	(26,127,312)	(25,575,159)	(53,310,208)	(49,431,672)	(25,547,972)
Royalties and licenses		(50,914,550)	(25,245,068)	(23,800,916)	-	-	-
Cost of sales of inventory and consumables		(1,536,632)	(791,205)	(4,553,831)	(1,661,414)	(1,909,487)	(803,143)
Advertising and promotion costs		(7,474,234)	(3,222,365)	(3,854,798)	(2,766,923)	(6,794,237)	(2,887,890)
Payroll and related costs	6	(24,561,721)	(11,157,087)	(12,346,453)	(13,925,752)	(13,580,311)	(6,954,226)
Sundry expenses	8	(30,315,747)	(13,740,001)	(13,980,633)	(15,675,164)	(16,199,549)	(8,335,428)
Impairment of investments in subsidiaries	10	-	-	-	(95,371,438)	-	-
Impairment of goodwill	10	(38,223,606)	(38,223,606)	-	-	-	-
Other income		2,193,058	1,250,286	1,566,553	2,141,908	2,543,607	1,528,299
Depreciation and amortisation		(56,158,159)	(27,938,215)	(24,888,767)	(30,734,967)	(25,793,761)	(12,883,065)
Financial income	7	1,658,616	(1,117,072)	235,126	99,310	140,325	30,202
Financial expenses	7	(11,326,375)	(6,064,495)	(7,980,461)	(2,166,047)	(2,078,892)	(885,549)
Share of profits of associates accounted for under the equity method		-	-	(16,812)	-	-	-
<b>Loss before income taxes</b>		<b>(63,705,091)</b>	<b>(48,752,387)</b>	<b>(44,775,463)</b>	<b>(99,868,814)</b>	<b>(10,035,458)</b>	<b>(1,805,423)</b>
Income taxes	9	3,806,144	2,847,062	(2,098,060)	884,185	(3,530,939)	(1,980,153)
<b>Loss after tax (A)</b>		<b>(59,898,947)</b>	<b>(45,905,325)</b>	<b>(46,873,523)</b>	<b>(98,984,629)</b>	<b>(13,566,397)</b>	<b>(3,785,576)</b>
<b>Other total comprehensive income after tax (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive losses after tax (A)+(B)</b>		<b>(59,898,947)</b>	<b>(45,905,325)</b>	<b>(46,873,523)</b>	<b>(98,984,629)</b>	<b>(13,566,397)</b>	<b>(3,785,576)</b>
<b>(Loss)/gain for the period attributable to:</b>							
Shareholders of the Parent Company		(61,808,270)	(48,326,117)	(16,389,204)	(98,984,629)	(13,566,397)	(3,785,576)
Non-controlling interests		1,909,323	2,420,792	(484,319)	-	-	-
		<b>(59,898,947)</b>	<b>(45,905,326)</b>	<b>(16,873,523)</b>	<b>(98,984,629)</b>	<b>(13,566,397)</b>	<b>(3,785,576)</b>
<b>Total comprehensive income for the period attributable to:</b>							
Shareholders of the Parent Company		(61,808,270)	(48,326,117)	(16,389,204)	(98,984,629)	(13,566,397)	(3,785,576)
Non-controlling interests		1,909,323	2,420,792	(484,319)	-	-	-
		<b>(59,898,947)</b>	<b>(45,905,326)</b>	<b>(16,873,523)</b>	<b>(98,984,629)</b>	<b>(13,566,397)</b>	<b>(3,785,576)</b>
<b>Loss per share (Basic and diluted)</b>							
Weighted Average Number of Shares (Basic)		(0.3977)	(0.3109)	(0.1054)	-	-	-
Weighted Average Number of Shares (Diluted)		155,431,324	155,431,324	155,431,324	155,431,324	155,431,324	155,431,324

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

## INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	The Group		The Company	
		30.06.2011	31.12.2010	30.06.2011	31.12.2010
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant and equipment	11	294,595,983	311,814,651	160,383,921	170,553,382
Intangible assets	12	197,180,292	215,789,271	16,578,652	19,794,317
Goodwill	10	229,799,089	268,022,695	512,569	512,569
Investments in subsidiaries	10	-	-	194,650,733	289,889,228
Investments in associates accounted under the equity method		-	22,049	-	44,500
Other non-current assets		6,899,081	7,270,459	5,423,449	5,608,127
Available for sale financial assets	23	462,414	402,395	340,065	340,064
Deferred tax assets	9	26,629,950	25,292,663	15,728,634	14,844,448
<b>Total non current assets</b>		<b>755,566,809</b>	<b>828,614,183</b>	<b>393,618,023</b>	<b>501,586,635</b>
<b>Current assets</b>					
Inventories	14	9,606,397	6,708,194	1,721,245	2,254,877
Programme and film rights	13	15,381,509	47,129,081	-	-
Trade receivables	15	71,967,279	68,314,880	42,793,279	41,064,974
Prepayments and other receivables	16	25,300,932	29,222,997	6,489,017	9,227,596
Due from related companies	24	42,492	26,693	11,217,863	44,288,644
Financial assets at fair value through profit or loss		-	40,188	-	-
Forward exchange contract asset		-	25,820	-	-
Cash and cash equivalents	17	21,325,024	36,418,891	13,861,095	18,329,631
Restricted cash	17	1,214,500	1,964,500	1,214,500	1,964,500
<b>Total Current Assets</b>		<b>144,838,133</b>	<b>189,851,244</b>	<b>77,296,999</b>	<b>117,130,222</b>
<b>TOTAL ASSETS</b>		<b>900,404,942</b>	<b>1,018,465,427</b>	<b>470,915,022</b>	<b>618,716,857</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent company</b>					
Share capital		183,408,963	183,408,963	183,408,963	183,408,963
Share premium		300,981,286	300,981,286	300,981,286	300,981,286
Other reserves		14,395,946	14,385,588	13,735,754	13,735,754
Accumulated deficit		(300,290,851)	(238,472,223)	(266,985,939)	(168,001,310)
<b>Total</b>		<b>198,495,344</b>	<b>260,303,614</b>	<b>231,140,064</b>	<b>330,124,693</b>
Non-controlling interests		4,397,969	2,497,831	-	-
<b>Total equity</b>		<b>202,893,313</b>	<b>262,801,445</b>	<b>231,140,064</b>	<b>330,124,693</b>
<b>Non current liabilities</b>					
Long-term liabilities	18, 23	152,320	286,494,821	-	89,473,548
Long-term transponder leases	19	123,830,909	129,204,080	-	-
Other long-term leases		1,674,667	1,758,393	1,674,667	1,758,393
Other long-term obligations	4	5,399,117	5,562,263	5,399,117	5,562,262
Long-term obligations of programmes and film rights	20	743,087	817,971	-	-
Reserve for staff retirement indemnities		3,088,703	4,017,099	1,540,095	1,955,921
Government grants		17,034,095	19,193,338	16,908,365	18,603,337
Deferred tax liability		36,170,764	39,277,595	-	-
<b>Total Non-Current Liabilities</b>		<b>188,093,662</b>	<b>486,325,560</b>	<b>25,522,244</b>	<b>117,353,461</b>
<b>Current Liabilities</b>					
Trade accounts payable	21	82,843,465	98,601,452	43,607,806	56,628,103
Due to related companies	24	923,155	1,890,670	38,103,220	51,769,270
Short-term borrowings		1,418,000	1,419,258	-	-
Current portion of long-term borrowings	18, 23	331,869,029	45,144,000	109,535,483	20,000,000
Deferred income	4	38,178,757	40,564,124	19,592,498	18,554,874
Current portion of transponder leases	19	13,741,643	14,987,713	-	-
Short-term portion of other obligations		172,355	182,241	164,866	159,774
Current portion of programmes and film rights obligations	20	6,778,822	12,114,042	-	-
Income tax payable		4,779,481	5,169,309	200,000	200,000
Accrued and other current liabilities	22,23	28,713,260	49,265,613	3,048,841	23,926,682
<b>Total Current Liabilities</b>		<b>509,417,967</b>	<b>269,338,422</b>	<b>214,252,714</b>	<b>171,238,703</b>
<b>Total Liabilities</b>		<b>697,511,629</b>	<b>755,663,982</b>	<b>239,774,958</b>	<b>288,592,164</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>900,404,942</b>	<b>1,018,465,427</b>	<b>470,915,022</b>	<b>618,716,857</b>

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

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

Interim Condensed Financial Statements for the six months period ended June 30, 2011  
(amounts in Euro, unless stated otherwise)

