



ANNUAL

FINANCIAL REPORT

FORTHNETGROUP
for the year

ended December 31, 2014

According to Law 3556/2007

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

Forthnet S.A.

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

G.E.M.I. 77127927000

Scientific Technological Park of Crete

Vassilika Vouton, Iraklion Crete 71003

<http://www.forthnetgroup.gr>

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STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

The following statements, which are effected in accordance with article 4 par. 2 of the 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. Panos Papadopoulos of George, resident of Glyfada 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 society anonyme company under the name "Hellenic Company of Telecommunications and Telematic Applications Societe Anonyme" and trade title "Forthnet S.A." (hereinafter referred to as "Company" or as "Forthnet"), we state and we assert that to the best of our knowledge:

- (a) the financial statements of the Company and the Group of the society anonyme company under the name of "Hellenic Company of Telecommunications and Telemetric Applications Societe Anonyme" and trade title "Forthnet S.A." for the period from January 1, 2014 to December 31, 2014, which were compiled according to the applicable International Financial Reporting Standards, as adopted by the European Union provide a true and fair view of the assets and the liabilities, the equity and the results 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 annual Report of the Board of Directors of the Company provide a true and fair view of 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 to 8 of article 5 of the L. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Iraklio, March 31, 2015

Deepak Srinivas Padmanabhan

Panos 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 FINANCIAL STATEMENTS of

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

Regarding the consolidated and separate Financial Statements
for the year ended December 31, 2014

1. PERFORMANCE AND KEY FINANCIAL DATA

HIGHLIGHTS

- All time high in Nova 3Play subscribers with a YoY increase of 27.4%
- All time high in Nova subscribers with a YoY increase of 12.1%
- Remained leader in LLU, with 0.6pp increase YoY in LLU market share, due to 6.1% increase YoY in broadband subscribers
- Yearly revenue remains stable in contrast with the sector that faced continued turnover contraction
- Reported EBITDA increased by 6.2%

	12M 2014	12M 2013	Δ
Total Subscriptions	1,178,427	1,084,693	8.6%
Unique Households	814,878	799,378	1.9%
Households with 3play/Bundled Services	363,549	285,315	27.4%
Broadband subscribers	671,166	632,353	6.1%
Pay TV Customers in Greece	507,261	452,340	12.1%

	Q4 2014	Q4 2013	Δ	12M 2014	12M 2013	Δ
Revenue (Normalized ,000€)	96,304	97,452	-1.2%	384,496	384,827	-0.1%
Reported EBITDA (,000€)	12,096	14,527	-16.7%	59,355	55,895	6.2%
Adjusted EBITDA (,000€)	12,096	14,527	-16.7%	59,974	64,640	-7.2%

According to CEO, Mr. Panos Papadopoulos:

“Despite a difficult macroeconomic environment that resulted in turnover contraction in our sector, our strategy stabilized turnover and increased the subscription base in our key business units. Our subscribers’ base increased steadily, primarily due to Nova 3play, against a backdrop of intense price competition. For the quarters to come we continue implementing our strategy on the development of innovative products and services that differentiate us from the competition and adjust further the company’s cost base in order to be prepared for the continuously changing market conditions.”

Business Review

Bundling/3Play

At the end of 2014, Forthnet served more than 363,5k households with Nova 3play/bundled services – a 27.4% increase compared to 2013, enhancing its appeal to the Greek households. The share of Nova 3Play subscriptions in Forthnet's customer base is continuously increasing and this trend is improving overall ARPU and Churn.

	Q4 2014	Q4 2013	Δ
Households with 3play/Bundled Services	363,549	285,315	27.4%
Households with 3play/Bundled Services as % of Total	44.6%	35.7%	+8.9pp
New Households with 3play/Bundled Services	7,687	33,423	-77.0%

Telco

By the end of 2014 the telecom services subscriber base increased by 6.1% YoY and reached 671.2k subscribers. Over the last 12 months, Forthnet's market share in LLU increased by 0.6pp confirming once again the strong appeal of Nova 3Play.

	Q4 2014	Q4 2013	Δ
Broadband subscribers ¹	671,166	632,353	6.1%
Net additions	-2,044	22,483	-109.1%
Active LLU customers	643,414	596,978	7.8%
Unbundling Ratio	95.9%	94.4%	1.5pp
New LLU customers	-496	25,542	-101.9%
Market share in new LLU	-1.6%	55.3%	-56.9pp
LLU market share	31.9%	31.3%	0.6pp

Pay TV

The subscriber base grew by 12.1% YoY, reaching an all-time high of 507.3k households. The rollout of 3play services is expected to be the main growth driver for the Pay TV market.

	Q4 2014	Q4 2013	Δ
Pay TV customers in Greece	507,261	452,340	12.1%

Financial Results

Profitability

Consolidated Revenue for 2014 reached €379m, a decrease against 2013 due to a decline in Fixed Termination Rates (FTR). Adjusting for the accounting treatment of business revenues for which the company act as an agent, the revenue remain almost stable. The FTR decrease affected revenues by €6.2m in 2014.

¹ Active and pending activation customers

Consolidated Revenue for Q4 2014 reached €94.8m, a decrease against Q4 2013 due to Fixed Termination Rates (FTR). Adjusting for the accounting treatment of business revenues for which the company act as an agent, the revenue decreased by 1.2%. The FTR drop affected revenues by €2.6m in Q4 2014.

Revenue Analysis (€ '000)	Q4 2014	Q4 2013	Δ	12M 2014	12M 2013	Δ
Total Retail	74,017	74,580	-0.8%	299,549	298,181	0.5%
Telco Retail	37,994	40,363	-5.9%	158,987	163,668	-2.9%
Pay TV Retail	36,023	34,217	5.3%	140,562	134,513	4.5%
Total Business	12,876	12,658	1.7%	53,414	54,470	-1.9%
Total Business (Normalized) ³	14,394	15,101	-4.7%	59,247	57,976	2.2%
Telco Business	8,597	7,868	9.3%	35,307	37,718	-6.4%
Telco Business (Normalized) ³	10,115	10,311	-1.9%	41,140	41,224	-0.2%
Pay TV Business	4,279	4,790	-10.7%	18,107	16,752	8.1%
Advertising	2,228	3,057	-27.1%	10,084	10,191	-1.0%
Other	5,666	4,714	20.2%	15,616	18,479	-15.5%
Total Revenue	94,787	95,009	-0.2%	378,663	381,321	-0.7%
Total Revenue (Normalized) ²	96,304	97,452	-1.2%	384,496	384,827	-0.1%

Adjusted EBITDA of 2014 reached €60.0m versus €64.6m in 2013, mainly as a result of pricing pressure and increased customer acquisition.

EBITDA Analysis (€ '000)	Q4 2014	Q4 2013	Δ	12M 2014	12M 2013	Δ
Revenue (including other)	94,787	95,009	-0.2%	378,663	381,321	-0.7%
Revenue (Normalized) ³	96,304	97,452	-1.2%	384,496	384,827	-0.1%
Reported EBITDA	12,096	14,527	-16.7%	59,355	55,895	6.2%
Adjusted EBITDA ³	12,096	14,527	-16.7%	59,974	64,640	-7.2%
Adjusted EBITDA margin	12.8%	15.3%	-2.5pp	15.8%	17.0%	-1.2pp

Total bank debt in December 2014 stood at €325m.

2. MAJOR EVENTS FOR THE CURRENT YEAR

On January 8, 2014, Forthnet S.A. announced that the increase of its share capital by € 29,143,372.50, approved by the Extraordinary General Meeting of its shareholders held on August 23, 2013, which took place from December 10, 2013 up to and including January 3, 2014, was successfully completed through the payment of € 29,143,372.50 by existing shareholders and persons who acquired pre-emption rights during their trading period. According to the above resolution of the Extraordinary General Meeting, 97,144,575 new shares were issued at a subscription price of € 0.30 per share. As a result of the above, the Company's share capital increased by € 29,143,372.50 through the issuance of 97,144,575 new registered ordinary shares, each having a nominal value of € 0.30. Therefore, the Company's share capital as at December 31, 2014, amounted to € 33,029,156, divided into 110,097,185 ordinary

² Normalization relates to a reclassification in business revenue which presented in expenses due to accounting treatment

³ One -off or Non- cash adjustment

registered voting shares, each having a nominal value of € 0.30. As at December 31, 2104, the use of raised funds amounted to € 21,812,297 and the unallocated funds to € 7,331,075.

In July 2014, OTE S.A. submitted a non-binding offer to the Board of Forthnet S.A., for the possible acquisition of the company's activity.

Furthermore, Vodafone Group Service and Wind Hellas Telecommunications S.A. submitted a common non-binding offer to the Board of Forthnet S.A., for the possible acquisition of the Company's total shares which are not owned by them.

In the context of the above non-binding offers, the company agreed to carry independent due diligence, in line with the applicable legislation, a process that by the end of the current fiscal year was completed for OTE and largely completed for Vodafone and Wind. The Vodafone Wind process is currently fully concluded.

Content Rights

During 2014, the Company continued its close cooperation with Super League (the organizing authority of the Greek 1st Division Professional Football Championship) of which the exclusive rights are secured until the end of the 2016-2017 football seasons.

Furthermore, Pay-TV platform NOVA continues to possess the broadcasting rights, on one hand, of the most competitive basketball competition in Europe ("Euroleague Basketball Competition") and on the other hand of the most renowned tennis tournament ("Wimbledon Tournament"), while at the same time it retained the exclusive broadcasting rights for all home matches of 11 out of 14 teams of the domestic Men's 1st Division Basketball championship.

Moreover, Pay-TV platform NOVA concluded a new three year agreement for the exclusive broadcasting of all home matches of the renowned basketball team of PANATHINAIKOS, in the course of the domestic Men's 1st Division Basketball championship, while at the same time Pay-TV platform NOVA begun an exclusive three year cooperation with the Greek Swimming Federation, as well as the Greek Tennis Federation. Finally, Nova continues to hold the exclusive rights for a number of additional athletic events for Greece and/or Cyprus, enhancing in this way its strategic plan to promote and support Greek Sport, as underlined by its advertisement logo "All for your team".

In addition, the Company acquired the TV rights of French football league, and the TV rights of Portuguese Cup, further enhancing Nova's sports content.

The Company continues offering the 1st pay tv window of feature films and series, on an exclusive basis, through its output deal agreements with the Major Studios (Disney, Sony, Paramount, Fox, Warner, HBO) retaining at the same time its agreements with the local distributors (e.g. Odeon, Spentzos, Audiovisual, Feelgood, etc.), as well as with independent international content providers (e.g. CBS, Starz, BetaFilm, Lionsgate), always offering content on an exclusive basis. Moreover, the Company announced the agreement with Village Roadshow Pictures for the exclusive access to premiere blockbusters from one of Hollywood's independent movie production companies.

During 2014, the Company continued its long term cooperation with the most important international thematic channels (Fox, Fox Life, Nat Geo & Nat Geo Wild, Discovery & Animal Planet, CNN, Boomerang, History Channel, Travel Channel, MTV, Nickelodeon, etc.), broadcasting fully subtitled and/or dubbed programs of high interest and profile.

Also, the Company extended the transmission hours of the exclusive entertainment channel Novalife, enriching its schedule with new Greek and international programs. In parallel the Company upgraded in High Definition the exclusively packaged for Nova subscribers channel, Novasports24 HD.

During 2014, special focus was given to the content enrichment of Novago, the innovative OTT service, enabling access through any mobile device to linear streaming channels as well as to multiple on demand programs.

Network Development and Investments

During 2014 Forthnet:

- Increased capacity of international link, with total: 130Gbps at the end of 2014. Three (3) new international connections in 2014 with Google (10 Gbps) & Interoute (10 Gbps) in Sophia and DECIX in Frankfurt (10 Gbps). Forthnet also, upgraded the national peerings with OTE, HOL and Wind to 72Gbps and upgraded to 90 Gbps the Content Delivery Network (CDN) in Athens & Thessaloniki (Google, Akamai, web-streaming).
- IMS beta testing (Phase I completed). Friendly users over IMS live on December 2014.
- IPv6 in full production in both Dual-Stack and DS-Lite modes, achieving service continuity instead of worldwide IPv4 addresses depletion.
- Deployed a centralized DDoS mitigation solution for the protection of business customers and core network.
- Improved Cooperators' Network Management and optimize logistics costs of technical points. Also, improved Service delivery time (next business day).
- Completed the Business Continuity Plan (BCP) assessment for Telco services (February 2014). Taking into account the assessment's results, Fixed Network critical business processes recovery plan scenarios implemented. Also, network Disaster Recovery (DR) Plan design for main and critical Points of Presence (PoPs) initiated. Regulatory Authority (ΑΔΑΕ) audits for BCP Telco services passed successfully. BCP assessment for Pay TV services started December 2014 and is expected to be concluded at the end of 2015.

New Services

- Novago, an internet based platform that can deliver Nova content on multiple devices (smartphones, tablets, laptops), was successfully launched. With novago service, the subscribers of Novasports and Novacinema channels are able to watch live channels, On-demand and catchup programs wherever they are, whatever device they are using. Novago already serves more than 98k customers.
- Nova 3Play SAT was launched, offering high quality entertainment and reliable communication through Satellite, even in the non LLU areas. Nova 3Play SAT may be enhanced with all Nova 3Play add-ons, based on each household's needs.
- The company launched of the new service "Nova Exochiko", addressing existing Nova 3Play subscribers, who are now able to watch Nova TV content also in their holiday homes.
- A wide range of new services for Business Customers was developed such as Virtual PBX, DDoS Protection, Cloud 360 (Fcloud), Cloud Backup, Enterprise Mail 365, Platinum Support etc.
- Forthnet, aiming at continuously improving customer experience and efficiency, introduced its redesigned e-bill service and its brand new e-shop.

Forthnet Shops

Forthnet has a wide range distribution network consisted of 132 Forthnet Stores, 6 chains and a great number of independent stores and wholesalers.

Also, during Q1 2014 Forthnet completed the first phase of its Customer Care reorganization. As a result, Customer Care's productivity and quality of service improved, despite the accelerated growth of the subscriber base that reached all-time highs.

Participation of the company in "Syzefxis II – Telecommunications Services"

In the beginning of June the company participated in an International Open Tender, issued by the Information Society SA, in order to sign a Frame Agreement for the project "Syzefxis II – Telecommunications Services". The company submitted offer files for the zones 1, 6, 7, 8 with a budget of €254,634,639.17.

The Project "SYZEFXIS II", constitutes an evolution and extension of the projects SYZEFXIS-SYZEFXIS I, that were materialized and supported as regards their operation, on behalf of the Greek State by the Information Society S.A. and includes the provision of all the necessary infrastructures, as well as of all the necessary telecommunications services for about 34,000 buildings of the State, covering a very large extent of the telecommunication needs of the public sector. The Project SYZEFXIS already operates regularly from 01/01/2006, providing telecommunication services to 4,485 entities-buildings of the Greek State. The Company provides from 01/01/2006 Voice, Data and Image services to the entities that geographically belong to the Prefecture of Thessaloniki (Area 3).

3. CORPORATE GOVERNANCE DECLARATION On the basis of article 43a, par. 3 section d' of c.l. 2190/1920

A) CORPORATE GOVERNANCE CODE

The Company has resolved on its own will to apply a Corporate Governance Code, which is available at the main offices of the Company, at the extension of Manis street, location of Kantza, Pallini, P.C. 15351.

B) CORPORATE GOVERNANCE PRACTICES APPLIED BY THE COMPANY IN ADDITION TO THE PROVISIONS OF THE LAW

The Company applies certain corporate governance practices in addition to the provisions of the Law, which concern the operation of the Purchasing Committee and the Strategy Committee, as they are specifically provided for in the Corporate Governance Code, as well as in the General Security Policy and its individual sub-policies.

C) COMPANY'S INTERNAL CONTROL SYSTEM REGARDING THE PREPARATION OF FINANCIAL STATEMENTS

The Internal Control System (ICS) of the Company refers to the auditing mechanisms and procedures in place to ensure the completeness and reliability of the data and information required for the exact and timely preparation of the financial statements.

The basic elements of the internal control system are, inter alia, the following:

- the specific detailed procedure describing the preparation of the annual and interim financial statements,
- the specific organizational structure of the finance department that ensures the separation of operations between the accounting department and the department of reporting, which is responsible for the preparation of the financial statements,
- The internal audit department, which examines and evaluates the Company's internal control system in the context of reviewing the implementation of the Internal Corporate regulation and the Articles of Association of the Company, as the law dictates.

Finally the framework of the ICS includes the appropriate communication and cooperation among the legal department, the finance department and the internal audit department, ensuring the effective supervision and constant compliance with the legal obligations concerning the preparation and presentation of the financial statements of the Company.

D) INFORMATIVE DATA OF THE DIRECTIVE 2004/25/EC (art. 10) REGARDING THE TAKE OVER BIDS.

The Company does not fall into the field of implementation of the directive 2004/25/EC, however the informative data required according to article 10 par. 1, under c), d), f), h) and i) of it, is provided for as information in the Explanatory Report of the B.o.D, according to article 4, par, 7 of Law 3556/2007.

E) INFORMATIVE DATA FOR THE OPERATION OF THE GENERAL ASSEMBLY OF THE SHAREHOLDERS AND THE BASIC AUTHORITIES, AS WELL AS DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND OF THE MODE OF THEIR EXERCISE.

I. Operation of the General Assembly

Preamble

According to Article 9 of the Company's Articles of Association, the General Assembly of Shareholders is the Company's supreme body and is entitled to decide on any issue concerning the Company. It is composed and operates in accordance with the law and its' articles of association, and its decisions are equally binding for all shareholders, even those who are absent or disagree.

Convening the General Assembly

- The General Assembly of shareholders, when convened by the Board of Directors, shall meet regularly at the Company's registered seat or in the region of another municipality within the prefecture of the seat or another municipality neighboring to the seat or in the region of the municipality where the Stock Exchange is located once a year, in the first semester after closure of each financial year. The Board of Directors may convene extraordinary General Assemblies as often it judges necessary.
- General Assemblies, except repeat and other similar assemblies, shall be noticed at least twenty (20) calendar days prior to the assembly date.

Notice to the General Assembly

- The notice to shareholders for the General Assembly shall state the date, time and venue of the assembly and the items on the agenda clearly, the shareholders entitled to participate, as well as clear instructions concerning the way in which shareholders can participate the assembly and exercise their rights in person or by proxy. This invitation, with the exception of repeat General Assemblies and other similar meetings, shall be published ten (10) days before the Assembly date in the Government Gazette, and twenty (20) days before the assembly date, in a daily political, financial and local newspaper according to the each time legislation in force, while at all events it shall be posted in a visible location at the Company's offices.
- Furthermore, the invitation to the General Assembly may be published in the press in the form of a summary with specific information mentioning the webpage of the Company, where the full text of the invitation is available. In addition, the invitation is published at the discretion of the B.o.D in national and Pan-European wide electronic media.

Participation in the General Assembly

Each shareholder is entitled to participate and vote in the General Assembly of the Company. The exercise of the said rights presupposes neither the binding of the rights holder's shares nor the observance of any other corresponding procedure that limits the ability of their sale and transfer during the time period that lapses between the Record Date as it is defined below, and the relevant General Assembly. The shareholder participates in the General Assembly and votes either in person or by proxy.

Anyone who appears as a shareholder in the registry of Dematerialized Securities System (managed by the Hellenic Exchanges S.A.), in which the shares of the Company are kept, is entitled to participate in the General Assembly. The proof of the shareholder's capacity is effected with the producing of a relevant written certification of the aforementioned entity, or alternatively, with a direct on-line connection of the Company with the records of the latter.

The shareholder's capacity should exist upon commencement of the fifth day prior to the day of the General Assembly's meeting (Record Date) and the relevant written certificate or electronic authentication regarding the shareholder's capacity should come to the Company the latest on the third day prior to the meeting of the General Assembly. Shareholders under the same formal preconditions may participate in the repeat General Assembly. The shareholder's capacity should exist upon commencement of the fourth day prior to the day of the repeat General Assembly (Record Date of repeat general assemblies), while the relevant written certificate or the electronic authentication regarding the shareholder's capacity should come to the company the latest on the third day prior to the meeting of the General Assembly.