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**

The Group	Attributable to equity holders of the parent company				Non-controlling interests	Total Equity
	Share capital	Share premium	Other reserves	Accumulated deficit		
<b>Total Equity beginning at the period January 1, 2010</b>	183,408,963	300,981,286	13,651,442	(153,470,168)	3,886,038	348,457,561
Total comprehensive loss after income taxes of the period (continuing and discontinuing operations)	-	-	-	(31,736,627)	(727,381)	(32,464,008)
Statutory reserve	-	-	64,335	(64,335)	-	-
Subsidiary's share capital increase	-	-	-	-	4,003	4,003
<b>Total Equity at June 30, 2010</b>	183,408,963	300,981,286	13,715,777	(185,271,130)	3,162,660	315,997,556
<b>Total Equity beginning at the period January 1, 2011</b>	183,408,963	300,981,286	14,385,588	(238,472,223)	2,497,831	262,801,445
Total comprehensive loss after income taxes of the period (continuing and discontinuing operations)	-	-	-	(61,808,270)	1,909,323	(59,898,947)
Subsidiary's share capital increase	-	-	-	-	(9,185)	(9,185)
Statutory reserve	-	-	10,358	(10,358)	-	-
<b>Total Equity at June 30, 2011</b>	183,408,963	300,981,286	14,395,946	(300,290,851)	4,397,969	202,893,313
The Company	Share capital	Share premium	Other reserves	Accumulated deficit	Total	
<b>Total Equity beginning at the period January 1, 2010</b>	183,408,963	300,981,286	13,028,772	(138,011,876)	359,407,145	
Total comprehensive loss after income taxes of the period (continuing and discontinuing operations)	-	-	-	(13,566,397)	(13,566,397)	
<b>Total Equity at June 30, 2010</b>	183,408,963	300,981,286	13,028,772	(151,578,273)	345,840,748	
<b>Total Equity beginning at the period January 1, 2011</b>	183,408,963	300,981,286	13,735,754	(168,001,310)	330,124,693	
Total comprehensive loss after income taxes of the period (continuing and discontinuing operations)	-	-	-	(98,984,629)	(98,984,629)	
<b>Total Equity at June 30, 2011</b>	183,408,963	300,981,286	13,735,754	(266,985,939)	231,140,064	

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

## INTERIM CASH FLOW STATEMENT

	Notes	The Group		The Company	
		01.01- 30.06.2011	01.01- 30.06.2010	01.01- 30.06.2011	01.01- 30.06.2010
<b>Cash flows from Operating Activities</b>					
Loss before income taxes		(63,705,091)	(29,997,124)	(99,868,814)	(10,035,458)
Adjustments for:					
Depreciation and amortisation		56,158,159	49,830,655	30,734,967	25,793,761
Amortisation of subsidies		(1,729,244)	(1,530,936)	(1,694,974)	(1,496,477)
Gains on disposal of tangible and intangible assets		24,531	(1,910)	41,411	2,956
Financial (income)/expenses	7	9,667,759	15,285,151	2,066,737	1,938,567
Impairment of goodwill	10	38,223,606	-	-	-
Impairment of investments in subsidiaries	10	-	-	95,371,438	-
Share of profits of associates accounted for under the equity method		-	18,312	-	-
Allowance for doubtful accounts receivable	15	2,024,255	1,753,598	2,066,737	1,803,996
Provision for staff retirement indemnities	6	151,120	311,365	69,875	152,684
Stock option plan		-	180,000	-	180,000
Other provisions		(358,387)	90,080	(189,885)	-
<b>Operating profit before working capital changes</b>		<b>40,456,708</b>	<b>35,939,191</b>	<b>28,597,492</b>	<b>18,340,029</b>
<b>(Increase)/Decrease in:</b>					
Inventories		(2,517,767)	1,962,759	725,308	340,785
Trade accounts receivable and amounts due from related companies		(5,692,453)	(8,074,985)	29,203,656	(21,359,880)
Programme and film rights		31,747,572	24,429,085	-	-
Prepayments and other receivables		3,922,065	(15,775,565)	2,738,579	1,253,011
<b>Increase/(Decrease) in:</b>					
Trade accounts payable and amounts due from related companies		(17,815,363)	(6,365,363)	(22,368,187)	6,886,984
Deferred income		(2,385,367)	386,198	1,037,624	2,139,772
Accrued and other current liabilities		(18,428,689)	(16,079,213)	(20,878,980)	(10,186,444)
Interest paid		(10,911,651)	(9,347,819)	(2,121,547)	(1,143,272)
Income taxes paid		(1,947,090)	(2,290,840)	-	-
Payment of staff retirement indemnities		(1,079,516)	(727,540)	(485,700)	(114,895)
Increase in other non-current assets		371,378	(32,528)	184,677	(12,898)
Increase in other long-term liabilities		(163,146)	57,100	(163,145)	57,100
<b>Net cash (used in)/ from Operating Activities</b>		<b>15,556,681</b>	<b>4,080,480</b>	<b>16,469,777</b>	<b>(3,799,708)</b>
<b>Cash flow from Investing activities</b>					
Capital expenditure for property, plant and equipment and intangible assets		(24,920,417)	(20,547,537)	(21,737,180)	(19,934,038)
Disposals of property, plant and equipment and intangible assets		45,072	56,674	28,192	27,581
Increase in participation in subsidiaries		-	-	-	(575,996)
Increase in investments in associates and other financial assets		-	9,232	-	-
Government grants received		-	4,500,000	-	4,500,000
Interest and related income received		188,908	393,486	99,310	140,325
Restricted cash	17	750,000	-	750,000	-
<b>Net cash used in Investing Activities</b>		<b>(23,936,437)</b>	<b>(15,588,145)</b>	<b>(20,859,678)</b>	<b>(15,842,128)</b>
<b>Cash flows from Financing Activities</b>					
Net proceeds from the issuance of share capital in subsidiary		-	4,003	-	-
Net change in long-term borrowings		-	(130,000)	-	-
Net change in short-term borrowings		(1,258)	475,604	-	-
Net change in leases		(6,712,853)	(3,902,320)	(78,634)	(73,851)
<b>Net cash used in Financing Activities</b>		<b>(6,714,111)</b>	<b>(3,552,713)</b>	<b>(78,634)</b>	<b>(73,851)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(15,093,867)</b>	<b>(15,060,378)</b>	<b>(4,468,536)</b>	<b>(19,715,687)</b>
<b>Cash and cash equivalents at the beginning of period</b>	17	<b>36,418,891</b>	<b>79,549,226</b>	<b>18,329,631</b>	<b>40,621,678</b>
<b>Cash and cash equivalents of the end of period</b>		<b>21,325,024</b>	<b>64,488,848</b>	<b>13,861,095</b>	<b>20,905,991</b>

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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION:

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

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

Effective October 2000, Forthnet's shares were listed on the Athens 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 is licensed under a regime of general licenses, by the National Telecommunications and Post Commission (EETT), by virtue of the "General Licenses Regulation" (No. 390/3/13.6.2006 EETT Resolution) for the operation of a fixed public telephone network, a fixed network of wireless access, a fixed network of electronic communications consisting of cordless micro-links, a fiber optics network and for the provision of services regarding Broadband Access, Data Transfer, Value Added Data, Telematics/Telemetry-radiolocation, audiotex, voice and data integration for intrabusiness networks and closed user groups, telephone services as well as Voice services through IP Protocol and via the internet.

Forgendo Ltd. participates in Forthnet's share capital. As at June 30, 2011, the participation percentage amounted to 41.27% (December 31, 2010: 40.95%). Cyrte Investments GP I BV also participates in Forthnet's share capital. As at June 30, 2011, the participation percentage amounted to 25.73% (December 31, 2010: 25.41%). The ultimate parent company of Forgendo Ltd. is the Emirates International Telecommunications.

The accompanying financial statements for the six months period ended June 30, 2011 and for the year ended December 31, 2010, 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. (under liquidation), NetMed N.V., Intervision (Services) B.V., Dikomo Investment Sarl (Luxembourg) (under liquidation), Tiledrasi S.A. (Luxembourg) (under liquidation), Multichoice Holdings (Cyprus) Ltd, Multichoice (Cyprus) Public Company Ltd (under liquidation), Multichoice Hellas S.A. and NetMed 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.

Shipping Clearance S.A. (under liquidation) 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. Upon decision of the General Assembly of its Shareholders dated June 30, 2010, Shipping Clearance S.A., resolved to proceed with its dissolution and liquidation according to the provisions of the Corporate Law 2190/1920 and its articles of association.

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

Forthnet Media Holdings S.A. is a holding company and was incorporated in April 2008 and its principle activities are the acquisition and management of investments in other legal entities that are engaged in the electronic communications and media sectors, provides digital satellite transmission and operates the NOVACINEMA and NOVASPORTS channels.