The list of shareholders entitled to vote at the General Assembly shall be posted in a visible location at the Company's offices twenty four (24) hours prior to the General Assembly

The shareholders that do not comply with the provisions may participate in the General Assembly only upon a relevant license of the members that attend the General Assembly.

Regular quorum and General Assembly majority

1. The General Assembly shall be considered to have a quorum when at least twenty percent (20%) of the paid-up share capital is represented therein.
2. If the quorum of the previous paragraph is not achieved, a repeat assembly shall be held, and which shall be considered to have a quorum and convene legally on the items of the initial agenda, irrespective of the percentage of paid-up share capital that is represented in the General Assembly.
3. Decisions in the General Assembly shall be made with an absolute majority of the votes represented at the Assembly.

Extraordinary quorum and General Assembly majority

In exceptional circumstances, the General Assembly shall be considered to have a quorum and convene legally on the items on the agenda when two thirds (2/3) of the paid-up share capital are attending or represented therein, regarding decisions that belong to the exceptional competency of the General Assembly and which are mentioned below and in any other case defined by the law. Furthermore, the relevant decisions of the General Assembly shall be made with a majority of two thirds (2/3) of votes represented in the Assembly.

Chairman-Secretary of the General Assembly

1. The Chairman of the Board of Directors or his/her substitute when the former is not in the position, shall chair the General Assembly temporarily.
2. After the list of shareholders with voting rights has been approved, the assembly shall appoint its Chairman and a Secretary, who shall also act as teller.

Matters discussed – Minutes of the General Assembly

1. The discussions and decisions of the General Assembly shall be limited to the items set forth in the agenda published
2. With particular regard to decision-making by the General Assembly on financial statements approved by the Board of Directors, such statements must be signed by the Chairman of the Board of Directors or his/her substitute, by the Chief Executive Officer and by the Chief Financial Officer.
3. Minutes shall be kept for all discussions and decisions in the General Assembly, and signed by the Chairman and the Secretary.
4. Following a request from a shareholder, the Chairman of the General Assembly shall ensure that that shareholder's opinion is included in the minutes in detail. The list of shareholders attending the General Assembly in person or by proxy shall also be entered in the book of minutes.

II. Basic competencies of the General Assembly

The General Assembly is the only competent instrument to decide for: a) Merger, with the exception of the absorption of a 100% subsidiary according to article 78 of the C.L. 2190/1920 as valid, split, conversion, revival, extension of the term or dissolution of the company, provision or renewal of power to the Board of Directors for the increase of the share capital or the issuance of a bond loan with transferable bonds and subject to par. 2 of article 5 of the articles of association, b) the issuance of a bond loan with transferable bonds according to article 15 of Law 3156/2003 which amended article 3^a of the C.L. 2190/1920 subject to par.2 of article 5 of the Articles of Association and the issuance of a bond loan with a right of participation in the profits, c) Amendment of the articles of association with the exception of the cases of its amendment by the Board of Directors according to article 11, par. 5, article 13 par. 13, article 13^a par. 2 and article 17b par.4 of the C.L. 2190/1920, as valid d) Increase-decrease of the share capital, subject to par. 2 article 5 of the articles of association, par. 1 and 14 of article 13 of the C.L. 2190/1920, as well as the increases imposed by provisions of other laws e) Appointment of members of the Board of Directors according to the provisions of articles 19 and 22 of the Articles of Association, f) Appointment of auditors, g) Appointment of liquidators, h) Disposal of the net annual returns, with the exception of the distribution of returns or voluntary reserves in the current fiscal year upon resolution of the board of directors, provided that a relevant authorization of the regular general assembly exists, i) Approval of the statement of financial position, j) release of the members of the Board of Directors and the auditors from any

responsibility, k) approval of the appointments from the Board of Directors according to article 22 of the articles of association, of temporary Members in replacement of the ones that have resigned, deceased or disqualified in any manner from holding their office.

Exceptional competency of the General Assembly

- The General Assembly shall be considered to have a quorum and convene legally for the items of the agenda, when two thirds (2/3) of the paid-up share capital are attending or represented therein and in the last case, the relevant decision shall be made with a majority of two thirds (2/3) of the share capital present, in exceptional cases, when it is about decisions that concern:
 - a) Extension of the term, merger, split, conversion, revival or dissolution of the Company;
 - b) changes to the company's nationality;
 - c) changes to the scope of the company;
 - d) increases of the share capital with reserve to the provisions of paragraphs 2 and 3, article 5 of the Articles of Association, and par. 1 and 2, article 13, C.L. 2190/1920, as valid, unless imposed by law or implemented with a capitalization of reserves;
 - e) share capital reductions, unless made in accordance with par. 6, article 16, C.L. 2190/1920, as valid;
 - f) provision or renewal of powers to the Board of Directors for share capital increases in accordance with par. 1, article 13, C.L. 2190/1920, as valid;
 - g) alterations to the profit appropriation method;
 - h) increase of the shareholders' obligations;
 - i) any other case determined by the law and these articles of association;
 - j) amendment of paragraph 24, article 20 concerning the competences of the Chief Executive Officer.

- If the necessary quorum is not achieved in the first meeting, a repeat assembly shall be held within twenty (20) days, to be announced at least ten (10) days in advance. The first repeat assembly shall be considered to have a quorum and convene legally for the items of the initial agenda, when at least the fifty one per cent (51%) of the paid up share capital is represented therein.

- When the necessary quorum is not achieved again, a second repeat assembly shall be held within twenty (20) days, to be announced at least ten (10) days in advance and which shall be considered to have a quorum and convene legally for the items of the initial agenda, when one fifth (1/5) of the paid up share capital is represented therein.

- In case of non achieving the quorum provided for in par. 1 and 2, no subsequent notice is required, if the venue and the date of the repeat assemblies that are provided for by law are defined.

- Regarding the amendment of article 32 of the Articles of Association for the taking of a decision, the majority of the three fourths (3/4) of the paid up share capital is required.

III. Description of the rights of the shareholders and the mode of their exercise

1. The Company has adapted its articles of association to the provisions of Law 3884/2010, which amended the C.L. 2190/1920 regarding Societes Anonymes and applies them.
2. The articles of association of the Company provide that the shareholder's capacity implies legal, ipso jure and unlimited exercise of all rights and the undertaking of all responsibilities arising from the legislation on societies anonymes, the provisions of these articles of association, the decisions of the General Assembly of shareholders and the decisions of the Board of Directors. In particular:
 - a) Shareholders shall exercise their rights as regards company's management only through the General Assembly;
 - b) Each share shall provide the right to one (1) vote at the General Assembly;

c) Each shareholder, irrespective of place of residence, shall be subject to Greek Legislation and shall be deemed to reside permanently at company headquarters where the shareholder shall appoint an attorney and shall inform the company of such appointment.

Minority rights

According to C.L. 2190/1920 as valid, the minority rights are the following ones:

1. The Board of Directors shall, following a request from shareholders representing at least one twentieth (1/20) of the paid-up share capital, call an extraordinary General Assembly of shareholders and appoint a meeting date, within no more than forty-five (45) days from the date the request in question was submitted to the Chairman of the Board of Directors. The request shall state the exact item of the agenda. If the Board of Directors does not convene a General Assembly within twenty (20) days of service of the relevant application, convocation shall be carried out by the applicant shareholders at the company's expense, by decision of the court of first instance of the company's seat, issued during the provisions measures session. The decision shall specify the venue and date of the meeting, as well as the agenda.
2. Following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall include additional items on the agenda of the general assembly convened, if the relevant application is received by the Board of Directors at least fifteen (15) days prior to the general assembly. Any such additional matters shall be published or announced, at the Board of Directors' responsibility, at least seven (7) days prior to the General Assembly. The application for the inclusion of additional items on the agenda is accompanied by a justification or by a draft decision for approval by the general assembly and the reviewed agenda is published in the same manner as the last agenda, thirteen (13) days prior to the date of the general assembly and at the same time it is made available to the shareholders on the webpage of the company, along with the justification or the draft decision that has been submitted by the shareholders.
 - 2a. Following a request from a shareholder or shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall make available to the shareholders, at least six (6) days prior to the date of the General Assembly, draft decisions for items that have been included in the initial or the reviewed agenda, if the relevant request comes to the Board of Directors at least seven (7) days prior to the date of the General Assembly.
 - 2b. The Board of Directors is not obliged to proceed to the entry of items on the agenda or their publication or notification along with a justification and draft decisions submitted by the shareholders according to the aforementioned paragraphs 2 and 2a respectively, if their content is obviously opposed to the law and the moral ethics.
3. Following a request from a shareholder or shareholders representing one twentieth (1/20) of the paid-up share capital, the chairman of the General Assembly shall be obliged to postpone decision-making in an ordinary or extraordinary General Assembly for once, for all or specific items on the agenda, and shall determine, as the date of continuation of the meeting for decision-making, the date determined in the shareholders' request, which shall be within thirty (30) days of the postponement date.
4. Following a request from any shareholder submitted to the company five (5) full days prior to the General assembly, the Board of Directors shall provide the General Assembly with information on corporate matters as requested, to the extent that such information is useful for the real assessment of the items on the agenda. The Board of Directors may uniformly reply to requests of shareholders with the same content. No obligation for the provision of information exists, when the relevant information is already available on the webpage of the Company, particularly in the form of questions and answers.

Furthermore, following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall be obliged to disclose to the General Assembly of shareholders, provided that it is regular, all amounts paid by company in the last two years to each member of the Board of Directors or the managers of the company, as well as any other benefit extended to these parties for any reason or any other contract made between them and the company.

5. In all the above cases, the Board of Directors may refuse to provide such information on serious, reasonable grounds, which shall be recorded in the minutes. Following a request from shareholders representing one fifth (1/5) of the paid-up share capital, submitted to the company within the deadline of the previous paragraph, the Board of Directors shall provide the General Assembly with information about the progress of corporate matters and the company's assets.
6. Following a request from shareholders representing one twentieth (1/20) of the paid-up share capital, decision-making on any item on the agenda of the General Assembly may be implemented by nominal ballot.
7. In all of the above cases, the applicant shareholders shall prove that they are shareholders and the number of shares they hold when exercising the relevant right.
8. Shareholders of the Company representing at least one twentieth (1/20) of the paid-up share capital may ask the competent court to perform an audit of the company if non compliance with the decisions of the General Assembly of the shareholders or breach of the law and the Articles of Association of the Company are ascertained.
9. Shareholders of the Company representing one fifth (1/5) of the paid-up share capital may ask the competent court to audit the company if the progress of company affairs gives rise to suspicions that the company is not being managed prudently.
10. The Board of Directors of the Company is obliged, ten (10) days prior to the Regular General Assembly to provide each shareholder that requests so, with a copy of the financial statements with itemization of the profit and loss account, as well as a with a copy of the report of the Board of Directors and the report of the auditors on the financial statements.

IV. COMPOSITION AND OPERATION OF THE BOARD OF DIRECTORS AND ANY OTHER BODIES/COMMITTEES OF THE COMPANY

i. Composition of the Board of Directors

The Board of Directors of the Company, according to its articles of association, consists of five (5) up to (9) members. The one third of the Board of Directors of the Company shall at least be non executive members and includes at least two (2) independent non executive members.

As soon as it is appointed, the Board of Directors shall be incorporated into a Body and appoint the Chairman and Vice-chairman and Chief Executive Officer. The current Members of the Board of Directors of the Company, the tenure of office of which ends on 28.06.2016, and is extended until the date of the convocation of the Regular General Meeting of 2016, are the following:

1. Deepak Srinivas Padmanabhan, Chairman (non executive member)
2. Panagiotis Papadopoulos, Vice Chairman and Chief Executive Officer (executive member)
3. Vasilios Dougalis , non executive member
4. Edwin Lloyd, independent non executive member
5. Mohsin Majid, non executive member
6. Bhavneet Sigh, independent non executive member
7. Michael Warrington, non executive member
8. Giannos Michailidis, non executive member

ii. Operation of the Board of Directors

The Chairman of the Board of Directors shall chair the meetings of the Board of Directors and manage its activities. When the Chairman is absent or prevented from attending, he/she shall be replaced, for the entire scope of his/her competences, by the Vice-chairman, who in turn shall be replaced by the Chief Executive Officer.

The executive member of the Board of Directors should deal with the daily management of the Company. Any other member is considered non executive member. The capacity of a member as an executive or non executive, shall be defined by the Board of Directors and validated by the General Assembly of the shareholders.

The independent members are non executive members of the B.o.D that meet at least the independency criteria defined by law and are appointed by the General Assembly of the shareholders according to law 3016/2002.

iii. Replacement of a member of the Board of Directors

In the event of departure of a board member prior to expiry of his/her term, due to death, resignation or loss of his/her capacity in any other manner, the remaining members, who may be no less than three, may appoint a temporary Board Member to replace the departing member for the remainder of their term.

The appointment decision shall be submitted to the publicity formalities of article 7b, L. 2190/1920 as valid, and announced by the Board of Directors at the next general assembly, which may replace the appointed parties, even if the relevant item has not been included on the agenda. However, the actions of the temporary Member, which are implemented as of their appointment and any non-approval thereof by the General Assembly, shall be considered valid.

iv. Convening the Board of Directors

1. The Board of Directors shall be convened by the Chairman or his/her substitute, each time that this required by the law, the articles of association of the company's needs. The Board of Directors shall convene at the Company's seat, but may also meet validly outside the company's seat, in any Municipality of the Region of Attica.
2. The meeting is announced by the Chairman or his/her substitute, through an invitation notified to the members at least two (2) working days prior to the meeting, on a date, venue and time established by the Chairman. The invitation shall clearly state the items on the agenda, otherwise decision-making shall be permitted only if all members of the Board of Directors are present or represented, and no member objects.
3. Following a request from at least two Members, which shall, on pain of rejection, mention the issues to be discussed by the Board of Directors, the Chairman of the Board or his/her substitute shall be obliged to : a) include the issues mentioned by the request on the agenda of the first meeting of the Board of Directors after submission of the request; b) call a meeting of the Board of Directors, and set the date of the Meeting, no more than seven (7) days after submission of the request.
4. In the latter case, if the Chairman or his/her substitute refuses to call the Board of Directors, or calls it at a later date than required, the members requesting the meeting can convoke the Board of Directors themselves within five days from expiry of the seven-day deadline, notifying the relevant invitation to the other members of the Board of Directors.
5. The Board of Directors may also convene by teleconference. In this case, invitations to the members of the board of directors shall include all necessary information for participation thereof in the meeting.

v. Board of Directors quorum and decision-making

1. Any member who is absent or prevented from attending may appoint another member to represent them at the Board of Directors. Any member attending the meeting may represent only one other member. The Board of Directors shall be considered to have a quorum and meet legally if at least half plus one of the members are present or represented, with at least three (3) Members attending in person.
2. Each Member has one vote. No Member can be represented in the Board of Directors by a person who is not a member thereof. Each member may validly represent only one other Member of the Board.
3. Decisions of the Board of Directors are made with an absolute majority of the members who are present or represented.

vi. Minutes of the Board of Directors

Minutes of the discussions and decisions of the Board of Directors shall be kept in a special book, which is signed by the Chairman or his/her substitute. The Secretary of the Board of Directors shall be selected among persons who need not be members of the Board of Directors. Summary minutes of the discussions and decisions of the Board of directors shall be kept in a special book.

vii. Committees for the support of the Board of Directors

The work of the Board of Directors is supported by four Sub-Committees, the Audit Committee, the Strategy Committee, the Purchasing Committee and the Human Resources Committee.

• **Audit Committee**

- **Composition of the Audit Committee**

The Audit Committee is composed of at least two (2) non executive members and one non executive - independent member of the Board of Directors. The members of the Audit Committee are appointed by the General Assembly of Company's shareholders. The Board shall review the composition of the Committee at least after the lapse of three years and recommend to the General Assembly on possible changes.

- **Audit Committee's meetings**

1. The Audit Committee shall meet at least four (4) times annually or more frequently, upon the invitation of the Chairman of the Committee. In addition, the Board of Directors may also ask the Committee to convene further meetings with a view to discuss, review and report on any matters which the Board may consider necessary to deal with.
2. A quorum is attained when two (2) members are present. Decisions will be taken by majority vote.
3. The Audit Committee may convene through teleconference. The Head of Internal Audit department participates in the meetings of the Audit Committee. The Audit Committee may request any other officer of the Company to attend its meetings to assist it with its discussions and considerations on any particular matter.
4. A member of the Legal Department shall be the Secretary of the Audit Committee, responsible to keep records of the respective minutes. The minutes of the Audit Committee will be shared with the Board.

- **Audit Committee's Duties and Responsibilities**

The Audit Committee serves as an independent and objective party responsible to review and appraise the auditing practices and performance of internal and external auditors. Its primary duty is to assist the Board of Directors in performing its duties by reviewing the Company's internal control system, as well as the financial reporting processes. The responsibilities of the Audit Committee, according to Articles of Association are, inter alia, the following:

- Oversee the financial reporting process

- Oversee hiring, performance and independence of external auditors. It shall monitor the Company's internal control process
 - Oversee performance of Internal Audit
 - Monitor the statutory audit of the annual and consolidated accounts and Corporation's financial reporting processes.
 - Review risk management system of the Company
- **The Strategy Committee (SC)**
 The Strategy Committee shall have the following competencies:
 1. To provide oversight and guidance to the Company within the guidelines and framework set by the Board of Directors;
 2. To act instead of the Board in between regularly scheduled meetings of the Board, when authority in this regard is expressly delegated to it by the Board;
 3. To recommend executive management appointments;
 4. To monitor, review and make recommendations on the strategic, business and financial direction and performance of the Company;
 5. To make recommendations on and monitor investments, acquisitions and disposals and business development activities of the Company;
 6. To review and make recommendations on the Company's financial reporting processes;
 7. To review and make recommendations on all contracts proposed to be entered into by the Company, which contracts will be referred to it by the Purchasing Committee from time to time, and which contracts would further imply a financial commitment up to and including certain thresholds as defined by the Financial Authority Matrix approved by the Board of Directors
 8. To forward to the Board of Directors proposed contracts and which imply financial implications exceeding the Strategy Committee's competence in terms of the approved Financial Authority Matrix.
 9. To inspect and monitor the materialization of all TV rights agreements, and the agreements that are relevant to the telecommunications services provision the Company concludes, as well as any other agreement that the Board of Directors considers each time appropriate.
 10. To evaluate the performance of key executives of the Company in the light of predefined goals and objectives and to recommend or approve compensation, as applicable, on the basis of such evaluation; and
 11. To recommend remuneration policy guidelines.
 - **Strategic Committee Membership**
 The Board of Directors shall appoint three (3) Members to sit on the Strategy Committee: two (2) non-executive members of the Board and the Chief Executive Officer. A non-voting Coordinator/Secretary shall further be appointed. The SC Members may, in their discretion, request additional persons to attend any particular SC meeting.
 - **Strategic Committee Meetings**
 The SC shall meet at least once a month and may further meet on an ad hoc basis as necessary if a critical operational issue arises. A quorum shall be achieved with the presence of one non-executive director and the Chief Executive Officer. The SC shall keep minutes of all its meetings, which minutes shall be approved at the subsequent SC meeting.

- **The Purchasing Committee (PC)**

- **PC Role and Responsibilities**

The PC shall have the following functions:

1. To review and approve every purchase and procurement transaction made by the Company, according to the Financial Authority Matrix, approved by the B.o.D
2. To review existing purchasing and procurement policies and procedures of the Company and ensure consistency in their application;
3. To approve major purchasing/partnership decisions in such a way as to ensure a link with the Company's strategic partners and to encourage the creation of synergies in the purchasing decision-making process;
4. To review key risks and business implications of key contracts that are subject to its competency;
5. To ensure optimisation of capital and operational expenditure;
6. To participate in the annual evaluation procedure of all suppliers, to suspend, reinstate and exclude the cooperation with suppliers for performance-related reasons when necessary;
7. To serve as the first reference point to which all contract proposals are to be referred and approved, provided that the financial implication in respect thereof is more than €50,000 excluding VAT;
8. To review the contract proposals referred to it in terms of the preceding paragraph 7 and to make recommendations in regard to the same, as well as to refer to the Strategy Committee regarding agreements, the value of which exceeds the limit of its competency.
9. To ensure the suitable materialization of all expenses approved according to the approved Financial Authority Matrix.
10. To approve the initial formation, as well as any change in the formation of the list of the preferable suppliers.

- **PC Membership**

not more than four (4) Members to sit on the Purchasing Committee, as well as a non-voting expert advisor. A non-voting Secretary shall further be appointed. The PC Members may, at their discretion, request additional persons to attend any particular PC meeting and assist the PC in the accomplishment of its obligations.

- **PC Meetings**

The PC shall meet at least once a month and may further meet on an ad hoc basis according to the needs or if it is considered necessary by the members. A quorum shall be achieved with the presence of three members of the P.C.

All PC approvals and recommendations made at each PC meeting shall be duly minuted by the PC Secretary at each such meeting.

- **HUMAN RESOURCES (HR) COMMITTEE**

- **HR COMMITTEE'S PURPOSE**

The purposes of HR Committee are

1. To oversee the Company's compensation and benefits policies generally;
2. To oversee and set compensation of the Company's CEO and c-level executive officers;
3. To evaluate performance of the Company's CEO and c-level executives, executive officers and approve changes proposed by the CEO in c-level management
4. To propose independent and non-executive Board Members to the Board after discussion among non-executive members of the Board of Directors that participate in the HR Committee
5. To recommend the compensation policy applicable to the members of the Board of Directors, having regard to the Corporate Governance Code, international best

practice and the specific circumstances, prior to the recommendation submitted by the Board to the General Assembly of the company Shareholders on the same issue.

6. To review the Company's management succession plan
7. To oversee the Company's compliance with its Corporate Governance Code regarding the issues of the Committee's responsibility; and
8. To consider such other matters as may be requested of it by the Board from time to time.

- **HR COMMITTEE MEMBERSHIP:**

The HR Committee is composed of four (4) Board members of which at least two (2) are non-executive and independent members of the Company's Board of Directors. The Board of Directors appoints the members of the HR Committee and further determines Committee's Chairman. The Committee should be chaired by an independent non-executive Board Member.

- **HR Committee meetings:**

The HR Committee meets as often as it determines is appropriate to carry out its responsibilities under its charter, after consultation between the Chairman and its members. No executive officer should attend that portion of any meeting where such executive's performance or compensation is discussed, unless specifically invited by the HR Committee. Whenever it is deemed necessary to discuss and resolve on issues relevant to the nomination of independent and non-executive Board members, the meetings are held with the participation of non-executive members only, with a separate agenda. In such instances, the HR Committee is convened under the title HR Nomination Committee. A quorum is attained when three (3) Members are present. Decisions are taken by majority vote of the Members present. In the event of a tie the vote of the Chairman prevails for the purpose of resolving such tie. The recommendations of the HR Committee must be approved by the Board before they can be implemented.

4. RISKS AND UNCERTAINTIES FOR 2014

Macroeconomic risks

- The recent economic crisis may adversely affect both the Group's ability to raise capital, either through borrowing or through a share capital increase, and its borrowing costs.
- The uncertainty arising from the Greek public finance crisis has had and is likely to continue to have a negative impact on business activity, operating results and the financial situation of the Company and Group.
- The implementation of the austerity policy adopted by the Greek government, the increasing unemployment and the uncertain climate prevailing in Greek society, which have negatively affected the consumers' disposable income and mood, could affect the demand for the Group's products and services adversely affecting the Group's activity, financial situation, results and prospects.

Business-related risks

- The Group has a significant level of bank borrowing with important contractual capital repayments in the years to come. Furthermore, the Group's Management has started negotiations with the lending banks so as to refinance the Group's bond loans and agree on an appropriate and mutually accepted waiver from the breach of certain contractual obligations arising from said loans. Failure to reach an agreement in the context of refinancing and to agree on an appropriate and mutually accepted waiver between the Management and the lending banks might put at risk the smooth continuation of the Group's and the Company's activity.
- The Company's Management has initiated talks with the lending banks consortia in order to refinance the Group's loans. It should be noted that, if the initiatives to refinance the Group's loans are not successful, or are only partly successful, there may be significant adverse consequences for the Group's financial situation, results and prospects.

Market risks

- The Group's revenue and profitability depend on the degree of broadband penetration together with the constant increase of demand for broadband services. Future demand for broadband services in Greece may not increase according to forecasts, and this may have a material adverse impact on Forthnet's and the Group's business activity, financial situation, operating results and prospects. Intense competition on the telecommunications and subscription television market in Greece may have a material adverse impact on the Group's business activity, financial situation and operating results.
- The sector of provision of telecommunication services is of high capital intensity and is subject to rapid and important technology changes. Any failure by the Group to effectively respond to technology changes may have a material adverse impact on the Group's business activity, financial situation and operating results.

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>Year ended at</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
Wind Hellas Telecommunications S.A.	Shareholder	31.12.2014 31.12.2013	2,083,339 2,265,789	3,258,391 2,981,662
Vodafone S.A.	Shareholder	31.12.2014 31.12.2013	1,081,211 1,242,806	1,807,775 1,860,316
Vodafone Ltd.	Related Party	31.12.2014 31.12.2013	1,784,012 694,470	3,089,315 1,520,365
Hellas Online	Related Party	31.12.2014 31.12.2013	1,388,850 3,743,432	1,088,016 3,932,620
Technology and Research Foundation	Shareholder	31.12.2014 31.12.2013	66,616 73,348	19,560 43,022
Forth CRS S.A.	Subsidiary	31.12.2014 31.12.2013	126,951 123,376	296,540 2,285
Multichoice Hellas S.A.	Subsidiary	31.12.2014 31.12.2013	11,780,304 13,083,904	1,476,374 1,704,520
Interoute Managed Service Netherlands	Related Party	31.12.2014 31.12.2013	89,936 -	- -
Interoute Spa (Italy)	Related Party	31.12.2014 31.12.2013	221,945 181,789	- -
Interoute Bulgaria Js Co	Related Party	31.12.2014 31.12.2013	374,400 374,400	716,742 529,034
Interoute Czech Sro	Related Party	31.12.2014 31.12.2013	2,204 2,104	149,130 166,661
NetMed S.A.	Subsidiary	31.12.2014 31.12.2013	128,201 113,047	69,314 -
Forthnet Media S.A.	Subsidiary	31.12.2014 31.12.2013	8,014,685 1,617,355	590,221 14,254
Emirates International Telecommunications	Indirect Shareholder	31.12.2014 31.12.2013	- -	250,000 228,040
	Total	31.12.2014	27,142,654	12,811,378
	Total	31.12.2013	23,515,820	12,982,779

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Year ended at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Wind Hellas Telecommunications S.A.	Shareholder	31.12.2014 31.12.2013	510,251 468,922	591,974 901,415
Vodafone S.A.	Shareholder	31.12.2014 31.12.2013	123,832 157,965	371,726 341,516
Vodafone Ltd.	Related Party	31.12.2014 31.12.2013	1,730,570 935,601	2,887,774 1,302,441
Hellas Online	Related Party	31.12.2014 31.12.2013	365,071 367,521	84,208 406,890
Go Plc	Indirect Shareholder	31.12.2014 31.12.2013	- 4,293	- -
Emirates International Telecommunications	Indirect Shareholder	31.12.2014 31.12.2013	- -	895,085 1,281,365
Technology and Research Foundation	Shareholder	31.12.2014 31.12.2013	50,612 26,009	1,608 3,876
Forth CRS S.A.	Subsidiary	31.12.2014 31.12.2013	379,593 616,038	- 4,613
Telemedicine Technologies S.A.	Associated	31.12.2014 31.12.2013	3,734 3,734	- -
Athlonet S.A.	Associated	31.12.2014 31.12.2013	11,502 11,502	8,060 8,060
Multichoice Hellas S.A.	Subsidiary	31.12.2014 31.12.2013	- 21,103,894	- 8,467,831
Interoute Managed Services Netherlands	Related Party	31.12.2014 31.12.2013	89,936 -	- -
Interoute Spa (Italy)	Related Party	31.12.2014 31.12.2013	72,739 40,876	- -
Interoute Bulgaria JS Co	Related Party	31.12.2014 31.12.2013	63,600 62,400	420,118 202,033
Interoute Czech Sro	Related Party	31.12.2014 31.12.2013	406 322	127,804 171,455
Forthnet Media S.A.	Subsidiary	31.12.2014 31.12.2013	99,951,401 42,773,092	8,556,353 493,174
NetMed S.A.	Subsidiary	31.12.2014 31.12.2013	487,763 327,390	70,853 -
	Total	31.12.2014	103,841,010	14,015,293
	Total	31.12.2013	66,899,559	13,584,669

The Company's revenues from Multichoice Hellas S.A. are related to the recharge of Multichoice Hellas S.A.'s share in joint sell advertising, telecommunications services (telephony, broadband, etc.), as well as, the recharge of directors' payroll cost and recharge of Multichoice Hellas S.A. share in associates' commission and referred to the period from January 1st 2014 to October 30th, 2014 when the later was absorbed by Forthnet Media S.A.

Revenues and receivables from Forthnet Media S.A. are mainly related to the 3 play commission re-charged to the subsidiary by the Company, as well as, charges for the re-sale of the Super league and UEFA football rights.

The Company's costs from Multichoice Hellas S.A. are mainly related to the share of Forthnet in joint sell advertising (related to 3 play services) and referred to the period from January 1st 2014 to October 30th, 2014 when the later was absorbed by Forthnet Media S.A.

The Company's payable towards Forthnet Media S.A. is mainly related to cash collected by its stores on behalf of Forthnet Media S.A .

The Company's revenues and costs from Vodafone S.A., Vodafone Ltd and its subsidiary Hellas Online S.A. are related to interconnection fees and leased lines.

The Company's revenues and costs from Wind Hellas Telecommunications S.A. are related to interconnection fees, swaps of fiber optic network and leased lines.

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

Related Party	Relation with Group	Year ended at	Sales to related parties	Purchases from related parties
Wind Hellas Telecommunications S.A.	Shareholder	31.12.2014 31.12.2013	2,083,354 2,265,789	3,314,994 2,997,222
Vodafone S.A.	Shareholder	31.12.2014 31.12.2013	1,086,707 1,314,344	1,808,346 1,900,719
Vodafone Ltd.	Related Party	31.12.2014 31.12.2013	1,784,012 694,470	3,089,315 1,520,365
Hellas Online S.A.	Related Party	31.12.2014 31.12.2013	1,388,859 3,743,432	1,088,016 3,932,620
Interoute Managed Services Netherlands	Related Party	31.12.2014 31.12.2013	89,936 -	- -
Interoute Spa (Italy)	Related Party	31.12.2014 31.12.2013	221,945 181,789	- -
Interoute Bulgaria JsCo	Related Party	31.12.2014 31.12.2013	374,400 374,400	716,742 529,034
Interoute Czech Sro	Related Party	31.12.2014 31.12.2013	2,204 2,104	149,130 166,661
Emirates International Telecommunications	Indirect Shareholder	31.12.2014 31.12.2013	- -	250,000 228,040
Technology and Research Foundation	Shareholder	31.12.2014 31.12.2013	66,616 73,348	19,560 43,022
	Total	31.12.2014	7,098,033	10,436,103
	Total	31.12.2013	8,649,676	11,317,683

<u>Related Party</u>	<u>Relation with Group</u>	<u>Year ended at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Wind Hellas Telecommunications S.A.	Shareholder	31.12.2014 31.12.2013	510,269 468,922	598,521 901,415
Vodafone S.A.	Shareholder	31.12.2014 31.12.2013	123,832 173,195	371,726 352,142
Vodafone Ltd.	Related Party	31.12.2014 31.12.2013	1,730,570 935,601	2,887,774 1,302,441
Hellas Online	Related Party	31.12.2014 31.12.2013	365,083 367,521	84,325 406,890
Go Plc	Indirect Shareholder	31.12.2014 31.12.2013	- 4,293	- -
Emirates International Telecommunications	Indirect Shareholder	31.12.2014 31.12.2013	- -	895,085 1,281,365
Technology and Research Foundation	Shareholder	31.12.2014 31.12.2013	50,612 26,009	1,608 3,876
Telemedicine Technologies S.A.	Associated	31.12.2014 31.12.2013	3,734 3,734	- -
Athlonet S.A.	Associated	31.12.2014 31.12.2013	11,502 11,502	8,060 8,060
Lumiere Productions S.A.	Shareholder	31.12.2014 31.12.2013	- -	6,378 6,378
Lumiere Cosmos Communications	Shareholder	31.12.2014 31.12.2013	- -	10 10
Interoute Managed Services Netherlands	Related Party	31.12.2014 31.12.2013	89,936 -	- -
Interoute Spa (Italy)	Related Party	31.12.2014 31.12.2013	72,739 40,876	- -
Interoute Bulgaria Js Co	Related Party	31.12.2014 31.12.2013	63,600 62,400	420,118 202,034
Interoute Czech Sro	Related Party	31.12.2014 31.12.2013	406 323	127,804 171,455
	Total	31.12.2014	3,022,283	5,401,409
	Total	31.12.2013	2,094,376	4,636,066

Emirates International Telecommunications LLC, a related party – indirect shareholder, provides technical and other services to support various operations and functions of the Forthnet Group’s business.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the years ended 2014 and 2013 are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2014	2013	2014	2013
Salaries and fees for executive members of the BoD	308,711	309,917	308,711	309,917
Salaries and fees for non executive members of the BoD	121,800	121,800	121,800	121,800
Salaries and fees for senior managers	2,436,915	2,338,469	1,352,587	1,453,956
Total	2,867,426	2,770,186	1,783,099	1,885,673

Furthermore, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Management relating to social security amounted to € 344,516 for the Group and € 310,805 for the Company respectively (December 31, 2013: € 103,857 for both the Group and the Company), whereas benefits relating to leaving indemnities amounted to € 0 for both the Group and the Company (December 31, 2013: € 563,990 and € 0, respectively).

6. PROSPECTS AND INVESTMENTS

During 2015 Forthnet Group will keep focusing its interest in the growth of its subscribing base, through “targeting” of higher value customers, following strategy with accent in the value of services despite the decreased or aggressive price policy.

Towards this direction, Forthnet Group will enrich the successful offering of bundled services with internet access, telephony and premium content.

Hereinafter, the strategy targeting all activity domains within 2015 is analyzed:

Regarding Residential Services: the Group for the year 2015 will focus its interest in the retention of its existing customer base through actions that will improve the overall customer experience both in terms of service quality and in terms of support.

At the same time the growth of the subscription base will be continued by allocating qualitative services adapted in the needs of Greek family for communication and in home entertainment. More specifically:

- enhance Nova 3play services with add-ons which will improve the overall customer experience
- launch new innovative services for reliable communication and quality entertainment at an affordable price.

For the year 2015 Forthnet stores will constitute the basic distribution network through which retail services will be offered to the customers.

Regarding the Business and SME services the emphasis during 2015 will be given on further developing SMEs and advertising market. In parallel, the Group will focus on promoting bundle services targeted the specific needs of small and large enterprises.

Investments:

Investments planned for 2015 aim at improving quality of current services as well as at additional infrastructure deployment enabling offering of new services.

More specifically:

- Upgrade DWDM transmission network in capacities of 100Gbps.
- The implementation of the new IMS system is being continued, by transferring to customer service system through SIP system (residential subscribers in ALUs, MSANs and business customers). Moreover, Phase II concerning the transfer to the new IMS system of every other household subscribers has also launched.
- Transfer and update Agios Stephanos Data Centre, in order to provide services to business customers.
- Complete the removal of LMDS network, due to termination of the broadcast licence (26GHz) by Hellenic Telecommunications and Post Commission (EETT) at the end of 2015.

Finally, during 2015 Forthnet Group will continue cost savings initiatives seeking improving operational efficiencies and extract maximum value out of existing tangible and intangible assets.

Iraklio, March 31,2015

Deepak Srinivas Padmanabhan
President of the
Board of Directors

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

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

(a) Structure of the Company's Share Capital

The Company's share capital amounts to thirty three million twenty nine thousand one hundred and fifty five euros and fifty cents (€ 33,029,155.50) and is divided into one hundred and ten million, ninety seven thousand, one hundred and eighty seven (110,097,185) common nominal shares with a nominal value of thirty cents (€0.30) each.

The Company's shares are dematerialised, common nominal with voting rights, freely negotiable and transferable and listed for trading on the Athens Exchange and more specifically from November 25th, 2011 in the "Under Surveillance Segment" as, according to the financial statement of 31.12.2010, the loss was larger than 30% of the net worth of the Company whereas there was no provision for the completion of a share capital increase within the term for which the Company was bound.

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

Moreover, each share shall provide:

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

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

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

(b) Limitations on the transfer of Company shares

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

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

Shareholders (natural or legal persons) who on December 31, 2013 held more than 5% of the total number of shares are presented in the following table:

CORPORATE NAME	SHARES	PERCENTAGE
FORGENDO LIMITED*	5,701,939	44.022%
WIND HELLAS TELECOMMUNICATIONS S.A.**	4,178,866	32.26%

* Controlled by Emirates International Telecommunications LLC

** Controlled by 100% by LARGO LIMITED

On December 31, 2014, the following shareholders held more than 5% participation in the share capital:

CORPORATE NAME	SHARES	PERCENTAGE
FORGENDO LIMITED*	49,775,473	45.21%
WIND HELLAS TELECOMMUNICATIONS S.A.**	36,332,457	33.00%
VODAFONE S.A.	7,162,751	6.505%

* Controlled by Emirates International Telecommunications LLC

** Controlled by 100% by LARGO LIMITED

(d) Shares providing special control rights

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

(e) Limitations on voting rights

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

(f) Company shareholders' agreements

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

2. On 5.12.2013 WIND acquired shares and voting rights in the Company owned by a Company's shareholder, Zesmero Limited, corresponding to 27.04% of the total shares and voting rights in the Company. The said acquisition annulled relevant call option right of WIND as well as relevant put option right of Zesmero regarding the above shares and voting rights that was agreed between WIND and Zesmero on 18.07.2013. The above acquisition took place following the agreement between WIND and Zesmero dated 4.12.2013 regarding the purchase by WIND of 3,503,073 shares and voting rights in Forthnet owned by Zesmero and being subject to the above call option right of WIND.

3. The shareholder, Cyrte Investments GPI B.V., by its Notification dated July 22, 2013 has notified Forthnet S.A. of the transfer of its entire direct participation percentage in the share capital of Forthnet, namely of 3,333,073 voting rights and equal number of shares, that took place on July 17, 2013. Further, Cyrte Investments GPI B.V. has notified Forthnet of the subsequent change of its participation percentage from 25.73% to 0%. The Notification has been made as the voting rights percentage of Cyrte Investments GPI B.V. has, due to the above transfer, fallen below the threshold of art. 9 par. 1 and 4 of L. 3556/2007. The company FINE LIFE GROUP LTD, BVI through its subsidiary company ZESMERO acquired for the first time a direct participation percentage of 27,04% in the share capital of Forthnet, corresponding to 3,503,073 voting rights and equal shares out of the total of 12,952,610.

4. According to the notifications of 10.06.2014 to the Company by WIND HELLAS TELECOMMUNICATIONS SA (hereinafter "WIND"), VODAFONE S.A. (hereinafter «Vodafone Greece") and VODAFONE GROUP PLC (hereinafter «VODAFONE»), the latter both for its own account and on behalf of companies controlled by VODAFONE (hereinafter "Vodafone Subsidiaries"): a) Under the terms of the agreement from 04.06.2014 between Vodafone Greece and WIND, Vodafone Greece acquired option of 14,584,853 common shares of the Company, which are in the property of WIND and account for 13.25 % of the total share capital and voting rights. This option can be practiced one year after the date of the Agreement's signature. (b) In case that the above option will be exercised, the direct participation of Vodafone Greece and the percentage of indirect participation Vodafone and its subsidiaries at the Company will amount to 19.75 % from 6.51 %, of the Company's total share capital and voting rights.