Forthnet Media Holdings S.A. and its subsidiaries which are consolidated are analysed as follows:

Entity name	Date of incorporation	Country of incorporation	Operating activities
NetMed N.V.	January 12, 1996	Netherlands	Holding company
MultiChoice Hellas S.A.	September 14, 1994	Greece	The Company compiles and operates the Nova bouquet, distributes decoders, manages the analogue and digital subscriber base and markets and sells NetMed Group's digital and analogue Pay-TV services in Greece.
NetMed S.A.	February 14, 1996	Greece	The Company provides customer services (including telephone helpdesk, technical support, information regarding TV programmes and management of subscription services contracts) to Pay-TV subscribers on behalf of MultiChoice Hellas S.A.
MultiChoice Holdings (Cyprus) Limited	December 20, 1999	Cyprus	Holding company
MultiChoice (Cyprus) Public Company Limited (under liquidation)	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.
Dikomo Investment Sarl (under liquidation)	June 18, 2003	Luxembourg	Holding company
Tiledrasi S.A. (under liquidation)	June 18, 2003	Luxembourg	Holding company
Intervision (Services) B.V.	January 1996	Netherlands	Content acquisition services

The subsidiary and listed in the Cyprus Stock Exchange company, MultiChoice (Cyprus) Public Company Ltd, which together with the Forthnet Group holds a contractual relationship with regard to the management of Multichoice Hellas S.A.'s subscribers in Cyprus, resolved, on June 9, 2011, at the Extraordinary General Meeting of its shareholders, the voluntary liquidation by its creditors pursuant to the provisions of the Cypriot Companies Law, The management of the subscribers as well as the further development of the Forthnet Groups activities in Cyprus will be continued by Multichoice Hellas S.A.

The Group's number of employees at June 30, 2011, amounted to 1,416, while that of the Company to 806. At June 30, 2010, the respective number of employees was 1,481 for the Group and 835 for the Company.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

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

The accompanying separate and consolidated condensed financial statements as of and for the six months ended on June 30, 2011, have been prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting".

The accompanying separate and consolidated financial statements do not include all the information required in the annual financial statements and, therefore, should be examined in conjunction with the published annual financial statements for the year ended December 31, 2010, which are available on the internet at the address [www.forthnet.gr](http://www.forthnet.gr).

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

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

Certain line items of the previous year's/period's financial statements were reclassified in order to conform to the current period's presentation.

The principal accounting policies adopted in the preparation of the financial statements, are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2010, except for the listed below, adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2011, which did not have any impact to the financial position of the Group and the Company:

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**
- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)**
- **IAS 32 Classification on Rights Issues (Amended)**
- **IAS 24 Related Party Disclosures (Revised)**
- **In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording**

#### **Standards issued but not yet effective and not early adopted**

- ***IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off-balance sheet activities (Amended)***  
The amendment is effective for annual periods beginning on or after July 1, 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments broadly align the relevant disclosure requirements of IFRSs and US GAAP. This amendment has not yet been endorsed by the European Union ("EU"). The Group and the Company do not expect that this amendment will have an impact on its financial position or performance, however additional disclosures may be required.
- ***IFRS 9 Financial Instruments – Phase 1, classification and measurement***  
The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS addresses classification and measurement of financial instruments. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the FVO. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.
- ***IAS 12 Deferred tax: Recovery of Underlying Assets (Amended)***  
The amendment is effective for annual periods beginning on or after January 1, 2012. This amendment concerns the determination of deferred tax on investment property measured at fair value and also incorporates SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim of this amendment is to include a) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and b) a requirement that deferred tax on non-depreciable assets, measured

using the revaluation model in IAS 16, should always be measured on a sale basis. This amendment has not yet been endorsed by the EU. The Group and the Company do not expect that this amendment will have an impact on their financial position or performance.

- **IFRS 10 Consolidated Financial Statements**

The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position or performance.

- **IFRS 11 Joint Arrangements**

The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 12 Disclosures of Interests in Other Entities**

The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity. IFRS 12 replaces the requirements previously included in IAS 27, IAS 31, and IAS 28 Investments in Associates. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 13 Fair Value Measurement**

The new standard is effective for annual periods beginning on or after January 1, 2013. The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. IFRS 13 consolidates and clarifies the guidance on how to measure fair value and also to increase convergence with USGAAP which has also been amended by FAASB. This standard should be applied prospectively and early adoption is permitted. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 27 Separate Financial Statements (amended)**

This amendment is effective for annual periods beginning on or after January 1, 2013. As a result of the new standards IFRS 10, IFRS 11 and IFRS 12, this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 Separate Financial Statements requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. Earlier application is permitted. This amendment has not yet been

endorsed by the EU. The Company is in the process of assessing the impact of this amendment on its financial position or performance.

- **IAS 28 Investments in Associates and Joint Ventures (amended)**

The Standard is effective for annual periods beginning on or after January 1, 2013. As a result of the new standards IFRS 10, IFRS 11 and IFRS 12, this standard was amended to prescribe the accounting for investments in associates and set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 19 Employee Benefits (amended)**

The amendment is effective for annual periods beginning on or after January 1, 2013. The amended IAS 19 proposes major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the “corridor approach”). The result is greater balance sheet volatility for those entities currently applying the corridor approach. These amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. Expected returns on plan assets will be replaced by a credit to income based on the corporate bond yield rate. In addition, the revised standard requires immediate recognition of past service costs as a result of plan amendments (in the income statement) and requires termination benefits to be recognised only when the offer becomes legally binding and cannot be withdrawn. Early application is permitted. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 1 Presentation of Financial Statements (amended)**

The amendment is effective for annual periods beginning on or after July 1, 2012. This amendment changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

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

The Board of Directors of Forthnet approved the separate and consolidated condensed financial statements for the six months period ended June 30, 2011, on August 30, 2011.

**(c) Significant Accounting Judgements and Estimates:**

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgments adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2010, except for the change in the presentation of the statement of comprehensive income. The Group has changed the presentation of expenses from the function of expense method to the nature of expense method in order to provide more reliable and relevant information. The comparative figures have been reclassified to conform to the current period’s presentation.

### 3. GOING CONCERN:

The Group's Management has, substantially, concluded the renegotiation of the Group's outstanding stock of debt. The renegotiation involved three distinct phases:

- issuance of new bond loans ("NBL") for the financing of the Group's growth prospects over the period 2011-2012
- prepayment of principal installments under the existing bond loans ("EBL")
- alignment of the EBL contractual documents (including financial covenants) with those of the NBL.

In July 2011 Forthnet S.A. and Forthnet Media Holdings S.A. concluded two long-term, secured bond facilities under Law 3156/2003 for €40 million (maturing December 31, 2014) and €50 million (maturing June 30, 2017), respectively. The NBL have been issued and subscribed in full by the Group's existing banking syndicates. The proceeds have been applied towards the payment of the Group's entire principal repayment obligations for the period January 1, 2011 to December 31, 2012 under the EBL of Forthnet S.A. and Forthnet Media Holdings S.A. totaling €90 million.

The conclusion of the Group's debt renegotiation process (through the contractual alignment of the EBL to the legal terms and financial covenants of the NBL) is under way but, to date, remains pending and as such, its outcome is not formally assured. Consequently, as at June 30, 2011, the Group was not in compliance with certain of its financial covenants on its EBL and, accordingly, has reclassified the outstanding balance of its bond loans as of such date to current liabilities.

In the light of the above, the separate and consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Accordingly, the accompanying financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts, the amounts and classification of liabilities or any other adjustments that might result should the Company be unable to continue as a going concern.

### 4. REVENUES:

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

	<b>The Group</b>		<b>The Company</b>	
	<b>January 1-June 30</b>		<b>January 1-June 30</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Operating Revenues</b>				
Direct Retail Services	175,121,015	164,975,139	82,971,127	71,452,559
Telecommunication Services	82,971,127	71,452,559	82,971,127	71,452,559
Pay-TV Revenues	92,149,888	93,522,580	-	-
Indirect Retail Services	2,639,250	4,648,094	2,639,443	4,648,094
Direct Business Services	18,924,810	17,934,338	19,184,482	18,275,627
E-business	1,379,792	2,012,338	1,695,118	2,012,338
Pay-TV Advertising Revenue	2,904,126	4,314,839	-	-
Forth CRS	1,547,432	2,267,773	-	-
Equipment	2,065,026	2,210,414	1,317,700	1,161,665
Other services	1,683,016	397,389	5,694,011	5,518,236
<b>Total Operating Revenues</b>	<b>206,264,467</b>	<b>198,760,324</b>	<b>113,501,881</b>	<b>103,068,519</b>

Billed revenue which has been deferred and will be recognised as income in subsequent periods for the Group and the Company at June 30, 2011, amounted to € 43,294,545, and € 24,708,286, respectively, of which the amount of € 5,115,788 relates to the long-term portion which has been included in to other long term liabilities

while the short-term portion is included in deferred revenue (at December 31, 2010: € 45,869,386 and € 23,860,136 for the Group and the Company, respectively of which € 5,305,262 relates to long-term portion).

Unbilled revenues for the Group and the Company at June 30, 2011, amounted to € 6,290,386 and € 5,711,810, respectively (at December 31, 2010, amounted to € 4,526,225 and € 4,213,844, for the Group and the Company).

## 5. GROUP SEGMENT INFORMATION:

The Group mainly provides telecommunication services and pay-tv services and operates in Greece. The Group presents the required segment information using as a criteria the services provided. The operating segment 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 at arm's length basis in a manner similar to transactions with third parties.