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

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

1. In **Article 15 par. 6** of the Company's Articles of Association, regarding the amendment of Article 32 of the Articles of Association, it is exceptionally provided that for the taking of a decision by the General Assembly, a $\frac{3}{4}$ majority of the paid-up share capital is required, while in article 31 par. 2 of the C.L. 2190/1920 it is provided that such a decision is taken with a $\frac{2}{3}$ majority of the votes represented in the Assembly. It is noted that the increased majority of Article 15 par. 6 of the Articles of Association is legally provided since article 29 par. 6 in combination with article 31 par. 3 of C.L. 2190/1920 allow for the provision by the Articles of Association of increased percentages of quorum and majority for certain issues. Article 32 of the Articles of Association concerns the power of the Board of Directors to subsidize the Institute of Information of FORTH in the development of the telecommunications market and the creation of the Company.
2. In **Article 15 par.1 case k)** of the Company's Articles of Association it is provided that among the Decisions that are taken with an increased quorum and majority are included decisions concerning the amendment of Article 20 par. 24 of the Company's Articles of Association, where the powers of the Managing Director are foreseen.
3. In **Article 15 par. 2 subpar. b)** of the Company's Articles of Association it is provided that "The first repeat assembly shall be considered to have a quorum and convene legally on the items of the agenda, when at least fifty-one percent (51%) of the paid-up share capital is represented therein." According to Article 29 par. 4 of the C.L. 2190/1920 "The first repeat assembly shall be considered to have a quorum and convene legally on the items of the agenda, when at least $\frac{1}{2}$ of the paid-up share capital is represented therein." It is noted that the increased majority of Article 15 par. 2 subpar. B of the Articles of Association is legally provided since article 29 par. 6 in combination with art. 31 par. 3 of the C.L. 2190/1920 allow for the provision by the Articles of Association of increased percentages of quorum and majority for all or certain issues.

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

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

Within the framework of the above legislative provisions, the Ordinary General Assembly of shareholders dated 28.06.2011 approved the renewal of the power of the Board of Directors, for a five-year period, to decide, with a two-third (2/3) majority of the total number of its members,

- (i) on increases of the company's share capital, partially or totally, through the issuance of new shares, for an amount that shall not exceed the paid-up Company share capital on the date of the General Assembly, in accordance with the provisions of the articles of association and the law, and
 - (ii) to issue, in accordance with article 3a, C.L. 2190/1920 and the articles of association, bond loans, with a right to convert the bonds into shares for an amount that shall not exceed the company's share capital on the date of the General Assembly, in accordance with the provisions of the articles of association and the law.
- b. In accordance with the provisions of **article 13, par. 9, C.L. 2190/1920**, prior to its amendment by L. 3604/2007, a share placement plan for members of the Board of Directors and the staff may be established by decision of the General Assembly; this plan shall have the form of an option to purchase shares in accordance with the special terms of the decision. In accordance with article 13 par. 9, C.L. 2190/1920, prior to its amendment by L. 3604/2007, the said decision of the General Assembly had to define, in particular, the highest number of shares to be issued, which according to the law could not exceed 1/10 of existing shares, if the beneficiaries exercise the right to purchase shares, the price and the terms for providing shares to beneficiaries. In addition, and in accordance to prior form of article 13 par. 9, C.L. 2190/1920, the Board of Directors could decide on any other relevant detail, which was not settled by the General Assembly, issued option certificates and in December of each year it issued shares to any beneficiaries exercising their right, by increasing the share capital accordingly and certifying the relevant increase.

Within the framework of the above legislative provisions, as applicable at the time, the General Assembly of shareholders dated 30.06.2006 established a placement plan for 2,800,000 shares, to be implemented during the years 2007-2011, defining the objectives, at the price of € 5.36 and in accordance with the particular provisions of the various decisions of the BoD. On the basis of the authorization received from the General Assembly, the BoD implemented in 2007, a stock option plan, according to which 317,149 options to purchase shares were exercised by the beneficiaries, at the price of € 5.36, while the total capital raised amounted to € 1,699,918.64. On 21.12.2007, the BoD increased the share capital accordingly and certified payment of the share capital.

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

Such a change in control took place on the 14 February 2008, as a result of the acquisition by Forghendo of 8,158,912 shares with equal voting rights (amounting to 20.997% of the share capital of the Company at that date). With its relevant decision dated 22.04.2008 the Board of Directors asserted the maturity of the total stock option plan of 2,800,000 shares, and the right of its beneficiary to prematurely exercise the total of their rights. In accordance with the relevant decision, the exercise of the said rights by the beneficiaries may be realised every three months, and until the date of termination of the program (i.e. from 1.06.2008 till 20.12.2012). With its decision dated 04.08.2008, and as a result of the share capital increase decided by the Extraordinary General Assembly of Shareholders dated 14.05.2008, the Board of Directors asserted the readjustment of the strike price as well as of the number of options to purchase shares granted to the beneficiaries within the framework of the stock option plan decided by the Ordinary General Assembly of

Shareholders dated 30.06.2006, valid as amended by the Extraordinary General Assembly of Shareholders dated 10.08.2007. In particular, the BoD asserted that the strike price was readjusted from 5.32 euros to 3.89 euros, while the number of option shares entitled by each beneficiary is a multiple factor of 1.3663535. Due to the lack of interest until today by the beneficiaries of the above plan to exercise their rights, there was no need for the Board to follow the procedure of share capital increase.

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

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

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

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

A. SHORT-TERM STOCK OPTION PLAN

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

- 1a.** The Board of Directors proceeded to the Creation of 2,194,812 Stock Options of Forthnet S.A., with exercise price €1.18. Further, these options were disposed pro rata, for the replacement of the 2,992,703 options with exercise price €3.89, that the beneficiaries of the plan 2006-2012 had at their disposal for exercising, on the basis of the 04.08.2008 readjustment in the number of the options and in the exercise price, that was effected as a consequence of the increase of the Share Capital of the Company, on condition of a voluntary waiver of the options held by the beneficiaries from the existing plan.
- 1b.** The Board of Directors defines that the 30% of the above options, proportionately for each beneficiary, will ipso jure mature on 15.10.2009, while the remaining 70% proportionately for each beneficiary, will ipso jure mature on 15.10.2010. The beneficiaries could exercise these options at their discretion, per calendar quarter, with the commencement date of the exercise, the maturity date and the termination date on December 2011. The capacity of the beneficiary is lost in case of termination of the relation that connects him with the Company, as it is detailed in article 8 of the Stock Option Operation Regulation.

- 2a. The Board of Directors resolved the granting to the beneficiaries of the Plan 2006-2012, alternatively to 1a and 1b, of the choice to voluntarily waive their options and in consideration to receive a Fee that equals to the number of each beneficiary's options, times the value of €0.60 per option.

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

B. LONG TERM STOCK OPTION PLAN

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

- I. It proceeded on the 07.04.2009 with the Creation of 5,440,096 Options that correspond to 5,440,096 shares in favour of the Beneficiaries, with an exercise price € 1,18 as it is set forth and is defined:
 - i. For the 2,331,470 Options
 - 1) It defined the year 2011, as the vesting year of 2,331,470 Options, on condition that the criteria-targets for the year 2010 will have been achieved, according to the BoD resolutions for the definition of the criteria-targets. The exercise of these options may be realized during the periods that Law defines until December 31, 2014. By December 31, 2014 there was no right exercised and thus the relevant reserve was transferred to "Losses carried forward".
 - ii. For the 3,108,626 Options
 - 1) Year 2012 was defined as the vesting year of 3,108,626 options, provided that the criteria-targets will have been achieved for the year 2011, according to the BoD resolutions for the definition of the criteria-targets. The exercise of these options may be realized during the periods that Law defines until December 31, 2014. By December 31, 2014 there was no right exercised and thus the relevant reserve was transferred to "Losses carried forward".

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

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

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

The Board of Directors has not yet exercised this power.

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

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

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

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

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

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Hellenic Company for Telecommunications and Telematic Applications S.A. "Forthnet S.A." (the "Company") and its subsidiaries (the "Group"), which comprise of the separate and consolidated statement of financial position as at December 31, 2014, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2014, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

Without qualifying our audit report we draw attention to Note 3 to the separate and consolidated financial statements which indicates that, at December 31, 2014, (a) the Group and the Company were not in compliance with certain financial covenants and undertakings under their bond loan agreements, (b) the Group has not proceeded with the payment of scheduled installments of € 160.0 million that were due up to the date of this audit report, (c) their long-term borrowings were all classified as current and, (d) the Group's and Company's current liabilities exceeded their current assets and, accordingly, they will not be able to meet their contractual obligations under their bond loans. As further discussed in Note 3, (i) the Company's and Group's ability to refinance their entire contractual obligations under their loan agreements and, (ii) the Group's and the Company's working capital sufficiency, cannot be assured and are depended on a successful refinancing of their borrowings with their lending banks. Accordingly, these conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. 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 and the Group be unable to continue as a going concern.

Report on Other Legal and Regulatory Requirements

- (a) The Directors' Report includes a statement of corporate governance which contains the information required by paragraph 3d article 43a of Codified Law 2190/1920.
- (b) We confirm that the information given in the Directors' Report is consistent with the accompanying financial statements and complete in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, March 31, 2015

The Certified Auditors Accountants

CHRISTOS PELENDRIDIS
R.N. ICA (GR) 17831

ELENI SKORDALAKI
R.N. ICA (GR) 22411

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



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



ANNUAL FINANCIAL STATEMENTS

**for the year ended
December 31, 2014**

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	The Group		The Company	
		01.01- 31.12.2014	01.01- 31.12.2013	01.01- 31.12.2014	01.01- 31.12.2013
Revenues	4	374,914,308	375,439,518	215,613,126	215,109,726
Telecommunications costs		(97,148,504)	(94,177,402)	(97,148,504)	(94,174,639)
Royalties and licenses		(95,597,220)	(96,564,762)	-	-
Cost of sales of inventory and consumables	16	(6,453,256)	(17,860,171)	(1,944,913)	(1,325,034)
Advertising and promotion costs		(10,680,200)	(13,546,682)	(1,840,795)	(4,701,321)
Payroll and related costs	6	(40,180,775)	(40,702,070)	(23,159,488)	(23,542,597)
Sundry expenses	9	(67,309,430)	(60,347,951)	(48,799,012)	(39,062,982)
Impairment of investments in subsidiaries	11	-	-	(8,016,000)	(112,499)
Other income		3,748,338	5,881,073	2,585,702	2,836,750
Depreciation and amortisation	7	(89,750,468)	(88,483,327)	(45,654,439)	(48,108,387)
Financial income	8	248,656	2,313,165	243,629	119,573
Financial expenses	8	(23,554,639)	(25,258,777)	(4,837,295)	(5,563,582)
Share of profits of associates accounted for under the equity method	11	(5,032)	95,122	-	-
Profit/(Loss) before income taxes		(51,768,222)	(53,212,264)	(12,957,989)	1,475,008
Income taxes	10	8,726,355	(7,178,894)	(6,724,413)	(2,527,332)
Profit/(Loss) after tax (A)		(43,041,867)	(60,391,158)	(19,682,402)	(1,052,324)
Profit/(Loss) for the period attributable to:					
Shareholders of the Parent Company		(42,375,173)	(59,820,693)	(19,682,402)	(1,052,324)
Non-controlling interests		(666,694)	(570,465)	-	-
		(43,041,867)	(60,391,158)	(19,682,402)	(1,052,324)
Loss per share (Basic and diluted)	31	(0.3915)	(4.6184)		
Weighted Average Number of Shares (Basic)		108,234,138	12,952,610		
Weighted Average Number of Shares (Diluted)		108,234,138	12,952,610		
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods					
Remeasurement (losses) / gains on defined benefit plans	30	(1,312,108)	226,000	(692,331)	30,288
Income tax effect	10	341,148	(58,760)	180,006	(7,875)
Net Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		(970,960)	167,240	(512,325)	22,413
Attributable to:					
Shareholders of the Parent Company		(966,731)	166,387	(512,325)	22,413
Non-controlling interests		(4,229)	853	-	-
		(970,960)	167,240	(512,325)	22,413

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	Notes	The Group		The Company	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
ASSETS					
Non current assets					
Property, plant and equipment	12	163,304,387	191,852,139	93,874,774	111,229,693
Intangible assets	13	140,100,359	145,717,178	17,737,300	16,660,619
Goodwill	11	83,168,812	83,168,812	512,569	512,569
Investments in subsidiaries	11	-	-	66,448,311	74,464,311
Investments in associates accounted under the equity method	11	213,596	218,628	123,506	123,506
Other non-current assets	18	11,143,780	11,737,735	9,120,825	10,184,394
Available for sale financial assets	14	223,304	223,304	180,603	180,603
Deferred tax assets	10	18,776,986	15,293,582	6,220,636	12,595,607
Total non current assets		416,931,224	448,211,378	194,218,524	225,951,302
Current assets					
Inventories	16	6,451,629	6,616,709	1,213,989	1,014,751
Programme and film rights	15	45,683,160	48,790,945	-	-
Trade receivables	17	64,458,973	57,804,246	34,571,979	35,101,258
Prepayments and other receivables	18	8,967,611	10,977,688	3,446,179	4,727,315
Due from related companies	33	3,022,283	2,094,376	103,841,010	66,899,559
Cash and cash equivalents	19	10,283,640	14,689,747	5,555,352	5,582,295
Restricted cash	19	3,217,029	-	2,917,029	-
Total current assets		142,084,325	140,973,711	151,545,538	113,325,178
TOTAL ASSETS		559,015,549	589,185,089	345,764,062	339,276,480
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	20	33,029,156	3,885,783	33,029,156	3,885,783
Share premium		300,499,045	300,981,286	300,499,045	300,981,286
Other reserves	21	182,261,248	194,524,794	181,593,372	193,862,992
Accumulated deficit		(628,008,964)	(596,930,606)	(390,385,651)	(382,460,544)
Total		(112,219,515)	(97,538,743)	124,735,922	116,269,517
Non-controlling interests		1,700,586	2,371,509	-	-
Total equity		(110,518,929)	(95,167,234)	124,735,922	116,269,517
Non current liabilities					
Long-term transponder leases	25	70,947,931	79,065,485	-	-
Other long-term leases	24	889,867	1,094,811	889,867	1,094,811
Other long-term liabilities	4	10,605,309	11,774,152	10,605,309	11,774,152
Long-term obligations of programmes and film rights	26	-	920,178	-	-
Reserve for staff retirement indemnities	30	3,840,587	2,450,984	2,064,379	1,319,243
Government grants	29	8,191,395	10,129,460	8,190,276	10,127,155
Deferred tax liability	10	27,640,889	32,353,674	-	-
Total non-current liabilities		122,115,978	137,788,744	21,749,831	24,315,361
Current liabilities					
Trade accounts payable	27	115,556,862	112,519,529	43,484,629	41,701,448
Due to related companies	33	5,401,409	4,636,066	14,015,293	13,584,669
Short-term borrowings	23	1,418,000	1,418,000	-	-
Current portion of long-term borrowings	23	324,325,614	323,543,806	99,999,438	99,850,688
Deferred income	4	29,627,209	33,631,043	15,586,671	18,379,476
Current portion of transponder leases	25	8,117,554	7,466,824	-	-
Current portion of other leases	24	204,986	363,376	204,986	363,376
Current portion of programmes and film rights obligations	26	40,125,242	39,994,162	18,308,807	17,346,449
Income tax payable		1,480,983	2,059,261	200,000	200,000
Accrued and other current liabilities	28	21,160,641	20,931,512	7,478,485	7,265,496
Total current liabilities		547,418,500	546,563,579	199,278,309	198,691,602
Total liabilities		669,534,478	684,352,323	221,028,140	223,006,963
TOTAL LIABILITIES AND EQUITY		559,015,549	589,185,089	345,764,062	339,276,480

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

The Group	Notes	Attributable to equity holders of the parent company				Total	Non-controlling interests	Total Equity
		Share capital	Share premium	Other reserves	Accumulated deficit			
Total Equity beginning at the period January 1, 2013		3,885,783	300,981,286	194,525,428	(537,223,369)	(37,830,872)	2,771,602	(35,059,270)
Total comprehensive loss after income taxes of the period		-	-	-	(59,820,693)	(59,820,693)	(570,465)	(60,391,158)
Legal Reserve		-	-	(634)	-	(634)	-	(634)
Net Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		-	-	-	166,387	166,387	853	167,240
Sale of subsidiary shares		-	-	-	(52,931)	(52,931)	169,519	116,588
Total Equity at December 31, 2013		3,885,783	300,981,286	194,524,794	(596,930,606)	(97,538,743)	2,371,509	(95,167,234)
Total Equity beginning at the period January 1, 2014		3,885,783	300,981,286	194,524,794	(596,930,606)	(97,538,743)	2,371,509	(95,167,234)
Total comprehensive loss after income taxes of the period		-	-	-	(42,375,173)	(42,375,173)	(666,694)	(43,041,867)
Issuance of share capital	1	29,143,373	-	-	-	29,143,373	-	29,143,373
Share capital issuance costs (net from deferred tax)		-	(482,241)	-	-	(482,241)	-	(482,241)
Legal Reserve		-	-	6,074	(6,074)	-	-	-
Special Reserve	21	-	-	(12,269,620)	12,269,620	-	-	-
Net Other comprehensive loss not to be reclassified to profit or loss in subsequent periods		-	-	-	(966,731)	(966,731)	(4,229)	(970,960)
Total Equity at December 31, 2014		33,029,156	300,499,045	182,261,248	(628,008,964)	(112,219,515)	1,700,586	(110,518,929)
The Company		Share capital	Share premium	Other reserves	Accumulated gain/deficit	Total		
Total Equity beginning at the period January 1, 2013		3,885,783	300,981,286	193,862,992	(381,430,633)	117,299,428		
Total comprehensive loss after income taxes of the period		-	-	-	(1,052,324)	(1,052,324)		
Net Other comprehensive loss not to be reclassified to profit or loss in subsequent periods		-	-	-	22,413	22,413		
Total Equity at December 31, 2013		3,885,783	300,981,286	193,862,992	(382,460,544)	116,269,517		
Total Equity beginning at the period January 1, 2014		3,885,783	300,981,286	193,862,992	(382,460,544)	116,269,517		
Total comprehensive loss after income taxes of the period		-	-	-	(19,682,402)	(19,682,402)		
Issuance of share capital	1	29,143,373	-	-	-	29,143,373		
Share capital issuance costs (net from deferred tax)		-	(482,241)	-	-	(482,241)		
Special Reserve	21	-	-	(12,269,620)	12,269,620	-		
Net Other comprehensive loss not to be reclassified to profit or loss in subsequent periods		-	-	-	(512,325)	(512,325)		
Total Equity at December 31, 2014		33,029,156	300,499,045	181,593,372	(390,385,651)	124,735,922		

The accompanying notes are an integral part of the Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	The Group		The Company	
		01.01- 31.12.2014	01.01- 31.12.2013	01.01- 31.12.2014	01.01- 31.12.2013
Cash flows from Operating Activities					
Profit/(Loss) before income taxes		(51,768,222)	(53,212,264)	(12,957,989)	1,475,008
Adjustments for:					
Depreciation and amortisation	7	89,750,468	88,483,327	45,654,439	48,108,387
Amortisation of subsidies		(1,938,065)	(2,226,555)	(1,936,879)	(2,190,729)
Gains on disposal of tangible and intangible assets		95,873	4,293	(3,221)	(2,265)
Financial (income)/expenses	8	23,305,983	22,945,612	4,593,666	5,444,009
Impairment of goodwill	11	-	190,355	-	-
Impairment of investment in subsidiaries		-	-	8,016,000	112,499
Impairment of investments in associates	11	5,032	(95,122)	-	-
Allowance for doubtful accounts receivable	9	7,365,097	6,192,304	4,172,821	5,245,350
Provision for staff retirement indemnities	6	1,483,376	1,544,144	863,284	976,504
Other provisions		211,217	659,771	199,884	38,968
Operating profit before working capital changes		68,510,759	64,485,865	48,602,005	59,207,731
(Increase)/Decrease in:					
Inventories		863	(2,421,128)	(352,122)	(148,519)
Trade accounts receivable and amounts due from related		(14,759,207)	(1,896,799)	(40,166,683)	(9,625,501)
Programme and film rights		3,107,785	(813,811)	-	-
Prepayments and other receivables		2,908,035	1,766,044	1,092,612	2,324,789
(Increase)/Decrease in other non-current assets		593,955	(1,701,747)	1,063,569	(1,560,726)
Increase/(Decrease) in:					
Trade accounts payable and amounts due to related companies		1,765,755	11,866,336	3,176,163	(24,650,315)
Deferred income		(4,003,834)	(2,792,609)	(2,792,805)	75,730
Accrued and other current liabilities		(2,029,069)	517,906	(246,005)	1,441,958
Income taxes paid		(622,700)	(1,255,379)	-	-
Payment of staff retirement indemnities		(1,610,071)	(1,387,947)	(854,325)	(846,199)
Increase/(Decrease) in other long-term liabilities		(2,089,021)	1,336,066	(1,168,845)	1,181,034
Net cash from Operating Activities		51,773,250	67,702,797	8,353,564	27,399,982
Cash flow from Investing activities					
Capital expenditure for property, plant and equipment and intangible assets	12,13	(56,277,697)	(44,800,490)	(29,403,965)	(29,637,021)
Disposals of property, plant and equipment and intangible assets		722,042	24,297	10,194	22,426
Interest and related income received		248,181	155,713	243,629	119,573
Restricted cash	19	(3,217,029)	7,000,000	(2,917,029)	7,000,000
Net cash used in Investing Activities		(58,524,503)	(37,620,480)	(32,067,171)	(22,495,022)
Cash flows from Financing Activities					
Net proceeds from the issuance of share capital		28,491,696	-	28,491,696	-
Repayment of long-term borrowings		-	(10,000,000)	-	(10,000,000)
Interest paid		(15,668,544)	(22,168,055)	(4,441,698)	(5,175,926)
Net change in leases		(7,830,158)	(12,228,389)	(363,334)	(466,592)
Interest rate swap expenses		(2,647,848)	(3,567,955)	-	-
Net cash from/(used in) financing activities		2,345,146	(47,964,399)	23,686,664	(15,642,518)
Net decrease in cash and cash equivalents		(4,406,107)	(17,882,082)	(26,943)	(10,737,558)
Cash and cash equivalents at the beginning of the year	19	14,689,747	32,571,829	5,582,295	16,319,853
Cash and cash equivalents at the end of the year	19	10,283,640	14,689,747	5,555,352	5,582,295

The accompanying notes are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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 S.A.

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, Telematic /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.

On January 8, 2014, Forthnet S.A. announced that the increase of its share capital by € 29,143,372.50, approved by the Extraordinary General Meeting of its shareholders held on August 23, 2013, which took place from December 10, 2013 up to and including January 3, 2014, was successfully completed through the payment of € 29,143,372.50 by existing shareholders and persons who acquired pre-emption rights during their trading period. According to the above resolution of the Extraordinary General Meeting, 97,144,575 new shares were issued at a subscription price of € 0.30 per share. As a result of the above, the Company's share capital increased by € 29,143,372.50 through the issuance of 97,144,575 new registered ordinary shares, each having a nominal value of € 0.30. Therefore, the Company's share capital as at September 30, 2014, amounted to € 33,029,155.50, divided into 110,097,185 ordinary registered voting shares, each having a nominal value of € 0.30.

Forgendo Ltd participates in Forthnet's share capital. As at December 31, 2014, the participation percentage amounted to 45.21% (December 31, 2013: 44.022%). The ultimate parent company of Forgendo Ltd. is the Emirates International Telecommunications. Wind Hellas Telecommunications S.A. also participates in Forthnet's share capital. As at December 31, 2014, the participation percentage was 33.00% (December 31, 2013: 32.26%). Vodafone PANAFON Greek Telecommunications Company on December 31, 2014, participated in the share capital of the Company with an interest of 6.51% (December 31, 2013: 0.00%). In addition, under the terms of the contract signed on June 4, 2014, between Vodafone PANAFON Greek Telecommunications Company and Wind Hellas Telecommunications S.A., the first acquired an option for the acquisition of 13.25% of the total share capital and voting rights of Forthnet from the second, which may be exercised upon completion of one year from the date of signing of the agreement between them.

On July 1, 2014, the Company announced that OTE S.A. submitted a non binding offer to the Company's Board of Directors for the possible acquisition of the NOVA business. In addition, on July 17, 2014 the Company announced that Vodafone Group Service Ltd and Wind Hellas Telecommunication S.A. submitted a joint non binding offer to the Company's Board of Directors for the possible acquisition of all shares of Forthnet which are not owned by them. The non binding offers have been presented to the Board for consideration, while the independent due diligence process from the interested parties has been concluded. The accompanying financial statements for the year ended December 31, 2014 and 2013, include the financial statements of Forthnet S.A. and its subsidiaries, Forth CRS S.A., Telemedicine Technologies S.A. (up to March 2013 consolidated under the full consolidation method and then with the equity method), Forthnet Media S.A. (renamed from Forthnet Media Holdings S.A.), NetMed N.V., Intervision (Services) B.V., Dikomo Investment Sarl (Luxembourg)(under liquidation), Tiledrasi S.A. (Luxembourg)(under liquidation), Multichoice Holdings (Cyprus) Ltd. (under liquidation), Multichoice (Cyprus) Public Company Ltd. (liquidated on December 29, 2014), Multichoice Hellas S.A. (absorbed by Forthnet Media 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.

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. On April 11, 2013 the Board of Directors of the parent company-Forthnet decided and unanimously approved the transfer of 54,031 common shares of the subsidiary, i.e. 36.48%, for a consideration of € 1. Following the above transfer of shares of the Company's participation in Telemedicine Technologies SA. amounts to 24.90%, thus it is considered as an investment in associate and is accounted for using the equity method in the consolidated financial statements. Based on the sale and purchase agreement a contingent consideration of €346 thousands was recognized as at December 31, 2013 and December 31, 2014, which is included in other non-current assets as at December 31, 2014 and 2013 respectively. The Company did not take part in the successive increases which were approved by the General Assemblies of Telemedicine Technologies S.A. during 2014 and consequently its shareholding reduced to 21.84%.

Forthnet Media 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. Additionally, other activities of the company including the following:

The acquisition, administration and exploitation of holdings in enterprises of any nature, which are activated in the field of the electronic communications and the media, the provision of administrative, supportive and other services to these enterprises, as well as to other members of the Company's group, the provision of satellite services to any natural or legal person of private or public law, for the transfer of radio and television signals and data or of any combination or texts or/and images or/and sounds or/and data, with the exception of voice telephony services, from ground satellite stations to the space part (uplink) and from the space part to ground satellite stations (downlink) or reception terminal devices of any kind, the production and exploitation in any manner, of codified TV programs that are destined for pay TV operation and the cooperation with legal entities for the broadcast of codified programs. The company's Board of Directors decided to absorb its subsidiary Multichoice Hellas S.A. with balance sheet date as of June 30, 2014. The final approval of the absorption from the competent authorities was obtained on October 30, 2014.

In 2014 Forthnet Media S.A. received by the Greek authorities authorization for pay television and radio services and signed the Concession Agreement with the Greek State, according to Law 2644/1988. Under this license, and for a period of 15 years, the Company was authorized to provide directly to the subscribers radio and television broadcasting services via satellite, in processing digital TV signal (Note 13). The cost of the license amounted to € 2,176,375, whereas the outstanding amount of € 1,088,188 to provide pay-TV is included in other taxes and charges (note 28).

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

Entity's name	Date of incorporation	Country of incorporation	Operating activities
NetMed N.V.	January 12, 1996	Netherlands	Holding company
Multichoice Hellas S.A. (absorbed by Forthnet Media S.A. at October 30, 2014)	September 14, 1994	Greece	The Company compiled and operated the Nova bouquet, distributed decoders, managed the analogue and digital subscriber base and sold 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 (under liquidation)	December 20, 1999	Cyprus	Holding company
Multichoice (Cyprus) Public Company Limited (liquidated)	November 13, 1993	Cyprus	The Company acted 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. until its liquidation.
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 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. Multichoice (Cyprus) Public Company Ltd was delisted from the Cyprus Stock Exchange company on June 28, 2011. The management of the subscribers as well as the further development of the Forthnet Group's activities in Cyprus is continued by Forthnet Media S.A. The Company resolved on December 29, 2014 and its liquidation was posted in the Official Gazette of Cyprus on January 21, 2015.

The Board of Directors of the subsidiary company, Multichoice Holdings (Cyprus) Limited, decided its liquidation on July 11, 2012. The General Assembly Meeting of shareholders has approved the final payments towards creditors of MCC on September 15, 2014. The final approval of Multichoice Holdings (Cyprus) Limited resolution is pending by the General Assembly Meeting and the Cypriot authorities.

The Group's number of employees at December 31, 2014, amounted to 1,266, while that of the Company to 756. At December 31, 2013, the respective number of employees was 1,393 for the Group and 842 for the Company.

On November 24, 2011 the Board of Directors of the Athens Exchange decided to place the Company's shares "Under Surveillance Segment" based on the fact that the fiscal year 2010 losses were greater than 30% of its equity.

The Board of Directors of Forthnet approved the separate and consolidated financial statements for the period ended at December 31, 2014, on March 31, 2015. The abovementioned financial statements are subject to the final approval of the General Assembly of the Shareholders.

2.1 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

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

These financial statements have been prepared on a historical cost basis except for the valuation of available for sale financial assets and financial assets at fair value through profit or loss (including derivative financial instruments), which are measured at fair value.

Certain line items of the previous year financial statements were reclassified in order to conform to the current year's presentation. These reclassifications are as follows:

- As at December 31, 2013 the amount of € 1,461,087 of the Company and € 1,476,317 of the Group was reclassified from trade receivables to due from related parties.
- As at December 31, 2013 the amount of € 2,528,887 of the Company and € 2,539,513 of the Group was reclassified from trade payables to due to related parties.
- As at December 31, 2013 the amount of € 133,950 of the Company and the Group was reclassified from prepayments and other receivables to current position of sports & films rights.
- As at December 31, 2013 the amount of € 8,000,000 of the Company and the Group was reclassified from suppliers to sports and films rights liability.
- As at December 31, 2013 the amount of € 567,372 of the Company and the Group was reclassified from deferred revenue to other long-term liabilities.
- As at December 31, 2013 the amount of € 567,024 of the Group was reclassified from sports & films rights to deferred revenue.
- For the previous year the amount of € 141,510 of the Company and € 96,753 of the Group was reclassified from revenue to other income.
- For the previous year the amount of € 611,091 of the Company and the Group was reclassified from telecommunication costs to revenue.
- For the previous year the amount of € 177,000 of the Company and the Group was reclassified from other income to payroll and related costs.
- For the previous year the amount of € 250,000 of the Company and the Group was reclassified from other income to sundry expenses.
- For the previous year the amount of € 95,122 of the Group was reclassified from accrued and other current liabilities to results from associates.
- For the previous year, in the cashflow statement, the amount of € 3,567,955 of the Group was reclassified from accrued and other current liabilities to interest rate swap cost.

2.2 BASIS OF CONSOLIDATION:

The consolidated financial statements comprise the financial statements of Forthnet and all subsidiaries where Forthnet has the power to control. All subsidiaries (companies in which the Group has direct or indirect ownership of 50% or more voting interest or has the power to control the Board of the investees) have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

All intra-group balances transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full in the consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Gain or Losses of subsidiaries, along with other income, are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parents' share of components previously recognised in other comprehensive income to profit or loss

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- (a) Business Combinations and Goodwill:** Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (previously minority interests) in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit and loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation of this unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

- (b) Investments in Associates:** The Group's investments in other entities in which it exercises significant influence are accounted for using the equity method. Under this method the investment in associates is recognised at cost and subsequently increased or decreased to recognize the investor's share of the profit or loss of the associate, changes in the investor's share of other changes in the associate's equity, distributions received and any impairment in value. The consolidated statements of comprehensive income reflect the Group's share of the results of operations of the associate. The consolidated statements of other comprehensive income reflect the Group's share of the Company's other comprehensive income. Investments in associates in the separate financial statements are accounted for at cost less any accumulated impairment.

- (c) **Foreign Currency Translation:** The Group's measurement as well as reporting currency is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates, which were in effect at the time of the transactions. At the financial position date, monetary assets and liabilities which are denominated in other currencies are adjusted to reflect the current exchange rates.

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

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

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

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

Classification	Annual Rates
Buildings	2.50%
Installations on buildings	11.11% - 20%
Network equipment (Internet and Fixed Telephony)	12.5%
Network support equipment (LMDS)	8%-16%
Network equipment LLU	12.50%-33%
Fibre-optic network	7.14%
Transportation assets	10%-20%
Computer hardware	10%-33%
Transmission equipment	6.67% - 20%
Furniture and other equipment	10%-20%

- (f) **Intangible Assets:** Intangible assets include costs of purchased and internally generated software and various licences. Purchased intangible assets acquired separately are capitalised at cost while those acquired from a business combination are capitalised at fair value at the date of acquisition. Such acquired intangible assets are patents, brand names, trademarks, title rights, concession rights, software and other similar intangible assets. Internally generated software includes costs such as payroll, materials and services used and any other expenditure directly incurred in developing computer software which meets the capitalisation criteria and brings the software into its intended use. No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to the statement of comprehensive income in the period in which they are incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses. The Company's intangible assets include the cost of a license for the provision of Fixed Wireless Access Telecommunications of the absorbed company, Mediterranean Broadband Access S.A. The license was awarded in accordance with the decision No. 203/ 10.01.2001 of EETT for a term of fifteen (15) years at a cost of approximately € 8.5 million. The license is being amortised over a period of thirteen (13) years, representing the remaining period of use from the year that the network was operational up to the completion of 15 years.

In addition, the Group capitalises the subscriber acquisition costs for which the subscribers have been committed with a contract for 12 months. In case the contract is terminated before the lapse of the 12 months, then the net book value of the customer acquisition costs is recognised as an expense in the statement of comprehensive income.

Intangible assets with indefinite useful lives are not amortised, but tested annually for impairment and carried at cost less accumulated impairment losses. Such intangible assets are adjusted for impairment when the carrying amount exceeds the recoverable amount. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. Intangible assets with finite useful lives are being amortised using the straight-line method over their estimated useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives and residual values of intangible assets are reassessed on an annual basis. Amortisation periods for intangible assets with finite useful lives vary in accordance with the conditions in the relevant industries, but are subject to the following maximum limits:

Classification of Intangible asset	Years
Software	5
Fixed wireless access license	13
Pay tv license	15
Subscriber acquisition cost	1-1.5
Reputation and customer base	2-5
Brand name	15
Customer Relationships	15
Intellectual property rights and patents	15

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

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

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

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

- (h) Research and Development Costs:** Research costs are expensed as incurred. Development expenditure is mainly incurred for developing software. Costs incurred for the development of an individual project are recognised as an intangible asset only when the requirements of IAS 38 "Intangible Assets" are met. Following initial recognition, development expenditure is carried at cost until the asset is ready for its intended use at which time all costs incurred for that asset are transferred to intangible assets or machinery and are amortised over their average useful lives.
- (i) Impairment of Non-Current Assets:** With the exception of goodwill and other intangible assets with indefinite useful life which are tested for impairment on an annual basis, the carrying values of other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the statement of comprehensive income. The recoverable amount is measured as the higher of fair value less cost to sell and value in use. Fair value less cost is the amount for which the asset could be exchanged in an arm's length transaction between knowledgeable, willing parties, after deducting any direct

incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life.

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

(j) **Financial Assets:** Financial assets which fall within the scope of IAS 39 are classified based on their nature and characteristics in the following four categories:

- Financial assets at fair value through profit or loss,
- Loans and receivables,
- Available-for-sale financial assets,
- Held-to-maturity investments.

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

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

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

Financial assets at fair value through profit or loss include financial assets held for trading if they are acquired for the purpose of selling in the near term and financial assets designated upon initial recognition at fair value through profit or loss. Gains or losses on investments held for trading are recognised in profit and loss.

(ii) Loans and receivables:

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

Trade accounts receivable, which generally have 30-360 day payment terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Accounts receivable for pay-tv are collected at the beginning of each month. An estimate for doubtful debts is made when collection is no longer probable. The provision for doubtful debts is charged to the statement of comprehensive income. Bad debts are written-off against the established reserve when identified.

(iii) Available-for-sale financial assets:

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in any of the two preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the financial position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. The available for sale financial assets for which their fair value cannot be measured reliably, are carried at cost less any impairment in accordance to IAS 39.

(iv) Held-to-maturity investments:

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment.

The financial assets, for which the fair value cannot be measured reliably, are valued at cost less any impairment in accordance with the provisions of IAS 39.

- (k) **Financial Liabilities:** Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in the statement of comprehensive income either through the amortisation process or where the liabilities are written-off.

(l) **De-recognition of Financial Assets and Liabilities:**

- (i) **Financial assets:** A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement. The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset.

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

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

- (m) **Inventories:** Inventories are valued at the lower of cost or net realisable value. Cost is determined based on a first-in, first-out method and the monthly weighted average price for a specific category (ADSL in a box). Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. A reserve is established when such items are determined to be obsolete or slow moving.
- (n) **Cash and Cash Equivalents:** The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents. For the purpose of the cash flow statement, cash and cash equivalents consist of cash at hand and in banks and of cash and cash equivalents as defined above.
- (o) **Borrowing Costs:** All borrowing costs incurred during the construction period of a qualifying asset are capitalized as part of the cost of these assets. All other borrowing costs are recognised as an expense in the statement of comprehensive income when incurred.
- (p) **Stock Option Plan:** The Group has established stock option plans for its employees. The cost of the respective transactions is measured at the fair value of the stock or stock options as of the date of the approval of the plans by the management which is considered the granting date. The fair value is measured through the application of the appropriate valuation models.

The cost of the stock option plans is recognised during the period the requirements are gradually fulfilled and which ends at the date the executives participating in the plan have vested their rights of exercise/purchase of stock (vesting date). For options that are not vested, no expense is recognised except for the options whose vesting depends on the fulfilment of specific external market parameters. Options are considered to be vested when all the performance requirements have been fulfilled independent of the fulfilment of the external market parameters.

In case of cancellation of any stock option plans, these are accounted for as if they were vested at the date of cancellation and the non-recognised expenses to date are immediately recognised to the statement of comprehensive income. In case a cancelled stock option plan is substituted by a new one, it is treated as an amendment of the cancelled plan.

- (q) **Leases:** Finance leases, that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, at the fair value of the leased item, or if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised equally as an expense during the lease agreement in the statement of comprehensive income.

- (r) **Government Grants:** The Group obtains grants from the European Union (E.U.) in order to fund specific projects for the acquisition of tangible and intangible assets.

Grants, which are related to the subsidization of intangible and tangible fixed assets, are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants relating to assets are recognised as deferred income and amortised in accordance with the useful life of the related asset. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

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

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

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

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

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

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

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

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

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

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

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

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

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

- (u) **Derivatives:** The Group uses derivatives to reduce its exposure to variations in foreign currency exchange rates and interest rates. It is the Group's policy not to deal with derivatives for speculative purposes.

Derivatives are recognised on the statement of financial position at fair value.

Although the forward exchange contracts offer effective financial hedging according to the Group's policy regarding risk management, they do not meet with the accounting standards for effective hedging. Accordingly the changes in fair value are recognised in the statement of comprehensive income immediately.

- (v) **Revenue Recognition:** Revenue is accounted for on an accrual basis and is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues mainly consist of fixed telephony usage charges, internet access services, internet data services and pay-tv services.

Unbilled revenues from the billing cycle dating to the end of each month are estimated based on airtime and are accrued at the end of the month.

Revenues from internet services (Internet Access, Internet Leased Lines, Data Connectivity Services, LMDS etc.) are recognised at the time such services are provided to subscribers – customers.

Revenues from pay-tv are recognised during the period the service is provided. Revenues from subscription come from the monthly charge of the subscribers of the pay-tv services provided by the Group. Any other revenue from subscription services received in advance before the service is provided is registered as deferred revenue and it is recognised when the service is provided.

Revenues from advertisement come from advertisement transmission from pay-tv platforms. Revenues from advertisement from pay-tv are recognised with the transmission.