The segment information for the six months period ended June 30, 2011, is analysed as follows:

<u>June 30, 2011</u>	<u>Telecommunications</u>	<u>Pay-TV</u>	<u>Eliminations</u>	<u>Total</u>
Revenues	110,464,893	95,799,574	-	206,264,467
Intersegment revenue	5,280,925	389,436	(5,670,361)	-
<b>Total Revenue</b>	<b>115,745,818</b>	<b>96,189,010</b>	<b>(5,670,361)</b>	<b>206,264,467</b>
Depreciation and amortisation	31,021,088	25,137,071	-	56,158,159
Amortisation of subsidies	(1,694,974)	(34,270)	-	(1,729,244)
Profit before interest, taxes and depreciation	26.509.939	(26.118.356)	-	391.583
Profit/(loss) before interest and taxes	(2,816,174)	(51,221,158)	-	(54,037,332)
Loss before taxes	(4,857,672)	(58,847,419)	-	(63,705,091)
Less: income tax	884,185	2,921,959	-	3,806,144
Loss after taxes	(3,973,487)	(55,925,460)	-	(59,898,947)
Total assets	366,300,051	582,573,360	(48,468,469)	900,404,942
Capital expenditure	17,405,115	3,192,745	-	20,597,860
Liabilities	243,090,624	502,748,466	(48,327,461)	697,511,629
Goodwill	83,359,167	146,439,922	-	229,799,089
Impairment of goodwill	-	(38,223,606)	-	(38,223,606)

The segment information for the six months period ended June 30, 2010, is analysed as follows:

<u>June 30, 2010</u>	<u>Telecommunications</u>	<u>Pay-TV</u>	<u>Eliminations</u>	<u>Total</u>
Revenues	100,050,265	98,710,059	-	198,760,324
Intersegment revenue	5,462,138	498,564	(5,960,702)	-
<b>Total Revenue</b>	<b>105,512,403</b>	<b>99,208,623</b>	<b>(5,960,702)</b>	<b>198,760,324</b>
Depreciation and amortisation	26,206,550	23,624,105	-	49,830,654
Amortisation of subsidies	(1,496,477)	(34,459)	-	(1,530,936)
Profit before interest, taxes and depreciation	11,010,563	22,595,494	-	33,606,057
Profit/(loss) before interest and taxes	(13,788,381)	(905,280)	-	(14,693,661)
Loss before taxes	(15,692,241)	(14,304,883)	-	(29,997,124)
Less: income tax	(3,390,385)	923,501	-	(2,466,884)
Loss after taxes	(19,082,627)	(13,381,381)	-	(32,464,008)
Total assets	393,267,094	708,863,828	(43,405,081)	1,058,725,841
Capital expenditure	24,046,967	29,751,450	-	53,798,417
Liabilities	250,604,465	535,528,901	(43,405,081)	742,728,285

## 6. PAYROLL COST:

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

	<u>The Group</u>		<u>The Company</u>	
	<u>January 1-June 30</u>		<u>January 1-June 30</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Wages and salaries	21,008,609	19,928,268	12,337,251	11,365,128
Social security costs	4,209,059	4,244,946	2,433,278	2,509,926
Staff retirement indemnities	151,120	311,365	69,875	152,684
Stock option plan	-	180,000	-	180,000
Other staff costs	464,332	871,089	264,830	639,557
<b>Total</b>	<b>25,833,120</b>	<b>25,535,668</b>	<b>15,105,234</b>	<b>14,847,295</b>
Less: Amounts capitalised	(1,271,399)	(1,401,929)	(1,179,482)	(1,266,984)
<b>Payroll Cos</b>	<b>24,561,721</b>	<b>24,133,739</b>	<b>13,925,752</b>	<b>13,580,311</b>

Wages and salaries for the Company and the Group includes € 1.195.218 of termination indemnity relating to the former Chief Executive Officer.

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

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

	<b>The Group</b>		<b>The Company</b>	
	<b>January 1-June 30</b>		<b>January 1-June 30</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Interest on long-term borrowings (Note 18)	(5,861,681)	(5,803,906)	(2,000,164)	(1,913,000)
Interest on short-term borrowings	(29,371)	(11,823)	-	-
Finance charges paid under finance leases	(4,524,299)	(4,360,302)	(59,448)	(64,222)
Bond expenses	(389,208)	(374,208)	(61,935)	(61,935)
Other financial (Note 22)	(521,816)	(5,128,398)	(44,500)	(39,735)
<b>Total financial expenses</b>	<b>(11,326,375)</b>	<b>(15,678,637)</b>	<b>(2,166,047)</b>	<b>(2,078,892)</b>
Interest earned on cash at banks and on time deposits (Note 17)	188,908	393,486	99,310	140,325
Other financial income (Note 22)	1,469,708	-	-	-
<b>Total financial income</b>	<b>1,658,616</b>	<b>393,486</b>	<b>99,310</b>	<b>140,325</b>
<b>Total financial income/(expenses), net</b>	<b>(9,667,759)</b>	<b>(15,285,151)</b>	<b>(2,066,737)</b>	<b>(1,938,567)</b>

**8. ANALYSIS OF EXPENSES:**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>January 1-June 30</b>		<b>January 1-June 30</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Third party fees and services	13,210,312	14,253,262	5,118,824	5,286,827
Taxes and duties	341,489	674,211	200,287	582,296
Sundry expenses	6,841,937	6,719,279	4,566,568	4,290,600
Allowance for doubtful accounts receivable (Note 15)	2,024,255	1,753,598	2,005,879	1,803,996
Provision for legal cases (Note 26)	1,800,000	-	-	-
Repairs and maintenance	2,994,587	2,779,437	2,368,244	2,434,986
Rentals	1,856,247	2,117,461	643,134	1,089,774
Building functional costs	1,246,920	1,152,143	772,228	711,070
<b>Total expenses</b>	<b>30,315,747</b>	<b>29,449,391</b>	<b>15,675,164</b>	<b>16,199,549</b>

**9. INCOME TAXES:**

In accordance with the tax laws, the corporate tax rate which was effective to Greek corporations through to December 31, 2010, was 24%. Moreover, the corporate tax rate was to be gradually reduced and, more specifically, the tax rate was reduced to 23% for the fiscal year 2011, 22% for the fiscal year 2012, 21% for the fiscal year 2013 and 20% for the fiscal year 2014 and thereafter. According to the new law L. 3943/2011, the corporate tax rate is 20% for fiscal year 2011 and thereafter.

Income taxes reflected in the accompanying interim condensed statements of comprehensive income are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>January 1-June 30</u>		<u>January 1-June 30</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current income taxes	637,973	558,894	-	-
Special contribution	-	2,838,779	-	-
Deferred income taxes	(4,444,117)	(930,789)	(884,185)	3,530,939
<b>Total income taxes (credit) / debit reflected in the statements of comprehensive income</b>	<b><u>(3,806,144)</u></b>	<b><u>2,466,884</u></b>	<b><u>(884,185)</u></b>	<b><u>3,530,939</u></b>

Forthnet has not been audited for the fiscal years 2007 through to 2010. Forthnet's subsidiaries have not been subject to a tax audit for the following fiscal years:

SUBSIDIARY COMPANIES	UNAUDITED TAX YEARS/PERIODS
Forthnet Media Holdings S.A.	23/04/2008-31/12/2010
Forth-Crs S.A.	01/01/2010-31/12/2010
NetMed S.A.	01/01/2010-31/12/2010
Syned S.A.	01/04/2008 – 30/09/2010
Ad Value S.A.	01/04/2008 – 31/12/2009
NetMed Hellas S.A.	01/04/2004 – 30/07/2010
Multichoice Hellas S.A.	01/04/2007 – 31/12/2010
RPO S.A.	16/01/2006 – 31/12/2008

The subsidiaries which are located abroad have no unaudited tax periods.

In a future tax audit of the unaudited tax fiscal years it is possible that additional taxes and penalties may be assessed to Forthnet and to its subsidiaries. The Group believes that they have provided adequate provision (€ 2.55 million for the Group and € 0.2 million for the Company) for probable future tax assessments based upon previous years' tax examinations and past interpretations of the tax laws.

Deferred Income tax is provided using the balance sheet liability method on temporary differences arising between the tax losses of assets and liabilities and their carrying amounts in the financial statements and are calculated using the tax rates that have been enacted in the financial position date.

The major part of the deferred tax assets relates to deferred tax calculated on tax losses which can be offset with taxable income of the five following years after the year they relate to. The Management believes that the Company will have future taxable income to offset such losses.

**10. PARENT'S COMPANY SUBSIDIARIES- GOODWILL:**

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

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest		Balance	
				30.06.2011	31.12.2011	30.06.2011	31.12.2011
Forth CRS S.A.	P. Faliro, Attica, Greece	Full	Direct	99.31%	99.31%	4,314,749	4,314,749
Telemedicine Technologies S.A.	Paris, France	Full	Direct	68.19%	67.44%	647,422	514,479
Forthnet Media Holdings S.A.	Kallithea, Attica, Greece	Full	Direct	100.00%	100.00%	189,688,562	285,060,000
						<b>194,650,733</b>	<b>289,889,228</b>

In the current period the subsidiary Telemedicine Technologies S.A. increased its share capital by an amount of € 177,974 with the issuance of 15,303 shares of a nominal value € 5.60 each at an issuance price of € 11.63 each. The Company participated in this share capital increase by an amount of € 132,942 (11,431 shares).

**Impairment test of investments**

The Company proceeded with impairment testing exercise of its investments in subsidiaries presented in the separate interim condensed financial statements, due to impairment indicators as of June 30, 2011.

The pre-tax discount rate used for the discounting of the projected cash flows is 13.3%, while growth rate to perpetuity (beyond the five-year period) is 0.75% after taking into account the long-term prospective of the Group.

As a result of this analysis Management recognised an impairment charge against the carrying value of its investment in Forthnet Media Holdings S.A. of € 95,371,438.

**Goodwill**

Goodwill in the accompanying interim condensed consolidated financial statements arose from various business combinations as follows:

	The Group		The Company	
	30.06.2011	31.12.2011	30.06.2011	31.12.2011
MBA	512,569	512,569	512,569	512,569
Forth CRS S.A.	24,595	24,595	-	-
Telemedicine S.A.	190,355	190,355	-	-
NetMed N.V. Group and Intervision B.V.	285,965,176	285,965,176	-	-
NetMed N.V. Group and Intervision B.V. impairment of goodwill	(56,893,606)	(18,670,000)	-	-
<b>Total</b>	<b>229,799,089</b>	<b>268,022,695</b>	<b>512,569</b>	<b>512,569</b>

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate the carrying value may be impaired.

As discussed in the annual financial statements for the year ended December 31, 2010, for the purpose of impairment testing, goodwill is allocated to the Company's two cash-generating units (CGUs), which are the two operating segments, the Telecommunications segment and the PayTV segment. These two operating segments represent the lowest level within the Company at which the goodwill is monitored for internal management purposes. The key assumptions used to determine the recoverable amount for the different CGU's were discussed in the annual financial statements for the year ended December 31, 2010.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at June 30, 2011, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of each operating segment.

The projected cash flows have been updated to reflect the Group budgets approved by Management and the current market conditions of each segment covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14.0% (December 31, 2010: 12.02%) for the Telecommunications segment and 13,6% (December 31, 2010: 12.06%) for the PayTV segment, while growth rate to perpetuity (beyond the five-year period) is 1% (December 31, 2010: 1%) after taking into account the long-term prospective of the Group for both segments.

Management considers that the Telecommunication segment has demonstrated a consistent performance and has outperformed the market expectations. Additionally, management anticipates that Forthnet will remain a leading provider in terms of Local Loop Unbundling. As a result of the updated analysis of the Telecommunications segment, Management did not identify any impairment for this CGU.

For the PayTV segment, management has recognised an impairment charge of €38,223,606 against goodwill previously recognised for this CGU, which was charged to the current period's results. Despite the fact that there is an expectation of growth in subscriber base and in future revenues, the increase in the discount rate used for valuation purposes resulted to the impairment of the goodwill allocated to the specific segment.

#### **Sensitivity to changes in assumptions**

With regard to the assessment of the recoverable amount of the Telecommunications segment, there are no significant changes to the sensitivity information disclosed for the year ended December 31, 2010. The estimated recoverable amount of the PayTV segment is equal to its carrying value and, consequently, any adverse change in a key assumption could result in a further impairment loss.

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

During the period January 1, 2011 to June 30, 2011, the Group's investments in tangible assets amounted to € 8,547,174 and those of the Company to € 7,526,983 and relate mainly to the expansion of Forthnet's private network and also to the development of new Forthnet shops (at June 30, 2010, the additions of tangible assets amounted to € 11,939,348 and € 11,620,169 for the Group and the Company, respectively).

There is no property, plant and equipment that has been pledged as security. The title of the capitalised leased assets has been retained by the lessor. The net book value of the Company's capitalised leased assets at June 30, 2011 and at December 31, 2010, amounted to € 2,415,659 and € 2,442,332, respectively. For the Group the related amounts are € 129,818,670 and € 136.702.484 at June 30, 2011 and at December 31, 2010, respectively. During the period January 1, 2011 to June 30, 2011, the Group's investments in leased tangible assets amounted to € 29,339,224.

**12. INTANGIBLE ASSETS:**

During the period January 1, 2011 to June 30, 2011, the Group's investment in intangible assets amounted to € 12,050,686 and those of the Company's to € 9,878,132 and relate mainly to acquisition costs of new subscribers and also to the upgrade of IT software systems (at June 30, 2010, these amounted to € 12,519,845 and € 12,426,797 for the Group and the Company, respectively).

**13. PROGRAMME AND FILM RIGHTS:**

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

	<b>The Group</b>	
	<b>30.06.2011</b>	<b>30.12.2010</b>
Purchased sports rights	42,475,285	101,750,990
Licensed film rights	6,528,927	9,659,616
<b>Sports and Film Rights</b>	<b>49,004,212</b>	<b>111,410,606</b>
Purchased sports rights	(31,889,803)	(60,466,908)
Licensed film rights	(1,732,899)	(3,814,616)
<b>Sports and Film Rights Amortisation</b>	<b>(33,622,702)</b>	<b>(64,281,524)</b>
Purchased sports rights	10,585,481	41,284,081
Licensed film rights	4,796,028	5,845,000
<b>Sports and Film Rights, net</b>	<b>15,381,509</b>	<b>47,129,081</b>
Less: Programme and film rights short-term	15,381,509	47,129,081
<b>Programme and film rights, long-term</b>	<b>-</b>	<b>-</b>

**14. INVENTORIES:**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30.06.2011</b>	<b>31.12.2010</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
Merchandise	10,614,294	8,264,472	2,004,255	2,729,564
Consumables	167,945	-	-	-
Obsolete & slow moving provision	(1,175,842)	(1,556,278)	(283,010)	(474,687)
<b>Total</b>	<b>9,606,397</b>	<b>6,708,194</b>	<b>1,721,245</b>	<b>2,254,877</b>

The movement in the obsolete inventories is analysed as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>30.06.2011</b>	<b>31.12.2010</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
<b>Beginning balance</b>	<b>1,556,278</b>	<b>2,228,289</b>	<b>474,687</b>	-
Provision for the year	-	508,464	-	474,687
Less: Utilisation	(380,436)	(1,180,475)	(191,677)	-
<b>Ending balance</b>	<b>1,175,842</b>	<b>1,556,278</b>	<b>283,010</b>	<b>474,687</b>

**15. TRADE ACCOUNTS RECEIVABLE:**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30.06.2011</b>	<b>31.12.2010</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
Domestic customers	91,242,366	90,938,156	56,954,901	55,387,697
Foreign customers	5,332,097	2,397,735	1,680,086	1,403,337
Receivables from Greek State	3,081,172	2,447,707	1,942,247	1,874,762
Cheques and notes receivable	3,468,855	3,428,400	2,074,421	1,749,642
Unbilled revenue (Note 4)	6,290,387	4,526,225	5,711,811	4,213,844
	<b>109,414,877</b>	<b>103,738,223</b>	<b>68,363,466</b>	<b>64,629,282</b>
Less: Allowance for doubtful accounts receivable	(37,447,598)	(35,423,343)	(25,570,187)	(23,564,308)
<b>Balance of trade accounts receivable</b>	<b>71,967,279</b>	<b>68,314,880</b>	<b>42,793,279</b>	<b>41,064,974</b>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30.06.2011</b>	<b>31.12.2010</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
<b>Beginning balance</b>	<b>35,423,343</b>	<b>29,805,297</b>	<b>23,564,308</b>	<b>18,680,118</b>
Provision (Note 8)	2,024,255	5,980,043	2,005,879	4,884,190
Less: Utilisation	-	(361,997)	-	-
<b>Ending period balance</b>	<b>37,447,598</b>	<b>35,423,343</b>	<b>25,570,187</b>	<b>23,564,308</b>

**16. PREPAYMENTS AND OTHER RECEIVABLES:**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30.06.2011</b>	<b>31.12.2010</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
Receivables due from the Greek State	7,697,579	9,471,501	1,832,245	4,846,967
Prepaid expenses	2,022,923	2,027,284	2,017,135	1,392,974
Value Added Tax	679,945	2,358,297	-	991,407
Advances to suppliers	9,774,202	8,558,413	144,267	163,614
Other debtors	5,126,283	6,807,502	2,495,370	1,832,634
<b>Total balance of other receivables and prepayments</b>	<b>25,300,932</b>	<b>29,222,997</b>	<b>6,489,017</b>	<b>9,227,596</b>

**17. CASH AND CASH EQUIVALENTS:**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30.06.2011</b>	<b>31.12.2010</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
Cash in hand	85,352	95,059	27,430	73,477
Cash at banks	18,539,672	22,201,952	11,833,665	8,556,154
Time deposits	2,700,000	14,121,880	2,000,000	9,700,000
<b>Total</b>	<b>21,325,024</b>	<b>36,418,891</b>	<b>13,861,095</b>	<b>18,329,631</b>
Restricted time deposits	1,214,500	1,964,500	1,214,500	1,964,500
<b>Total</b>	<b>22,539,524</b>	<b>38,383,391</b>	<b>15,075,595</b>	<b>20,294,131</b>

Cash at banks earns interest at floating rates based on monthly bank deposit rates, Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the period ended June 30, 2011, amounted to € 188,908 and € 99,310 for the Group and the Company, respectively (for the period ended June 30, 2010, € 393,486 and € 140,325 for the Group and the Company, respectively) and are included in financial income in the accompanying statements of comprehensive income (Note 7).