Revenues from services provided to subscribers managed by the Group on behalf of content providers (mainly premium rate numbers) are accounted for gross, or net of the content providers' fees depending on whether the Group acts as a principal or as an agent based on the relevant agreements signed with the content providers. The Group is considered to act as an agent when the provider is responsible for the content and for setting the price payable by subscribers and the Group does not bear the customer's credit risk for the amount receivable from the subscribers.

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

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

- (x) **Reserve for Staff Retirement Indemnities:** Staff retirement obligations are calculated at the present value of the future retirement benefits deemed to have accrued, based on the employees earning retirement benefit rights steadily throughout the working period. The reserve for retirement obligations is calculated on the basis of financial and actuarial assumptions and are determined using the projected unit credit actuarial valuation method (Project United Credit Method). Actuarial gains and losses are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised.

- (y) **Operating Segment Reporting:** The Group mainly provides telecommunication services and pay-tv services and operates in Greece. The two segments of telecommunication and pay-tv services are presented as a single reportable segment. This resulted from business changes undertaken to integrate the steering of these services. The previous reported telecommunication and pay-tv operating segments are combined into a single reportable segment because they are steered and monitored together and they relate to one single service provided by the Group to its customers. The Group's new business approach is to review the telecommunication and pay-tv services as a whole considering that the whole business philosophy is focusing on triple play services.
- (z) **Dividend Distribution:** Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the General Meeting of the Company's Shareholders.
- (aa) **Share Capital:** Share capital represents the value of the Parent company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as the "Share premium" in shareholders' equity. Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2014:

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**
- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**
- **IFRS 11 Joint Arrangements**
- **IFRS 12 Disclosures of Interests in Other Entities**
- **IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting**
- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**
- **IFRIC Interpretation 21: Levies**

Standards issued but not yet effective and not early adopted

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The 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): Employee Contributions**
The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. 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 9 Financial Instruments – Classification and measurement**

The standard is applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. The final phase of IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The 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 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The 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.

- **IFRS 14 Regulatory Deferral Accounts**

The standard is effective for annual periods beginning on or after 1 January 2016. The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities, whereby governments regulate the supply and pricing of particular types of activity. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard is not applicable to the Group and the Company.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2017. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the European Union. 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)**

The amendment is effective from 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. 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.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective from annual periods commencing on or after 1 January 2016. The amendments have 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.

- The IASB has issued the **Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. The Group and the Company are in the process of assessing the impact of the amendments on the financial position or their performance.

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The IASB has issued the **Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015. The Group and the Company are in the process of assessing the impact of the amendments on the financial position or their performance.

- **IFRS 3 Business Combinations:** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13 Fair Value Measurement:** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

- **IAS 40 Investment Properties:** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.
- **The IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. These annual improvements have not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the amendments on the financial position or their performance.
 - **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
 - **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
 - **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
 - **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.
- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**
 The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments have not yet been endorsed by the European Union. The standard is not applicable to the Group and the Company.
- **IAS 1: Disclosure Initiative (Amendment)**
 The amendments to *IAS 1 Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. These amendments have 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.

2.4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES:

The preparation of financial statements, in accordance with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as, revenue and expenses as of the reporting period. Actual results may differ from those estimates.

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

- (a) **Allowance for doubtful accounts receivables:** The Group's Management periodically reassess the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal department, which are prepared following the processing of historical data and recent developments of the cases they are handling (Notes 17 and 18).
- (b) **Provision for income taxes:** According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits (Note 10). The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.
- (c) **Depreciation:** The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs (Note 12).
- (d) **Impairment of property, plant and equipment:** Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows (note 2.3i).
- (e) **Impairment of goodwill and intangible assets:** The Group tests annually (or more frequently if there are indications of impairment) whether goodwill has been impaired and reviews the events or the circumstances that make probable the existence of impairment, as for example a significant unfavourable change in the corporate atmosphere or a decision for sale or disposal of a unit or an operating segment (Note 11). In case of existence of such impairment indicators, the recoverable amount (which the higher of Fair Value and Value in Use) of the respective cash generating unit to which goodwill has been allocated, needs to be estimated. The Value in Use is assessed by using the discounted projected cash flows. The application of this methodology is based on the actual operating results, future business plans, as well as market data (statistic and non) which are estimated by the Group's management. If the recoverable amount is lower than the carrying amount, then the carrying amount needs to be reduced to the recoverable amount and such difference is changed to the statement of comprehensive income.

The Group tests annually whether goodwill has been impaired (Note 11). The recoverable amounts of cash-generating units have been determined on the basis of value-in-use calculations, which require the use of estimates.

Moreover, other recognisable intangible assets of infinite useful lives not subject to amortisation are tested annually for any impairment by comparing the carrying amount with the recoverable amount. Intangible assets of finite useful lives are tested for impairment whenever an impairment indicator exists.

- (f) **Deferred tax assets:** Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised (Note 10). Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits together with future tax planning strategies.
- (g) **Measurement of intangible assets of the purchase price allocation exercise:** The Company's Management recognize intangible assets based on the business plans of the acquired companies and takes into consideration the average cost of capital in combination with assumptions relating to the non-risk interest rate, the most optimal capital structure of the sector, the cost of capital, as well as the borrowing cost.
- (h) **Capitalization of subscriber acquisition costs:** The Group capitalises subscriber acquisition costs for which the related subscribers have been committed with a contract for 12 months, in licenses and other intangibles. Management's judgement is required in order to conclude as to whether such costs meet the criteria of IAS 38 (i.e. the asset it is separable, it arises from a contractual or other legal right and the Group expects that future economic benefits will arise from the assets).
- (i) **Finance vs. Operating Leases:** Lease contracts are classified as operating or finance leases at the inception of the lease. Once determined, the classification is not subsequently changed. To a certain extent, the classification depends on estimates based on conditions in the contract. In the judgement, a "substance over form" approach is used. The value of assets held under finance leases recognised in the statement of financial position is based on the discounted value of the contractual lease payments. No conditional lease payments are included and the value can therefore be determined with relative certainty.
- (j) **Going Concern:** The Group's management performs its going concern assessment based on the Group's approved business plans covering a five year period (Note 3). The estimates and associated assumptions used for the preparation of such business plans are based on historical experience and various other factors that are believed to be reasonable under the circumstances; and are reviewed on an ongoing basis considering the current and expected future market conditions. The preparation of the business plans also involves long-term assumptions for major economic factors and there is a high degree of reasoned judgment involved in establishing these assumptions. Should these judgements be proven through the passage of time to be incorrect management's assessment of going concern may be affected.

3. GOING CONCERN:

As at December 31, 2014, Forthnet S.A. and Forthnet Media S.A. continue not to meet certain financial covenants under their respective bond loans (see Note 18). Specifically, the Group was not in compliance with its Net Debt to Total Equity, the Net Debt to Normalised EBITDA and the Normalised EBITDA to Total Interest ratios for the existing bond loans (“EBL”) and its new bond loans (“NBL”) and has not made contractual payments of € 160.0 million through the date that the financial statements were authorized for issue. Accordingly, as at December 31, 2014, the Group has retained the classification of all outstanding balances of such bond loans amounting to € 324.3 million and € 100.0 million for the Group and Company, respectively, as current. The classification of the outstanding balances of the bond loans as current has, among others, led to the Group’s and the Company’s current liabilities exceeding their current assets by approximately € 405.3 million and € 47.7 million, respectively, as at December 31, 2014.

The share capital increase of € 29.1 million was successfully completed on January 3, 2014, by existing shareholders and persons who acquired pre-emption rights during their trading period.

In addition, due to the Group’s insufficient working capital, it will not be able to fully meet its contractual obligations under its bond loans up to December 31, 2015, which include € 202.5 million in principal repayments. To this effect the Company contracted an independent financial advisor to, among others, assist the Management of the Group (i) in formulating a refinancing proposal to be presented to the lending banks and, (ii) coordinate all respective procedures with respect to the refinancing of the bond loans. Management together with the advisor have initiated discussions with the lending banks and submitted refinancing proposal, to such banks on March 19, 2013.

The lending banks requested an Independent Business Review (“IBR”) of the Group’s business plan and a financial due diligence report covering the Group’s historical financial information for the last three financial years. During May 2013 the Company submitted the IBR which, among others, reviewed the refinancing proposal referred to above and the financial due diligence report.

Following an exchange of correspondence between the Group and the lending banks, an improved revised refinancing proposal was submitted to such banks on October 31, 2014.

Based on the results of the IBR report, the financial due diligence report, the ongoing discussions with the banks and the recent meeting of March 26, 2015, with the latter, the Management of the Group is confident of a successful outcome of the refinancing negotiations with the lending banks.

In the light of the above, the separate and consolidated financial statements have been prepared assuming that the Company and the Group 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 and the Group be unable to continue as a going concern.

This fact notwithstanding, the inability of the Group to complete a refinancing of its entire contractual obligations with respect to its bank debt, indicates the existence of a material uncertainty that may cast significant doubt on the Company’s and the Group’s ability to continue as a going concern.

4. REVENUES:

Revenues are analysed as follows:

	The Group		The Company	
	January 1 -December 31		January 1 -December 31	
	2014	2013	2014	2013
Operating Revenues				
Direct Retail Services	317,290,990	309,567,029	155,338,155	157,617,097
Bundled services (2play)	66,830,413	103,115,768	66,830,413	103,116,115
Bundled services (3play)	58,605,641	17,478,533	58,605,641	17,478,533
Telephony	11,568,889	16,794,508	11,688,544	16,794,508
ADSL	9,955,791	14,034,789	10,295,307	14,162,335
Pay-TV Revenues	162,412,006	152,077,825	-	-
Other	7,918,250	6,065,606	7,918,250	6,065,606
Indirect Retail Services	4,107,555	5,098,465	4,107,555	5,098,465
Telephony	400,550	603,216	400,550	603,216
ADSL	3,430,822	4,203,233	3,430,822	4,203,233
Other	276,183	292,016	276,183	292,016
Direct Business Services	33,948,269	37,166,698	33,948,269	37,455,887
E-business	1,358,569	1,632,383	1,358,569	1,632,383
Pay-TV Advertising Revenue	10,084,204	10,190,448	-	-
Forth CRS services	3,246,625	3,056,124	-	-
Equipment	2,644,579	6,559,389	380,583	534,253
Other services	2,233,517	2,168,982	20,479,995	12,771,641
Total	374,914,308	375,439,518	215,613,126	215,109,726

Billed revenue which has been deferred and will be recognised as income in subsequent periods for the Group and the Company at December 31, 2014, amounted to € 39,775,489 and € 25,734,951 respectively, of which amount of € 10,148,280 for both the Group and the Company 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, 2013, amounted to € 43,804,238 and € 28,552,671 for the Group and the Company, respectively of which € 10,173,195 for both the Group and the Company relates to the long-term portion).

Unbilled revenues amounted to € 3,726,672 for the Group and € 3,771,561 for the Company at December 31, 2014, (at December 31, 2013, amounted to € 3,478,154 for the Group and € 3,054,031 for the Company respectively) (Note 17).

The Company's revenues from other services, as at December 31, 2014, refer to commissions from bundled services (3 play), along with installation and technical support fees, which are paid by Forthnet and charged to Multichoice Hellas S.A. up to October 30th, 2014 and to Forthnet Media S.A. thereafter (bundled services 3 play are provided since the 2nd semester 2013) (Note 9).

5. GROUP SEGMENT INFORMATION:

From March 31, 2013, the two segments of telecommunication and pay-tv services are presented as a single reportable segment. This resulted from business changes undertaken to integrate the steering of these services. The previous reported telecommunication and pay-tv operating segments are combined into a single reportable segment because they are steered and monitored together and they relate to one single service provided by the Group to its customers. The Group's new business approach is to review the telecommunication and pay-tv services as a whole considering that the whole business philosophy is focusing on triple play services. As the financial information obtained by the chief operating decision makers ("CODM") for this single segment is in line with the IFRS figures, no separate disclosures are made in this note.

6. PAYROLL AND RELATED COSTS:

Payroll and related costs are analysed as follows:

	The Group		The Company	
	January 1 -December 31		January 1 -December 31	
	2014	2013	2014	2013
Wages and salaries	33,752,827	32,750,498	19,684,470	19,282,896
Social security costs(Note 30)	7,571,201	8,177,858	4,681,175	5,060,327
Staff retirement indemnities (Note 30)	1,483,376	1,544,144	863,284	976,504
Other staff costs	1,005,064	782,180	748,738	478,267
Total	43,812,468	43,254,680	25,977,667	25,797,994
Less: Amounts capitalised (Note 13)	(3,631,693)	(2,552,610)	(2,818,179)	(2,255,397)
Total	40,180,775	40,702,070	23,159,488	23,542,597

7. DEPRECIATION AND AMORTISATION:

Depreciation and amortisation are analysed as follows:

	The Group		The Company	
	January 1 -December 31		January 1 -December 31	
	2014	2013	2014	2013
Depreciation on buildings	3,503,398	4,763,007	3,477,101	4,732,091
Depreciation on network equipment	28,777,481	33,843,830	19,209,088	20,779,086
Depreciation on transportation means	21,080	77,353	11,918	14,493
Depreciation on furniture and equipment	3,772,579	4,601,801	2,083,596	2,576,593
Depreciation on property, plant and equipment (Note 12)	36,074,538	43,285,991	24,781,703	28,102,263
Amortisation on fixed wireless access license	-	659,218	-	659,218
Amortisation on software and other intangible assets	41,409,263	32,271,451	20,872,736	19,346,906
Amortisation of intangible assets identified from PPA exercise	12,266,667	12,266,667	-	-
Amortisation on intangible assets (Note 13)	53,675,930	45,197,336	20,872,736	20,006,124
Total	89,750,468	88,483,327	45,654,439	48,108,387

8. FINANCIAL INCOME / (EXPENSES):

Financial income/ (expenses) are analysed as follows:

	The Group		The Company	
	January 1 -December 31		January 1 -December 31	
	2014	2013	2014	2013
Interest on long-term borrowings (Note 23)	(12,961,408)	(12,800,172)	(4,586,901)	(4,638,730)
Interest on short-term borrowings (Note 23)	(100,656)	(115,780)	-	-
Finance charges paid under finance leases	(6,996,484)	(8,246,887)	(23,307)	(50,143)
Amortisation of bond loan costs	(786,292)	(1,789,037)	(148,234)	(363,916)
Other financial costs (Note 19, 28, 35))	(2,709,799)	(2,306,901)	(78,853)	(510,793)
Total financial expenses	(23,554,639)	(25,258,777)	(4,837,295)	(5,563,582)
Interest earned on cash at banks and on time deposits (Note 19)	248,181	155,713	243,629	119,573
Other financial income (Note 12)	475	2,157,452	-	-
Total financial income	248,656	2,313,165	243,629	119,573
Total financial income/(expenses), net	(23,305,983)	(22,945,612)	(4,593,666)	(5,444,009)

9. SUNDRY EXPENSES:

Sundry expenses are analysed as follows:

	The Group		The Company	
	January 1 -December 31		January 1 -December 31	
	2014	2013	2014	2013
Third party fees and services	28,572,863	24,419,053	18,676,352	13,807,530
Taxes and duties	1,199,361	1,296,768	1,041,761	1,132,141
Other sundry expenses	7,444,269	8,576,191	3,410,677	3,981,984
Allowance for doubtful accounts receivable (Note 17, 18)	7,365,097	6,192,304	4,172,821	5,245,350
Repairs and maintenance	7,803,853	6,742,313	4,849,232	4,347,762
Rentals	2,325,721	2,465,372	780,430	896,254
Commissions	9,752,610	7,809,227	13,781,430	1,956,948
Office functional costs	2,845,656	2,846,723	2,086,309	7,695,013
Total	67,309,430	60,347,951	48,799,012	39,062,982

Third party fees and services and commissions for the Company, as at December 31, 2014, include, inter alia, commissions from bundled services (3 play), along with installation and technical support fees, which are paid by Forthnet and charged to Multichoice Hellas S.A. up to October 30, 2014 and to Forthnet Media S.A. from October 30, 2014 onwards (bundled services 3 play are provided since the 2nd semester 2013) (Note 4).

10. INCOME TAXES:

According to the new Greek tax law 4110/2013, the tax rate for the Societies Anonymes in Greece has changed from 20% to 26%, for the fiscal years beginning January 1, 2013.

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

	The Group		The Company	
	January 1 -December 31		January 1 -December 31	
	2014	2013	2014	2013
Current income taxes	290,874	270,319	-	-
Income taxes from prior years	44,421	883,827	-	-
Credit for prior years' income tax	(1,376,045)	-	-	-
Deferred income taxes	(7,685,605)	6,024,748	6,724,413	2,527,332
Income taxes debit/ (credit) reported in the statement of profit and loss	(8,726,355)	7,178,894	6,724,413	2,527,332
Statement of Comprehensive income				
Net (loss)/gain on actuarial gains and losses	(341,148)	58,760	(180,006)	7,785
Total income taxes debit/ (credit) reflected in the statements of income	(341,148)	58,760	(180,006)	7,785

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

	January 1 -December 31	
	2014	2013
The Group		
Loss before tax	(51,768,222)	(53,212,264)
Income tax calculated at the nominal applicable tax rate (26%)	(13,459,738)	(13,835,189)
Tax effect of non tax deductible expenses and non-taxable income	3,206,317	1,330,588
Tax losses for which no deferred tax asset was recognised	3,107,064	12,024,329
Impairment of deferred tax asset	9,203,454	5,890,033
Recognition of deferred tax asset on prior years' tax losses	(9,451,828)	(1,700,000)
Income taxes from prior years	44,421	883,827
Tax effect of change in tax rates	-	2,585,306
Credit for prior years' income tax	(1,376,045)	-
Income tax reported in the statements of comprehensive income	(8,726,355)	7,178,894
The Company		
Loss before tax	(12,957,989)	1,475,008
Income tax calculated at the nominal applicable tax rate (26%)	(3,369,077)	383,502
Tax effect of non tax deductible expenses and non-taxable income	505,877	571,334
Tax effect of non-tax deductible impairment of investments in subsidiaries	2,084,160	-
Tax effect of change in tax rates	-	(4,317,537)
Impairment of deferred tax asset	7,503,453	5,890,033
Income tax reported in the statements of comprehensive income	6,724,413	2,527,332

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

Tax Compliance certificate

From the financial year 2011 and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to have their statutory financial statements audited must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days from the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of at least 9% of all companies for which a "Tax Compliance Report" has been submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance. The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

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

SUBSIDIARY COMPANIES	UNAUDITED TAX YEARS/PERIODS
Forthnet Media S.A.	01/01/2010 – 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.	01/01/2010 – 30/09/2010
Multichoice Hellas S.A.	01/01/2010 – 31/12/2010

For the subsidiaries which are located abroad there is no mandatory tax audit. Tax audits are performed exceptionally, if deemed necessary by the tax authorities based on specific criteria. The tax liabilities of the companies remain open to be audited by the tax authorities for a certain period of time according to each country's applicable tax legislation.

For the Greek companies of the Group, the tax compliance certificate for the financial year 2013 was concluded by its auditors, based on the provisions of §5, article 82 of L.2238/1994. No significant additional tax liabilities arose, in excess of those provided for and disclosed in the financial statements.

For the Greek companies of the Group, the tax compliance certificate for the financial year 2014 is still in progress based on the provisions of §5, article 82 of L.2238/1994. No significant additional tax liabilities are expected to arise, in excess of those provided for and disclosed in the financial statements.

For Multichoice Hellas S.A. the tax compliance certificate, concerning the six month period ended June 30, 2014, was completed by the company's certified auditors, based on L.4172/2013. No significant additional tax liabilities are expected to arise, in excess of those provided for and disclosed in the accompanying financial statements as at June 30, 2014.

In September 2013, the tax audit of the subsidiary company, Multichoice Hellas S.A., was concluded regarding the fiscal years from April 1, 2007 to December 31, 2009. According to the tax audit, the total tax for the above fiscal years amounted to € 0.7 million for which the Group had recorded an equal provision in prior years.

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 (€ 0.4 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.

Following notification from the Dutch Tax authorities, Intervision Services B.V. recognised a tax credit for income taxes previously recognised for the fiscal year 2007 – 2013. This credit relates to the excess of Greek withholding taxes over the Dutch tax liability and has no expiry date.

Deferred income taxes are provided using the liability method for all temporary difference arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the financial position date.