On June 30, 2011, the restricted time deposits related to one pledge deposit contract of € 1,214,500 for the issuance of letters of guarantee to third parties of a total amount of € 2,708,096 (U.S \$ 3.8 million). On December 31, 2010, the restricted time deposits related to two pledge deposit contracts of € 1,214,500 and € 750,000, for the issuance of letters of guarantee to third parties of a total amount of € 6,409,779.

**18. LONG-TERM AND SHORT-TERM BORROWINGS:**

Long-term loans for the Group and the Company at June 30, 2011 and at December 31, 2010, are analysed as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>30.06.2011</b>	<b>31.12.2010</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
Bond loan	331,725,029	331,350,821	109,535,483	109,473,548
Other long term loans	296,320	288,000	-	-
<b>Total</b>	<b>332,021,349</b>	<b>331,638,821</b>	<b>109,535,483</b>	<b>109,473,548</b>
<b>Less current portion:</b>				
- Bond loan	331,725,029	45,000,000	109,535,483	20,000,000
- Other	144,000	144,000	-	-
<b>Total</b>	<b>331,869,029</b>	<b>45,144,000</b>	<b>109,535,483</b>	<b>20,000,000</b>
<b>Long-term portion</b>	<b>152,320</b>	<b>286,494,821</b>	<b>-</b>	<b>89,473,548</b>

The agreed set of financial covenants of the bond loans are as follows:

1. EBITDA / Net interest expenses greater or equal to 2.5 to 3.5 for the fiscal years 2009-2013 and beyond.
2. Total net bank borrowing / EBITDA less or equal to 7 to 4 for the fiscal years 2009-2013 and beyond.
3. Total net bank borrowing / Total equity less or equal to 1.15 to 1 for the fiscal years 2009-2013 and beyond.
4. Cash Flow / Debt Service greater or equal to 1.02 for the fiscal years 2009-2013 and beyond.

As at June 30, 2011, the Group was not in compliance with its financial covenants 2 and 3 described above and, accordingly, the bond loans were classified as current. The new bond loans that the Group has concluded include financial covenants which reflect the decelerated pace of debt repayment over the next two years. As further discussed in Note 3, Management has already initiated the process of contractual alignment of the old loans to the financial covenants of the new ones. Once this process is completed, the balance of the bond loans of € 331,725,029 and € 109,535,483 for the Group and the Company, respectively will be reclassified to long-term liabilities.

Total interest expenses on long-term loans for the six month periods ended June 30, 2011 and 2010, amounted to € 5,861,681 and € 5,803,906, respectively for the Group and 2,000,164 and € 1,913,000, respectively for the Company and are included in financial expenses (Note 7), in the accompanying interim condensed financial statements.

#### 19. FINANCE LEASE TRANSPONDER OBLIGATIONS:

The Group leases transmission equipment of a total value of € 153,079,114, with duration of twelve years, repayable in equal monthly instalments bearing interest at 6.5% to 9.57%.

The finance lease transponders obligations are analysed as follows:

	<u>The Group</u>	
	<u>30.06.2011</u>	<u>31.12.2010</u>
Obligation under finance lease	137,572,552	144,191,793
Less: Current portion	(13,741,643)	(14,987,713)
<b>Long-term portion</b>	<b><u>123,830,909</u></b>	<b><u>129,204,080</u></b>

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

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

	<u>The Group</u>	
	<u>30.06.2011</u>	<u>31.12.2010</u>
Programmes and Rights	7,521,909	12,932,013
Less: Current portion	(6,778,822)	(12,114,042)
<b>Long-term portion</b>	<b><u>743,087</u></b>	<b><u>817,971</u></b>

**21. TRADE ACCOUNTS PAYABLE:**

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

	The Group		The Company	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Domestic suppliers	70,602,198	78,280,207	37,746,162	50,843,574
Foreign suppliers	7,468,868	14,968,341	2,776,401	2,538,287
Post dated cheques payable	4,772,399	5,352,904	3,085,243	3,246,242
	<b>82,843,465</b>	<b>98,601,452</b>	<b>43,607,806</b>	<b>56,628,103</b>

**22. ACCRUED AND OTHER CURRENT LIABILITIES:**

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

	The Group		The Company	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Social security payable	1,974,214	2,090,473	583,481	1,206,337
Value added tax	3,943,517	781,988	1,426,022	-
Other taxes and duties	722,275	1,436,744	189,687	397,451
Customer advances	89,643	80,844	-	-
Other current liabilities	18,887,849	40,707,117	849,651	22,322,894
Interest rates swaps	3,095,762	4,168,447	-	-
	<b>28,713,260</b>	<b>49,265,613</b>	<b>3,048,841</b>	<b>23,926,682</b>

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps agreements amounting to € 120 million (2010: € 60 million).

The fair values of the interest rate swaps are based on market valuations (mark to market).

Gains from the valuation of the fair values of the swaps for the six-months period ended June 30, 2011, were € 1,073 thousand (at December 31, 2010: losses € 3,671 thousand) and are included in financial income (Note 7), in the accompanying interim condensed financial statements.

The losses from the interest rate swap transactions during the six months period ended June 30, 2011, were € 496 thousands and are included in financial expenses (Note 7), in the accompanying interim condensed financial statements.

**23. FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY**

The Group categorised its financial instruments carried at fair value in three categories, defined as follows:

Level 1: Quoted market prices

Level 2: Valuation techniques (market observable)

Level 3: Valuation techniques (non-market observable)

During the six-months period ended June 30, 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at June 30, 2011, the Group and the Company held the following financial instruments measured at fair value:

	<b>The Group</b>			
	<b>Fair value –30.06.2011</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Available for sale financial assets	-	-	462,414	<b>462,414</b>
<b>Financial liabilities</b>				
Interest bearing loans and borrowings (including short term portion) (Note 18)	-	332,021,349	-	<b>332,021,349</b>
Interest rate swaps (Note 22)	-	3,095,762	-	<b>3,095,762</b>
	<b>The Company</b>			
	<b>Fair value –30.06.2011</b>			
	<b>Level 2</b>	<b>Level 2</b>	<b>Level 2</b>	<b>Σύνολο</b>
<b>Financial assets</b>				
Available for sale financial assets	-	-	340,065	<b>340,065</b>
<b>Financial liabilities</b>				
Interest bearing loans and borrowings (including short term portion)	-	109,535,483	-	<b>109,535,483</b>

**24. RELATED PARTIES:**

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

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

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	30.06.2010	51,385	35,115
		30.06.2011	43,682	37,531
Forth CRS S.A.	Subsidiary	30.06.2010	37,078	1,190
		30.06.2011	31,266	15
Athlonet S.A.	Associated	30.06.2010	5,735	12,400
		30.06.2011	5,564	1,890
MultiChoice Hellas S.A.	Subsidiary	30.06.2010	3,310,952	493,076
		30.06.2011	2,902,995	389,144
NETMED S.A.	Subsidiary	30.06.2010	85,486	-
		30.06.2011	85,940	-
NETMED Hellas S.A.	Subsidiary	30.06.2010	2,027,433	20
		30.06.2011	-	-
Forthnet Media Holdings S.A.	Subsidiary	30.06.2010	-	5,468
		30.06.2011	2,291,990	291
	<b>Total</b>	<b>30.06.2010</b>	<b>5,518,069</b>	<b>547,269</b>
	<b>Total</b>	<b>30.06.2011</b>	<b>5,361,437</b>	<b>428,871</b>

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Emirates International Telecommunications	Shareholder	31.12.2010	-	-
		30.06.2011	-	457,549
Technology and Research Foundation	Shareholder	31.12.2010	20,960	6,179
		30.06.2011	33,328	20,023
Forth CRS S.A.	Subsidiary	31.12.2010	391,159	40,190
		30.06.2011	429,616	40,208
Telemedicine Technologies S.A.	Subsidiary	31.12.2010	136,677	-
		30.06.2011	3,734	-
Athlonet S.A.	Associated	31.12.2010	5,733	29,077
		30.06.2011	9,164	-
MultiChoice Hellas S.A.	Subsidiary	31.12.2010	2,871,018	49,439,245
		30.06.2011	1,774,240	37,032,017
Forthnet Media Holdings S.A.	Subsidiary	31.12.2010	40,750,917	2,254,579
		30.06.2011	8,914,779	553,423
NetMed S.A.	Subsidiary	31.12.2010	112,180	-
		30.06.2011	53,002	-
	<b>Total</b>	<b>31.12.2010</b>	<b>44,288,644</b>	<b>51,769,270</b>
	<b>Total</b>	<b>30.06.2011</b>	<b>11,217,863</b>	<b>38,103,220</b>

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

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Technology and Research Foundation	Shareholder	30.06.2010 30.06.2011	51,385 43,682	35,115 37,531
Lumiere Productions S.A.	Shareholder	30.06.2010 30.06.2011	- -	2,177,140 -
Lumiere Television Ltd	Shareholder	30.06.2010 30.06.2011	- -	973,400 1,321,000
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	30.06.2010 30.06.2011	- -	81,576 -
Gambritsos Georgios	Members of the B.O.D. – Executive members	30.06.2010 30.06.2011	- -	235,539 -
Athlonet S.A.	Associated	30.06.2010 30.06.2011	5,735 5,564	12,400 1,890
	<b>Total</b>	<b>30.06.2010</b>	<b>57,120</b>	<b>3,515,170</b>
	<b>Total</b>	<b>30.06.2011</b>	<b>49,246</b>	<b>1,360,421</b>

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Period ending at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Emirates International Telecommunications	Shareholder	31.12.2010 30.06.2011	- -	- 457,549
Technology and Research Foundation	Shareholder	31.12.2010 30.06.2011	20,960 33,328	6,179 20,023
Lumiere Productions S.A.	Shareholder	31.12.2010 30.06.2011	- -	1,193,709 6,378
Lumiere Television Ltd	Shareholder	31.12.2010 30.06.2011	- -	661,500 439,000
Lumiere Cosmos Communications	Shareholder	31.12.2010 30.06.2011	- -	10 10
Tagmatarchis Charalambos	Members of the B.O.D. – Executive members	31.12.2010 30.06.2011	- -	195 195
Athlonet S.A.	Associated	31.12.2010 30.06.2011	5,733 9,164	29,077 -
	<b>Total</b>	<b>31.12.2010</b>	<b>26,693</b>	<b>1,890,670</b>
	<b>Total</b>	<b>30.06.2011</b>	<b>42,492</b>	<b>923,155</b>

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the six months period ended June 30, 2011 and June 30, 2010, are analysed as follows:

	The Group		The Company	
	January 1-June 30		January 1-June 30	
	2011	2010	2011	2010
Salaries and fees for executive members of the BoD	1,323,871	282,306	1,323,871	142,351
Salaries and fees for non executive members of the BoD	69,600	66,256	69,600	66,256
Salaries and fees for Senior Managers	1,218,037	2,088,676	764,951	810,991
<b>Total</b>	<b>2,611,508</b>	<b>2,437,238</b>	<b>2,158,422</b>	<b>1,019,598</b>

## 25. 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 26).

**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 € 0.9 million at June 30, 2011 (approximately € 1.65 million at December 31, 2010), which has not been accounted for as it is not considered a present obligation at this point in time.

**License Terms and Obligations:** The Fixed Wireless Access Telecommunications infrastructure license granted to one of the absorbed subsidiaries. Mediterranean Broadband Access S.A. is subject to a number of commercial and technical conditions which require that Mediterranean Broadband Access S.A. meet certain coverage and technical criteria and attain population coverage of 20% within two years from the date of the grant. By the end of 2002, MBA's network covered in excess of 20% of the Greek population. A letter of guarantee of € 146,735 has been provided for the compliance of the obligations of the above license.**Development Law 3299/2004:** According to decision no 28757/YPE/4/00447/L,3299/E/ 22.12.2006 of the Minister and Deputy-Minister of Finance and Economics (GG 358/15.03.2007), the Company's business plan relating to the establishment of an integrated, high-speed broadband network applying a cutting-edge technology for the provision of new data, voice and content services in the regions of Attica and Thessaloniki, in accordance with the provisions of Development Law 3299/2004 was approved. The amount of investment approved amounts to approximately €30 million. The percentage of subsidy equals to 30% of the total investment, i.e. equal to the amount of € 9 million. Up to December 31, 2009, the Company had completed its investment and a related amount of approximately € 9 million has been included in Government grants.

In addition, 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 was approved. The amount of investment approved amounted 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 completed its investment at a cost of € 1,892,337 and, after the publication in the Government Gazette 1561/06.08.2008, on October 10, 2008; the company collected the amount of € 567,701 which was included in "Government Grants" in the accompanying statements of financial position.

Furthermore, according to decision no 32454/YPE/4/00525/E/l, 3299/2004/29,12,2006 (GG 341/13,03,2007) of the Minister and Deputy-Minister of Finance and Economics, the Company's subsidiary, Forth CRS S.A.'s, business plan

relating to the provision of innovative, large-scale electronic and broadband services in the sectors of tourism, transportation and culture in the region of Attica was approved in accordance with the provisions of Development Law 3299/2004. The amount of investment approved equals to approximately €1.8 million and the percentage of subsidy equals to 30% of the investment, i.e. € 540 thousand. At June 30, 2011, 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 amounts 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, 2009, the Company had completed its investment and recognised a Government grant of € 19.5 million.

**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-cancellable operating leases as at June 30, 2011 and at December 31, 2010, are as follows:

	The Group		The Company	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Within one year	4,157,831	4,246,950	1,881,211	1,941,768
1-5 years	15,874,123	14,961,252	6,280,159	5,376,882
Over 5 years	12,172,182	13,762,108	2,768,370	3,103,272
<b>Total</b>	<b>32,204,136</b>	<b>32,970,310</b>	<b>10,929,740</b>	<b>10,421,922</b>

**Guarantees:** Letters of guarantee are issued and received by the Group to and from various beneficiaries and, as at June 30, 2011 and at December 31, 2010, are analysed as follows:

	The Group		The Company	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Good execution of agreements	9,607,322	13,315,766	2,019,911	6,169,837
Participation in bids	41,926	21,751	41,926	21,751
Guarantee for advance payments received	20,264,948	42,348,951	20,264,948	40,925,151
<b>Total</b>	<b>29,914,196</b>	<b>55,686,468</b>	<b>22,326,785</b>	<b>47,116,739</b>

**Contractual Commitments:** The outstanding balance of the contractual commitments for the Group amounted to approximately € 29 million and for the Company amounted to approximately € 6.7 million at June 30, 2011 (December 31, 2010: € 30.5 million and € 7.2 million respectively). 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 € 6.1 million (December 31, 2010: € 6.4 million).

## 26. LITIGATION – ARBITRATION:

### A. FORTHNET S.A.

I. Forthnet's outstanding judicial claims against third parties amount to approximately € 46.68 million.

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

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

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

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.

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

2. The remaining (apart from the above claims concerning regulatory and telecommunication law matters) judicial claims of the Company against third parties amount to approximately € 11.3 millions.
3. Furthermore, there is a Claim against the Greek State for the project of the Ministry of Internal Affairs "National Network of Public Government - SYZEYXIS", which amounts approximately to € 1.9 million plus VAT for the fiscal year 2010. For this amount, the Company has already filled respective motions before the Legal Council of the State for the acknowledgment of the aforementioned debt for the first half of fiscal year 2010 amounting to € 1 million, for the 3<sup>rd</sup> quarter of 2010 amounting to approximately € 469 thousands and for the 4<sup>th</sup> quarter of 2010 amounting to approximately € 471 thousands respectively, plus the respective VAT.

Already in respect to the Application of Acknowledgment of the Company's Claim against the Greek State for the first half of fiscal year 2010, the Company's motion has been partially granted. According to the Letter of the State Legal Council with prot. no. F.3422/1262 dated 25-05-2011 a copy of the Consultation Minutes (no. 454) of the Meeting of the Second Ordinary Full-Session of the State Legal Council dated 03-02-2011, duly approved and signed by the Minister of Finance was served to the Finance Directorship of the General Secretariat of Public Administration and

Electronic Governance, based on which the said Directorship is called upon to proceed with the execution of said Decision and in particular to the payment to the Company of the amount of € 686,256.82, not including VAT for the provision of services to the Greek State within the framework of the "SYZEYXIS" project during the first half of 2010. The payment of the aforementioned amount to the Company is currently in progress.

For the above mentioned judicial claims a related provision of income has been made by the company in its financial statements for an amount of € 1.4 million.

4. During an audit, the Company discovered the abuse of a significant amount of money by an employee of its accounting department together with her spouse of approximately € 2.37 million. Consequently, the Company filed charges against the above persons for the criminal acts of counterfeiting and fraud while at the same time took the necessary legal actions before the civil courts for compensation for the damages suffered. In any case, the Company recorded the necessary provisions in its financial statements.