The movement of the deferred tax asset/ (liability) is as follows:

	December 31,	
	2014	2013
The Group		
Beginning balance	(17,060,092)	(10,976,584)
Income taxes [(debit)/ credit]	7,685,605	(6,024,748)
Income taxes [(debit)/ credit] through OCI	341,148	(58,760)
Tax capital increases costs (through equity)	169,436	-
Ending balance	(8,863,903)	(17,060,092)

For reporting purposes in the statement of financial position the deferred tax is analysed as follows:

Deferred tax asset	18,776,986	15,293,582
Deferred tax liability	(27,640,889)	(32,353,674)
	(8,863,903)	(17,060,092)
The Company		
Beginning balance	12,595,607	15,130,814
Income taxes [debit/(credit)]	(6,724,413)	(2,527,332)
Income taxes [(debit)/ credit] through OCI	180,006	(7,875)
Tax capital increases costs (through equity)	169,436	-
Ending balance	6,220,636	12,595,607

The movement in deferred tax assets/liabilities as at December 31, 2014 and 2013 is as follows:

The Group	January 1, 2014	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	December 31, 2014
Deferred income tax asset:				
Deferred income and prepaid expenses	273,316	2,238,475	-	2,511,791
Staff retirement indemnities	556,532	417,884	-	974,416
Property, plant and equipment/intangible assets	5,454,402	(656,030)	-	4,798,372
Deferred revenues	49,406	23,768	-	73,174
Tax losses carried forward	9,282,724	2,176,135	-	11,458,859
Other	1,342,328	852,389	169,436	2,364,153
Total	16,958,708	5,052,621	169,436	22,180,765
Deferred income tax liability:				
Property, plant and equipment/intangible assets	(32,616,665)	4,419,241	-	(28,197,424)
Deferred cost	(1,291,550)	(952,167)	-	(2,243,717)
Other	(110,585)	(492,942)	-	(603,527)
Total	(34,018,800)	2,974,132	-	(31,044,668)
Net deferred income tax asset/ (liability)	(17,060,092)	8,026,753	169,436	(8,863,903)

The Group	January 1, 2013	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	December 31, 2013
Deferred income tax asset:				
Deferred income and accrued expenses	1,218,117	(944,801)	-	273,316
Staff retirement indemnities	485,896	70,636	-	556,532
Property, plant and equipment/intangible assets	3,448,493	2,005,909	-	5,454,402
Deferred revenues	88,383	(38,977)	-	49,406
Tax losses carried forward	11,555,011	(2,272,287)	-	9,282,724
Other	723,270	619,058	-	1,342,328
Total	17,519,170	(560,462)	-	16,958,708
Deferred income tax liability:				
Property, plant and equipment/intangible assets	(27,224,093)	(5,392,572)	-	(32,616,665)
Deferred cost	(979,077)	(312,473)	-	(1,291,550)
Other	(292,584)	181,999	-	(110,585)
Total	(28,495,754)	(5,523,046)	-	(34,018,800)
Net deferred income tax asset/ (liability)	(10,976,584)	(6,083,508)	-	(17,060,092)

The Company	January 1, 2014	(Debit)/ Credit to the statement of comprehensive income	(Debit)/ Credit to the statement of changes in shareholders' equity	December 31, 2014
Deferred income tax asset:				
Deferred income and accrued expenses	143,204	339,372	-	482,576
Staff retirement indemnities	335,128	201,611	-	536,739
Deferred revenue	49,408	23,768	-	73,176
Property, plant and equipment/intangible	4,268,619	522,649	-	4,791,268
Tax losses carried forward	7,503,453	(7,503,453)	-	-
Other	384,745	378,364	169,436	932,545
Total	12,684,557	(6,037,689)	169,436	6,816,304
Deferred income tax liability:				
Other	(88,950)	(506,718)	-	(595,668)
Total	(88,950)	(506,718)	-	(595,668)
Net deferred income tax asset	12,595,607	(6,544,407)	169,436	6,220,636

The Company	January 1, 2013	(Debit)/ Credit to the statement of comprehensive income	December 31, 2013
Deferred income tax asset:			
Deferred income and accrued expenses	419,395	(276,191)	143,204
Staff retirement indemnities	321,198	95,955	417,153
Deferred revenue	88,385	(38,977)	49,408
Property, plant and equipment/intangible	2,654,562	1,614,057	4,268,619
Tax losses carried forward	11,475,740	(3,972,287)	7,503,453
Other	508,562	(123,817)	384,745
Total	15,467,842	(2,701,260)	12,766,582
Deferred income tax liability:			
Other	(262,878)	173,928	(88,950)
Deferred taxes on defined benefit plans	(74,150)	(7,875)	(82,025)
Total	(337,028)	166,053	(170,975)
Net deferred income tax asset	15,130,814	(2,535,207)	12,595,607

As at December 31, 2014, the Group and the Company re-assessed its potential deferred tax assets that have been recognised and proceeded to decrease such asset by € 5,890,033 respectively, as the anticipated taxable income would not be adequate to utilize the related tax carry forward losses.

In the current year the Company re-assessed its potential deferred tax assets that have been recognised and proceeded to decrease such asset by 7,503,453 respectively, as the anticipated taxable income would not be adequate to utilize the related tax carry forward losses.

During the current year, Forthnet Media S.A. re-assessed its potential deferred tax assets that have been recognised and proceeded to increase such asset by € 7.8 million, as the anticipated taxable income is adequate to utilize the related tax carry forward losses, based on Group's Business plan.

The cumulative amount of tax losses for which no deferred tax was recognised as of December 31, 2014 amounted to € 151.2 million (124.6 million on December 31, 2013).

11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - GOODWILL:

a) Subsidiaries

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

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest		Carrying Value in Company's statement of financial position	
				31.12.2014	31.12.2013	31.12.2014	31.12.2013
Forth CRS S.A.	P. Faliro, Attica, Greece	Full	Direct	99,31%	99,31%	4,314,749	4,314,749
Forthnet Media S.A.	Kallithea, Attica, Greece	Full	Direct	98,97%	100,00%	62,133,562	70,149,562
						66,448,311	74,464,311

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

	Registered Office	Consolidation Method	Participation Relationship	Equity Interest 31.12.2014	Equity Interest 31.12.2013
Intervision (Services) B.V.	Holland	Full	Direct	100.00%	100.00%
NetMed N.V.	Holland	Full	Direct	100.00%	100.00%
Multichoice Hellas S.A.	Greece	Full (up to October 30, 2014)	Indirect	-	9.39%

Multichoice Hellas A.E.E. absorbed by Forthnet Media S.A. with balance sheet transformation date June 30, 2014. The final approval of the absorption from the authorities received on October 30, 2014. The minority interest shareholders exchanged the shares of Multichoice Hellas S.A. with 1.03% of the existing shares of Forthnet Media S.A. The shareholding percentage of Forthnet Media S.A. from 100% to 98.97%.

Forthnet Media S.A. consolidates NetMed N.V. which in turn consolidates the following companies, all of which are included in the accompanying consolidated financial statements:

Company	Registered Office	Consolidation Method	Participation Relationship	Percentage participation	Percentage participation
				31.12.2014	31.12.2013
Dikomo Investment Sarl (Luxembourg) (under liquidation)	Luxembourg	Full	Indirect	100%	100%
Tiledrasi S.A. (Luxembourg) (under liquidation)	Luxembourg	Full	Indirect	100%	100%
Multichoice Holdings (Cyprus) LTD (under liquidation)	Cyprus	Full	Indirect	69.02%	69.02%
Multichoice (Cyprus) Public Company LTD (liquidated at 21/12/2014)	Cyprus	Full	Indirect	35.19%	35.19%

Multichoice Hellas S.A. (absorbed by Forthnet Media S.A. at October 30, 2014)	Kantza, Attica, Greece	Full	Indirect	-	87%
NetMed S.A.	Kantza, Attica, Greece	Full	Indirect	100%	100%

Multichoice Holdings (Cyprus) Ltd. exercises control over Multichoice (Cyprus) Public Company Ltd. with a participating interest of 50.98% and also has the majority of the members of the Board of Directors.

Impairment test of investments (separate financial statements)

As at December 31, 2014 the Company proceeded with an impairment testing exercise of its investments in subsidiaries. The carrying value of the Company's investments in subsidiaries was higher than the recoverable amount by € 8,016,000 and consequently an impairment loss was recognised by that amount as at December 31, 2014 (December 31, 2013: € 0).

For the purposes of the impairment testing of investments the recoverable amount has been determined based on the value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The cash generating unit ("CGU") tested for the purpose of investment impairment testing is the same as that used for the goodwill impairment testing and the disclosures for the assumptions included below in the goodwill impairment test apply for the investment impairment test as well.

The pre-tax discount rate used for the discounting of the projected cash flows is 12.2%, (December 31, 2013: 13.3%) while growth rate to perpetuity (beyond the five-year period) is 0.5% (December 31, 2013: 0.5%) after taking into account the long-term prospective of the Group.

Sensitivity to changes in key assumptions

A sensitivity analysis was performed on positive or negative discount rate changes of 0.25% and on positive or negative growth rate to perpetuity changes of 0.50%. An increase in of 0.25% in the discount rate (keeping the growth rate stable) would result in an impairment loss of approximately €10.1 million, while a decrease in growth rate by 0.50% (keeping the discount rate stable) would result to an impairment loss of approximately €19 million.

b) Associates

The Forthnet's associate company which is included in the accompanying consolidated financial statements is as follows:

Associate	Country of Incorporation	Participation Relationship	Equity Interest		Carrying Value in Company's statement of financial position	
			31.12.2014	31.12.2013	31.12.2014	31.12.2013
Telemedicine Technologies S.A.	Paris, France	Direct	21,84%	24,90%	123,506	123,506
					123,506	123,506

Associate	Country of Incorporation	Participation Relationship	Equity Interest		Carrying Value in Group's statement of financial position	
			31.12.2014	31.12.2013	31.12.2014	31.12.2013
Telemedicine Technologies S.A.	Paris, France	Direct	21,84%	24,90%	213,596	218,628
					213,596	218,628

On April 11, 2013 the Board of Directors of the parent company-Forthnet decided and unanimously approved the transfer of 54,031 common shares of the subsidiary, i.e. 36.48%, for a consideration of € 1. Following the above transfer of shares of the Company's participation in Telemedicine Technologies SA amounts to 24.90%, thus it is considered as an investment in associate and is accounted for using the equity method in the

consolidated financial statements. Based on the sale and purchase agreement a contingent consideration of €346 thousands was recognized as at December 31, 2014, and December 31, 2013, which is included in other non-current assets. The Company did not take part in the successive increases which were approved by the General Assemblies of Telemedicine Technologies S.A. during 2014 and consequently its shareholding reduced to 21.84%.

c) Goodwill

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

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
MBA	512,569	512,569	512,569	512,569
Forth CRS S.A.	24,595	24,595	-	-
Telemedicine S.A.	-	-	-	-
NetMed N.V. Group and Intervision B.V.	285,965,176	285,965,176	-	-
Impairment of goodwill - NetMed N.V. Group and Intervision B.V.	(203,333,528)	(203,333,528)	-	-
Total	83,168,812	83,168,812	512,569	512,569

From March 31, 2013, the two segments of telecommunication and pay-tv services are presented as a single reportable segment for the reasons explained in Note 5 of these financial statements. In this respect, as at December 31, 2014 the Group performed its annual impairment test at Group level (a single cash generating unit "CGU").

The recoverable amount of the single operating segment (the Group) has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 12.2% (December 31, 2013: 13.3%), while growth rate to perpetuity (beyond the five-year period) is 0.5% (December 31, 2013: 0.5%) growth rate after taking into account the long-term prospective of the Group.

Sensitivity to changes in assumptions

A sensitivity analysis was performed on positive or negative discount rate changes of 0.25%, on positive or negative growth rate to perpetuity changes of 0.50%. The carrying amount of the Group appears much lower than the estimated Value in Use and therefore, it is not probable that impairment issue will arise in case of a reasonably possible change in the above assumptions.

The carrying value of the Group was lower than the recoverable amount and consequently no impairment loss was recognised as of December 31, 2014 (December 31, 2013: no impairment loss was recognized).

The calculation of value-in-use is most sensitive to the following assumptions:

- a) Margin of earnings before interest, taxes, depreciation and amortisation
- b) Discount rates
- c) Market share during the forecast period
- d) Growth rate to perpetuity

Margin of earnings before interest, taxes, depreciation and amortisation (EBITDA margin). Margin of earnings before interest, taxes, depreciation and amortisation based on past performance and estimations during the five year forecast period and is decreased during the forecast period to incorporate future changes in profitability as anticipated by the management.

Discount rates. Discount rates reflect the current market assessment of the risks specific to the Group. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the cash generating unit for which future estimates of cash-flows have not been adjusted. The discount rate that was

applied in the impairment test has been decreased due to recent improvements in the credit standing and outlook of the Greek sovereign debt as well as that of the EU as a whole. Such discount rate includes additional factors such as a company specific risk premium that was calculated based on a sensitivity analysis performed on key operational parameters (subscriber base, average revenue per subscriber, etc) of the projected cash flows.

Market share during the forecast period. These assumptions are important as, except for using industry data for growth rates, management assesses how its market share, relative to its competitors, might change over the forecast period. Management expects pressure in the market it operates, while it expects to maintain its position relative to its competitors by launching new products and making special offers of combined services in order to attract new customers.

Growth rate to perpetuity. Rates are based on long-term prospective of the Group and in line with industry expectations.

12. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment is analysed as follows:

The Group	Land	Buildings	Telecommu- nication Equipment	Transmission Equipment	Transpo- rtation Means	Furniture & Other Equipment	Construction in Progress (CIP)	Total
COST								
At January 1, 2013	1,672,789	58,385,716	298,375,619	141,983,511	804,421	31,001,057	8,938	532,232,051
Additions	-	293,792	6,424,947	-	8,783	1,660,268	-	8,387,790
Disposals/ Write-offs	-	(12,840)	(2,064)	-	(43,903)	(15,570)	-	(74,377)
Transfers from CIP	-	-	8,938	-	-	-	(8,938)	-
Other	-	-	-	(4,345)	(1,558)	(66,808)	-	(72,711)
At December 31, 2013	1,672,789	58,666,668	304,807,440	141,979,166	767,743	32,578,947	-	540,472,753
Additions	-	208,798	6,639,320	40	37,212	1,333,216	-	8,218,586
Disposals/ Write-offs	-	(5,710)	(251,828)	(10,289,836)	(264,482)	(963,671)	-	(11,775,527)
At December 31, 2014	1,672,789	58,869,756	311,194,932	131,689,370	540,473	32,948,492	-	536,915,812
DEPRECIATION								
At January 1, 2013	-	(38,754,603)	(186,169,811)	(53,317,149)	(667,455)	(26,481,080)	-	(305,390,098)
Depreciation expense	-	(4,763,007)	(22,486,194)	(13,061,224)	(77,353)	(2,898,213)	-	(43,285,991)
Disposals/Write-offs	-	428	455	4,344	1,555	13,570	-	20,352
Revaluations	-	-	-	-	35,123	-	-	35,123
At December 31, 2013	-	(43,517,182)	(208,655,550)	(66,374,029)	(708,130)	(29,365,723)	-	(348,620,614)
Depreciation expense	-	(3,503,398)	(20,127,089)	(9,566,964)	(21,080)	(2,856,007)	-	(36,074,538)
Disposals/Write-offs	-	5,710	247,250	10,286,213	211,859	305,443	-	11,056,475
Revaluations	-	-	-	-	27,252	-	-	27,252
At December 31, 2014	-	(47,014,870)	(228,535,389)	(65,654,780)	(490,099)	(31,916,287)	-	(373,611,425)
NET BOOK VALUE								
At January 1, 2013	1,672,789	19,631,113	112,205,808	88,666,362	136,966	4,519,977	8,938	226,841,953
At December 31, 2013	1,672,789	15,149,486	96,151,890	75,605,137	59,613	3,213,224	-	191,852,139
At December 31, 2014	1,672,789	11,854,886	82,659,543	66,034,590	50,374	1,032,205	-	163,304,387

The Company	Land	Buildings	Telecommunication Equipment	Transportation Means	Furniture & Other Equipment	Construction in Progress (CIP)	Total
<u>COST</u>							
At January 1, 2013	1,672,789	56,408,317	273,162,618	110,345	15,952,538	8,938	347,315,545
Additions	-	287,796	6,401,345	7,651	601,763	-	7,298,555
Disposals/ Write-offs	-	(12,840)	(2,064)	-	(15,569)	-	(30,473)
Transfers from CIP	-	-	8,938	-	-	(8,938)	-
At December 31, 2013	<u>1,672,789</u>	<u>56,683,273</u>	<u>279,570,837</u>	<u>117,996</u>	<u>16,538,732</u>	<u>-</u>	<u>354,583,627</u>
Additions	-	193,024	6,624,714	17,350	619,460	-	7,454,548
Disposals/ Write-offs	-	-	(237,589)	(35,899)	(6,629)	-	(280,117)
At December 31, 2014	<u>1,672,789</u>	<u>56,876,297</u>	<u>285,957,962</u>	<u>99,447</u>	<u>17,151,563</u>	<u>-</u>	<u>361,758,058</u>
<u>DEPRECIATION</u>							
At January 1, 2013	-	(36,899,628)	(165,641,790)	(51,595)	(12,668,970)	-	(215,261,983)
Depreciation expense	-	(4,732,091)	(22,144,327)	(14,493)	(1,211,352)	-	(28,102,263)
Disposals/ Write-offs	-	428	455	-	9,429	-	10,312
At December 31, 2013	<u>-</u>	<u>(41,631,291)</u>	<u>(187,785,662)</u>	<u>(66,088)</u>	<u>(13,870,893)</u>	<u>-</u>	<u>(243,353,934)</u>
Depreciation expense	-	(3,477,101)	(19,964,538)	(11,918)	(1,328,146)	-	(24,781,703)
Disposals/ Write-offs	-	-	233,010	12,715	6,628	-	252,353
At December 31, 2014	<u>-</u>	<u>(45,108,392)</u>	<u>(207,517,190)</u>	<u>(65,291)</u>	<u>(15,192,411)</u>	<u>-</u>	<u>(267,883,284)</u>
<u>NET BOOK VALUE</u>							
At January 1, 2013	1,672,789	19,508,689	107,520,828	58,750	3,283,568	8,938	132,053,562
At December 31, 2013	1,672,789	15,051,982	91,785,175	51,908	2,667,839	-	111,229,693
At December 31, 2014	1,672,789	11,767,905	78,440,772	34,156	1,959,152	-	93,874,774

There is no property, plant and equipment that have 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 December 31, 2014 and 2013, amounted to € 2,764,164 and € 2,982,193, respectively. For the Group the related amounts are € 68,536,473 and € 78,150,545 at December 31, 2014 and 2013, respectively. The net book value of property, plant and equipment held under finance leases are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2014	2013	2014	2013
Land	535,200	535,200	535,200	535,200
Buildings	1,693,747	1,747,093	1,693,747	1,747,093
Telecommunication and other equipment (transponders)	66,307,526	75,868,252	535,217	699,900
Total	68,536,473	78,150,545	2,764,164	2,982,193

The 5th transponder will be released as of January 1, 2014 and in this respect, in 2012, the Group proceeded with the derecognition of part of the asset value, along with the relevant financial liability for the years 2014 to 2021 (Note 25). The remaining fully amortized part derecognized on January 1, 2014.