II. Judicial claims of third parties against Forthnet

1. € 350 thousands concern a private lawsuit filed against Forthnet as restitution for the moral damages that he incurred due to the alleged violation of the plaintiff's right to personality due to the Company's unlawful behavior concerning its contractual obligations for the provision to the plaintiff of internet services.
2. Legal action brought by OTE against the Company before the Multiparty Court of First Instance of Athens seeking compensation for the alleged violation of the provisions of the Code of Ethics on the Provision of Telecommunications Activities (article 11 par. 3), articles 57-59C.C. regarding the protection of personality, as well as the provisions of Law 146/1914 regarding prohibited and unfair advertising. The said violation is based on the unauthorized use of OTE's corporate name in the Company's advertising campaign. With its legal action, OTE claims amongst other the payment of compensation amounting to € 5million due to moral damages claimed to have been suffered by it, plus interest from the date of legal notice of the said action (namely from August 21, 2009) and until payment thereof.
3. Complaint filed by OTE before the National Competition Authority concerning alleged breach, on the part of Multichoice Hellas S.A., of provisions of articles 1 and 2 of L. 703/77 on competition, with relation to the agreements of audiovisual content executed between Multichoice Hellas S.A. and Greek Free-To-Air Stations. The case is still pending and its financial impact cannot, for the time be, be assessed.

For the above judicial claims the Management believes that the Group will not have a significant impact on its financial statements and, therefore, no related provision has been made.

- B. (a) The outstanding judicial claims of third parties against the subsidiary Forthnet Media Holdings S.A. (hereinafter FMH, which merged and absorbed NetMed Hellas S.A. and SYNED S.A.) amount to € 15.11 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 the heirs of a company's CEO claiming payment of lost cheques, plus interest. Although the case was heard without FMH being present (since FMH was never officially called for the hearing), there has been reached a partial judicial compromise between the plaintiffs and the rest co-defendants (GEAR FORUM, ΕΛΛΑΣ SA and LUMIERE PRODUCTIONS SA) have been reached. The plaintiffs are still entitled to file a new lawsuit against FMH.
  - ii) € 8.1 million approximately plus interest, concern claims of PAE (Football Clubs), for the restitution of the alleged damage they incurred due to the claimed unlawful termination –on the part of FMH (ex NetMed Hellas S.A.) of the agreements for the TV/radio broadcasting of their football games. From the abovementioned amount, it has been irrevocably judged that FMH is obliged to pay the

amount of approximately € 1.3 million plus interest to a specific PAE for the abovementioned reasons. With relation to the abovementioned claim, FMH shall proceed to all remaining legal means against the enforcement procedure of the court's judgment.

- iii) The Cypriot based company Lumiere TV Public Company Limited is claiming the amount of approximately € 0,81 million, plus interest and legal expenses, for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Tiledrasi S.A. of the 828 shares of Multichoice Hellas S.A., which Lumiere TV Public Company Limited holds .
- iv) € 0.3 million approximately, plus interest and expenses concern a judicial/court order issued on the basis of a cheque. The cheque had been issued by FMH (ex Netmed Hellas S.A.) in 2003 in the name of a specific PAE, which then endorsed it to the bearer company. The court order was initially cancelled, following a caveat filed by FMH. The bearer filed an appeal against the first-instance court decision. The Court of Appeal accepted the appeal and held that the court order is valid and enforceable.

For the above mentioned judicial claims a related provision has been recorded by the Group in the accompanying financial statements of € 1.8 million. The management of the Group believes that the provision is adequate.

- (b) The outstanding judicial claims of the subsidiary FMH (ex NetMed Hellas S.A.) against third parties amount to € 135 million approximately, plus interest and expenses. The abovementioned amount is mainly related to the company's claims against several PAE (football clubs) for the restitution of (pecuniary and moral) damage incurred by FMH (ex 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 FMH (ex NetMed Hellas S.A.) for the TV/radio broadcast of their football matches. We note that most of these claims have not been judged irrevocably, whilst most of the PAE are inactive (either due to downgrading or due to liquidation).
- C. (a) The outstanding judicial claims of third parties against the subsidiary Multichoice Hellas S.A. amount to € 15.32 million approximately, plus interest and legal expenses. From the abovementioned amount:
- i) € 7.7 million approximately (as it stood on March 9, 2006) plus interest concerns a claim of the Greek State relating to differences resulting from tax audits. Multichoice Hellas S.A. has filed appeals against the above actions before the Administrative Court of Athens. The trial date has not yet been set.
  - ii) € 810 thousand approximately, plus interest, concern a lawsuit by MSG Media Services S.A. as compensation (lost profits and moral damages) for the alleged abusive, on the part of Multichoice Hellas S.A., rescission of their cooperation agreement regarding the purchase of technical equipment and the provision of technical services. The judgement issued by the first instance court, rejected the request of the plaintiff for compensation, yet accepting the invalidity of the rescission. The trial before the Court of Appeals accepted the appeal of Multichoice Hellas S.A. and rejected the lawsuit of the litigant party. The case is considered pending on the reasoning that the litigant party is entitled to file an appeal.
  - iii) € 1.8 million approximately concerns a lawsuit by Unitek S.A, an agent of Multichoice Hellas S.A, by which it demands the amount to be paid to it, for disputes arising from their agreement. Unitek S.A. resigned from the claim, but it has not waived its rights and, consequently, it may come back with another claim.

- iv) € 0,46 million approximately concerns a lawsuit by Unitek S.A., an agent of Multichoice Hellas S.A. by which it demands the amount to be paid as a restitution for the loss of its clientele, by virtue of Presidential Decree 219/1991, due to the termination of contract made by Multichoice Hellas S.A. The First Instance court judgment accepted Unitek S.A.'s lawsuit. Multichoice Hellas S.A. is to file an appeal.
- v) € 2.94 million approximately concerns a lawsuit filed by an attorney at law, by which she demands payment of the above amount, for legal fees (based on the Greek Code of Legal Practice) arising from the alleged legal handling of the judicial dispute between FMH (ex Netmed Hellas S.A.)/Multichoice Hellas S.A. and the TV station "ALPHA" (during the period 2002-2006). The First-Instance Court dismissed the lawsuit, but the lawyer-plaintiff filed an appeal.

For the above judicial claims the Management believes that the Group will not have significant impact on its financial statements and, therefore, no related provision has been made.

- (b) The outstanding judicial claims of the subsidiary Multichoice Hellas S.A. against third parties amount to € 125 million approximately, plus interest and legal expenses. The abovementioned amount is mainly related to the company's claims against several PAE for the restitution of (pecuniary and moral) damage incurred by Multichoice Hellas S.A. due to the unlawful and void termination –on the part of PAE- of the agreements which the PAE had concluded with FMH (ex NetMed Hellas S.A.) for the TV/radio broadcast of their football matches. We note that most of these claims have not been judged irrevocably, whilst most of the PAE are inactive (either due to downgrading or due to liquidation).

From the abovementioned amount, the amount of € 326 thousands relates to Multichoice Hellas S.A.'s claim against the companies Passpoint S.A. (as the main liable party) and Lannet Communications S.A. (as a guarantor) for non payment to Multichoice Hellas S.A. the amounts of subscriptions received by Passpoint S.A. We note that LANNET Communications S.A. is under bankruptcy proceedings (during which Multichoice Hellas S.A. has notified its claims to the creditors' team and its claim has been approved. PASSPOINT S.A. remains inactive without evident assets.

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

- D. The outstanding judicial claims of third parties against the subsidiary Netmed NV amount to approximately € 3.45 million, plus interest and legal expenses. The Cypriot based company, Lumiere TV Public Company Limited is claiming the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Myriad Development BV (before merging by Netmed NV) of the 3,528 shares of Multichoice Hellas S.A., which Lumiere TV Public Company Limited holds.
- E. The outstanding judicial claims of third parties against the subsidiary Dikomo Investment Sarl amount to approximately € 1.24 million, plus interest and legal expenses. The Cypriot based company Lumiere TV Public Company Limited is claiming the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Dikomo Investment Sarl of the 1,272 shares of Multichoice Hellas S.A., which Lumiere TV Public Company Limited holds.
- F. The outstanding judicial claims of third parties against the subsidiary Tiledrasi S.A. amount to approximately € 2.81 million, plus interest and legal expenses. The Cypriot based company Lumiere TV Public Company Limited is claiming the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Tiledrasi S.A. of the 2,872 shares of Multichoice Hellas S.A., which Lumiere TV Public Company Limited holds.

The results of the above judicial claims are not expected to effect the Group's financial statements.

It is noted that there are no other judicial claims which may have a significant impact on the financial position or performance of the Group.

## 27. SUBSEQUENT EVENTS:

On July 25, 2011 the Group announced the conclusion of two long-term, secured bond facilities aggregating to €90 million. The financing is part of the overall renegotiation of the Group's outstanding debt amounting to €335 million. As at the date of issuance of this report, the new loans have already been issued by the Company and its subsidiary Forthnet Media Holdings S.A. for €40 million and €50 million, respectively and have been subscribed in full by the banking syndicates which have financed the Group's growth initiatives to date. Part of the proceeds of the above loans have been applied towards the payment of contractual principal obligations as at July 31, 2011.

Athens, August 30, 2011

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and  
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