13. INTANGIBLE ASSETS:

Intangible assets are analysed as follows:

The Group	Software	Licenses & Other Intangibles	Intangibles Under Development	Total
COST				
At January 1, 2013	33,909,730	373,882,786	806,983	408,599,499
Additions	2,619,229	31,336,735	2,456,736	36,412,700
Disposals/ write-offs	(78,441)	(600,764)	-	(679,205)
Transfers	720,020	-	(720,020)	-
At December 31, 2013	37,170,538	404,618,757	2,543,699	444,332,994
Additions	4,707,130	39,946,055	3,405,926	48,059,111
Disposals/Write-offs	-	-	-	-
Transfers	4,202,243	-	(4,202,243)	-
At December 31, 2014	46,079,911	444,564,812	1,747,382	492,392,105
AMORTISATION				
At January 1, 2013	(26,304,530)	(227,047,286)	(66,664)	(253,418,480)
Amortisation expense	(3,532,574)	(29,398,095)	-	(32,930,669)
Amortisation of intangible assets identified from PPA exercise	-	(12,266,667)	-	(12,266,667)
Disposals/Write-offs	-	-	-	-
At December 31, 2013	(29,837,104)	(268,712,048)	(66,664)	(298,615,816)
Amortisation expense	(4,797,417)	(36,611,846)	-	(41,409,263)
Reclassifications	48,364	(48,364)	-	-
Amortisation from Purchased Price Allocation exercise	-	(12,266,667)	-	(12,266,667)
At December 31, 2014	(34,586,157)	(317,638,925)	(66,664)	(352,291,746)
NET BOOK VALUE				
At January 1, 2013	7,605,200	146,835,500	740,319	155,181,019
At December 31, 2013	7,333,434	135,906,709	2,477,035	145,717,178
At December 31, 2014	11,493,754	126,925,887	1,680,718	140,100,359

The Company	Software	Licenses & Other Intangibles	Intangibles Under Development	Total
COST				
At January 1, 2013	20,970,648	92,887,086	-	113,857,734
Additions	2,165,832	18,006,673	2,157,023	22,329,528
Other movements	127,885	-	(127,885)	-
At December 31, 2013	23,264,365	110,893,759	2,029,138	136,187,262
Additions	2,618,408	16,435,598	2,895,411	21,949,417
Other movements	3,913,795	-	(3,913,795)	-
At December 31, 2014	29,796,568	127,329,357	1,010,754	158,136,679
AMORTISATION				
At January 1, 2013	(16,388,162)	(83,132,357)	-	(99,520,519)
Amortisation expense	(2,183,817)	(17,822,307)	-	(20,006,124)
At December 31, 2013	(18,571,979)	(100,954,664)	-	(119,526,643)
Amortisation expense	(2,991,398)	(17,881,338)	-	(20,872,736)
At December 31, 2014	(21,563,377)	(118,836,002)	-	(140,399,379)
NET BOOK VALUE				
At January 1, 2013	4,582,486	9,754,729	-	14,337,215
At December 31, 2013	4,692,386	9,939,095	2,029,138	16,660,619
At December 31, 2014	8,233,191	8,493,355	1,010,754	17,737,300

14. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Shares – unlisted	223,304	223,304	180,603	180,603
Total	223,304	223,304	180,603	180,603

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

The above shares are stated at cost as a reliable valuation at fair value is not feasible.

15. PROGRAMME AND FILM RIGHTS:

Programme and film rights receivable are analysed as follows:

	The Group	
	31.12.2014	31.12.2013
Purchased sports rights	109,856,622	111,271,741
Licensed film rights	5,703,429	7,751,214
Cost of Sports and Film Rights	115,560,051	119,022,955
Purchased sports rights	(66,827,398)	(67,372,116)
Licensed film rights	3,049,493	(2,859,894)
Sports and Film Rights Amortisation	(69,876,891)	(70,232,010)
Purchased sports rights	43,029,224	43,899,625
Licensed film rights	2,653,936	4,891,320
Sports and Film Rights, net value	45,683,160	48,790,945
Less: Programme and film rights short-term	45,683,160	48,790,945
Programme and sports film rights, long-term	-	-

16. INVENTORIES:

Inventories are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Merchandise	7,820,144	7,775,634	2,010,742	1,658,620
Consumables	102,424	147,797	-	-
Obsolete & slow moving provision	(1,470,939)	(1,306,722)	(796,753)	(643,869)
Total	6,451,629	6,616,709	1,213,989	1,014,751

The movement in the provision for obsolete inventories is analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Beginning balance	1,306,722	1,392,105	643,869	618,031
Provision for the year	164,217	38,968	152,884	38,968
Less: Utilisation	-	(124,351)	-	(13,130)
Ending balance	1,470,939	1,306,722	796,753	643,869

The provision for the year is included in cost of sales of inventory and consumables in the accompanying financial statements.

Cost of sales of inventory and consumables for the Group decreased compared to the year ended December 31, 2013, mainly due to one-off costs amounting to € 7,713,387 for the replacement of old technology with new technology decoders.

17. TRADE RECEIVABLES:

Trade receivables are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Domestic customers	103,813,258	91,478,240	60,296,490	58,130,102
Foreign customers	2,106,021	1,362,143	1,004,753	576,098
Receivables from Greek State	1,916,592	1,832,315	1,663,108	1,638,886
Cheques and notes receivable	2,820,549	2,718,010	1,353,981	1,465,544
Unbilled revenue (Note 4)	3,726,672	3,478,154	3,771,561	3,054,031
	114,383,092	100,868,862	68,089,893	64,864,661
Less: Allowance for doubtful accounts receivable	(49,924,119)	(43,064,616)	(33,517,914)	(29,763,403)
Total	64,458,973	57,804,246	34,571,979	35,101,258

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

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Beginning balance	43,064,616	38,318,104	29,763,403	25,755,460
Allowance for the year (Note 9)	7,176,573	6,136,326	3,984,297	5,189,372
Less: Utilisation	(317,070)	(1,389,814)	(229,786)	(1,181,429)
Ending balance	49,924,119	43,064,616	33,517,914	29,763,403

The ageing analysis of trade receivables is as follows:

	The Group		The Company	
	December 31,		December 31,	
	2014	2013	2014	2013
Neither past due nor impaired	50,219,861	41,354,428	26,709,372	25,271,268
Past due not impaired				
60-90 days	2,941,820	4,660,992	1,483,851	1,819,211
90-180 days	4,590,444	4,403,511	2,147,515	2,761,051
181-365 days	2,111,450	3,255,574	1,273,223	2,399,274
>365 days	4,595,398	4,129,741	2,958,018	2,850,454
Total	64,458,973	57,804,246	34,571,979	35,101,258

Trade receivables are non-interest bearing and are normally settled on Group and Company 30-360 days' terms.

The Company's and Group's trade accounts receivable are pledged as collateral for the related new bond loans for an amount equal to 50% of the outstanding balances of the related new bond loans (Note 23).

The amount of € 4,595,398 and € 2,958,018 for the Group and the Company respectively (December 31, 2013: € 4,129,741 and 2,850,454 respectively), which is past due over 365 days, mainly relates to balances due from Greek State and mainly the receivable of the project of the Ministry of Internal Affairs "National Network of Public Government – SYZEYXIS".

18. PREPAYMENTS AND OTHER RECEIVABLES:

Prepayments and other receivables are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Receivables due from the Greek State	1,341,819	1,519,647	355,434	587,273
Credit due from Dutch tax authorities (Note 10)	1,086,482	-	-	-
Prepaid expenses	3,598,592	3,708,946	1,739,005	2,464,670
Value Added Tax	1,155,695	4,063,119	-	-
Advances to suppliers	882,959	434,038	275,250	219,484
Other debtors	2,815,896	2,977,246	1,990,322	2,181,196
	10,881,443	12,702,996	4,360,011	5,452,623
Less: Allowance for doubtful other receivables (Note 9)	(1,913,832)	(1,725,308)	(913,832)	(725,308)
Total	8,967,611	10,977,688	3,446,179	4,727,315

The movement in the allowance for doubtful other receivables is analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Beginning balance	1,725,308	1,687,744	725,308	687,744
Provision for the period/ year (Note 9)	188,524	55,978	188,524	55,978
Less: Utilisation	-	(18,414)	-	(18,414)
Ending balance	1,913,832	1,725,308	913,832	725,308

The Company's and the Group's prepaid expenses include € 1,112,173 (December 31, 2013: € 1,148,171), relating to billings from other providers under a mutual concession for the use of optical fiber infrastructure for a period of 20 years (with various expiration dates ending up to June 17, 2035). An amount of € 8,545,611 (December 31, 2013: € 9,605,823) which relates to the invoiced amount for the period from January 1, 2016 until June 17, 2035 is included in other non-current assets. Amounts billed by the Company to the other provider for the mutual concession for the use of its optical fibre infrastructure are reported as deferred income € 1,112,173 (December 31, 2013: € 1,148,171) and other long-term liabilities € 8,545,611 (December 31, 2013: € 9,605,823). Amounts billed by the Company to other providers are included in Note 4.

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:

Cash and cash equivalents are analyzed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Cash in hand	34,318	47,176	12,688	12,700
Cash at banks	10,244,024	14,594,889	5,542,664	5,569,595
Time deposits	5,298	47,682	-	-
Total	10,283,640	14,689,747	5,555,352	5,582,295
Restricted cash	3,217,029	-	2,917,029	-
Total	13,500,669	14,689,747	8,472,381	5,582,295

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended December 31, 2014, amounted to € 248,181 and € 243,629 for the Group and the Company, respectively, (for the year ended December 31, 2013: € 155,713 and € 119,573 for the Group and the Company, respectively) and are included in financial income in the accompanying statements of comprehensive income (Note 8).

The restricted cash relates to pledged deposit contracts for the issuance of letters of guarantee to third parties (Note 24).

In 2013, the Group recorded a provision for impairment of its cash at Cypriot Banks of approx. € 0.85 million which is included in other financial costs (Note 8). The impairment was performed following the package of measures agreed between Cyprus government and the Eurogroup (together with the International Monetary Fund) intended to restore the validity of the financial sector in Cyprus after the liquidity crisis in Cyprus. As part of those measures Cypriot Popular Bank was resolved and unsecured depositors (above € 100 thousands) incurred a "haircut".

20. SHARE CAPITAL:

On December 31, 2011, the Company's share capital amounted to € 183,408,963 and consisted of 155,431,324 ordinary shares with a nominal value of € 1.18 each.

On August 23, 2012 the Shareholders' Extraordinary General Assembly decided the increase of the nominal value of the shares of the Company, from € 1.18 to € 14.16 per share by simultaneously consolidating and decreasing the total number of the Company's existing common registered shares (reserve split) at a ratio of twelve (12) old shares to one (1) new share, i.e. decrease of the number of common registered voting shares from 155,431,324 to 12,952,610. Following the above increase of the nominal value of each Company's share, the total share capital remained unchanged, that is € 183,408,963, but it will be divided into 12,952,610 common registered shares of a nominal value of € 14.16 each.

The same Shareholders' Extraordinary General Assembly resolved the decrease of the Company's share capital by € 179,523,180 (Note 21) through the decrease of the nominal value of the Company's existing shares from € 14.160000364405300 (after the reverse split) to € 0.30 per share, according to art. 4 par.4a of the C.L. 2190/1920, as applicable, for the purpose of forming a special reserve of an equal amount. Following this share capital decrease, the Company's share capital amounted at December 31, 2013 to € 3,885,783, divided into 12,952,610 common registered shares of a nominal value of € 0.30 per share.

Additionally, the same Shareholders' Extraordinary General Assembly approved the increase of the Company's share capital up to € 29,143,373 in cash, with pre-emption right in favor of the Company's existing shareholders and the issuance of up to 97,144,575 new common registered shares, each having a nominal value of € 0.30, at a ratio of fifteen (15) new shares for every two (2) old shares. The increase of the Company's share capital which took place from December 10, 2013 up to and including January 3, 2014, was completed through the payment of € 29,143,372.50 by existing shareholders and persons who acquired pre-emption rights during their trading period. As a result of the above, the Company's share capital increased by € 29,143,372.50 through the issuance of 97,144,575 new registered ordinary shares, each having a nominal value of € 0.30. Therefore, the Company's share capital as at December 31, 2014, amounted to € 33,029,155.50, divided into 110,097,185 ordinary registered voting shares, each having a nominal value of € 0.30.

21. OTHER RESERVES:

Other reserves are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2014	2013	2014	2013
Legal reserve	144,793	144,793	94,031	94,031
Tax-free reserves	1,898,922	1,892,848	1,853,715	1,853,715
Special reserves	683,310	683,310	122,446	122,446
Reserve for employee stock option plan (Note 32)	-	12,269,620	-	12,269,620
Other (Note 20)	179,534,223	179,534,223	179,523,180	179,523,180
Total reserve	182,261,248	194,524,794	181,593,372	193,862,992

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

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

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

Other: Relates mainly to the formation of a special reserve of € 179,523,180, in accordance with the decision of the Company's Shareholders' Extraordinary General Assembly held on August 23, 2012, equal to the share capital decrease that took place through the decrease of the nominal value of the Company's existing shares according to art. 4 par.4a of the C.L. 2190/1920 (Note 20). This special reserve may be used in accordance with the provisions of law either for capitalization or for off-set against losses. According to the Greek tax regulations, the future capitalization or the off-set against losses are exempt from income tax.

22. DIVIDENDS:

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

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

No dividends were paid or proposed during the years ended December 31, 2014 and 2013.

23. LONG-TERM AND SHORT-TERM BORROWINGS:
a) Long-term Loans:

Long-term loans for the Group and the Company at December 31, 2014 and 2013, are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Bond loan	324,325,614	323,543,806	99,999,438	99,850,688
Other long term loans	-	-	-	-
Total	324,325,614	323,543,806	99,999,438	99,850,688
Less current portion:				
- Bond loan	324,325,614	323,543,806	99,999,438	99,850,688
- Other	-	-	-	-
Total	324,325,614	323,543,806	99,999,438	99,850,688
Long-term portion	-	-	-	-

Forthnet - Bond Loan 2007:

On June 29, 2007, Forthnet entered into a bond loan agreement with a syndicate of banks for a principle amount up to € 150,000,000 (the "Existing Bond Loan" or "EBL") which bore interest at three-month Euribor plus a margin ranging from 1.15% to 1.75%. The purpose of the bond loan was the financing of its investment plan for the years 2006-2009. The bond issuance of up to € 120,000,000 was divided in three tranches to be drawn from the signing of the Agreement through March 31, 2010.

The repayment of the bond at December 31, 2011 and following the pre-payment of the contractual principal obligations for the fiscal years 2011 and 2012 (see below), is in five variable semi-annual installments from March 31, 2013 through March 31, 2015. This last installment is equal to 43% of the outstanding balance at December 31, 2011.

In accordance with the bond loan agreement certain undertakings are made including but not limited to: (i) Forthnet is obliged to maintain throughout the term of the bond facility an all-risks-insurance contract through a recognised insurance company on its assets at their current commercial value and shall not assign to third parties its claims arising out of the insurance contracts, (ii) within 3 months from the period ended, Forthnet is obliged to submit to the Paying Agent the annual and the semi-annual consolidated financial statements audited by certified auditors accountants along with the Certificate of Compliance, and (iii) Forthnet is obliged to maintain throughout the term of the Bond facility financial covenants based on the annual and semi-annual consolidated financial statements audited by certified auditors accountants throughout the term of the bond facility.

At August 6, 2009, the Company reached an agreement to amend the financial covenants by accepting the increase in interest margin to 2.5%.

As at December 31, 2011, December 31, 2012, and December 31, 2013, the Group was not in compliance with two of its financial covenants under the EBL (Net Debt/EBITDA and Net Debt/Equity) and as a consequence the outstanding balance of the EBL was classified as current. Additionally, as at December 31, 2013, the Group remained non-compliant in these financial covenants and with one additional financial covenant (Normalised EBITDA/Total Interest) and the same classification was maintained for the outstanding balance of the EBL. As at December 31, 2014, the Group remained non-compliant with two of its financial covenants under the EBL (Net Debt/EBITDA and Net Debt/Equity) and the same classification has been maintained for the outstanding balance of the EBL.

Forthnet - Bond Loan 2011:

On July 22, 2011, Forthnet entered into a secured bond loan agreement (the "New Bond Loan" or "NBL") with a syndicate of banks for a principle amount up to € 40,000,000 which bears a floating interest rate equal to Euribor for the applicable interest period plus a margin of seven per cent (7%). The purpose of the NBL was to finance the investing and other activities of the Company.

The bond loan was subscribed in full by the banking syndicates, as in the 2007 bond loan and the proceeds of the above loan were applied towards the pre-payment of the contractual principal obligations of the 2007 bond loan as at July 31, 2011.

The repayment of the bond is in 5 quarterly variable instalments from December 31, 2013, through December 31, 2014. The first, third and last instalments are each equal to 30% of the total amount.

The bond loan is secured by (i) a second ranking pledge over the shares held by the Company in Forthnet Media S.A. ("FMH"), (ii) a second ranking pledge over the shares held by FMH and Netmed N.V. in Multichoice Hellas S.A., (iii) a third ranking pledge over the shares held by FMH in Intervision B.V. and Netmed N.V., (iv) a floating charge over the Company's business receivables, (v) an assignment of claims arising from the Company's insurance agreements and, (vi) a bank account pledge over a Company's bank account.

In accordance with the bond loan agreement the Company has made certain undertakings including but not limited to the maintenance of an all-risks-insurance contract on its assets, the submission of the semi-annual and annual audited or reviewed consolidated financial statements along with the Certificate of Compliance, the proposal to the General Assembly of a share capital increase of € 30 million to be completed no later than January 31, 2012, the trading of the Company's shares on the Athens Exchange cannot be terminated or suspended, to maintain the number of its active LLU subscribers between the range applicable for each of the fiscal years 2011-2014 and the maintenance throughout the term of the bond facility financial covenants based on the annual and semi-annual consolidated financial statements.

The agreed set of financial covenants is as follows:

1. EBITDA / Net interest expenses greater or equal to 3.0 to 4.0 for the fiscal years 2011-2014.
2. Total net bank borrowing / EBITDA less or equal to 5.5 to 4.0 for the fiscal years 2011-2014.
3. Total net bank borrowing / Total equity less or equal to 1.65 to 1.2 for the fiscal years 2011-2014.
4. Cash Flow / Debt Service greater or equal to 1.02 for the fiscal years 2011-2014.

As at December 31, 2011 the Group was not in compliance with the "Net Debt/Equity" financial covenant under its NBL and, as a consequence, the outstanding balance of the NBL was classified as current. As at December 31, 2012, the Group was not in compliance with two of its financial covenants under the NBL (Net Debt/EBITDA, Net Debt/Equity), and the same classification was maintained for the outstanding balance of the NBL. In addition, as at December 31, 2012, the Group was not in compliance with the minimum number of its active LLU subscribers as required by the bond loan agreement. As at December 31, 2013, the Group was also not in compliance with three of its financial covenants under the EBL (Net Debt/EBITDA, Net Debt/Equity and Normalised EBITDA/Total Interest) and as a consequence the same classification has been maintained for the outstanding balance of the EBL. Moreover, as at December 31, 2013, the Group was not in compliance with the minimum number of its active LLU subscribers as required by the bond loan agreement. As at December 31, 2014, the Group remained non-compliant with the above mentioned financial covenants along with an additional one (Cashflow/Debt Service) and as a consequence the same classification has been maintained for the outstanding balance of the NBL.

Other Group Bond Loans

Forthnet Media S.A. - Bond Loan 2008:

On May 14, 2008, Forthnet's wholly owned subsidiary, "Forthnet Media S.A.", issued a secured common bond loan of a principal amount of up to € 245 million (the "Existing Bond Loan" or "EBL"). Forthnet has guaranteed the obligations of Forthnet Media S.A. under the bond loan and provided a pledge over the total share capital of Forthnet Media S.A. owned.

The term of the bond loan will be for up to 9 years and the funds were utilised in order to, among other purposes, partially finance the acquisition of the total share capital of each of NetMed N.V. and Intervision (Services)B.V.

The repayment of the bond at December 31, 2011 and following the pre-payment of the contractual principal obligations for fiscal years 2012 and 2013 (see below), is in eight variable instalments from June 30, 2013 to June 30, 2017.

In accordance with the bond loan agreement certain undertakings for the Group's subsidiary Forthnet Media S.A. are made including but not limited to: (i) it is obliged to maintain throughout the term of the bond facility an all-risks-insurance contract through a recognised insurance company on its assets at their current commercial value, (ii) within 120 days from the period ended, Forthnet Media S.A. is obliged to submit the annual and the semi-annual financial statements audited by certified auditors accountants along with the Certificate of Compliance, and (iii) Forthnet Media S.A. is obliged to maintain throughout the term of the Bond facility the financial covenants based on the annual and semi-annual consolidated financial statements audited by certified auditors accountants throughout the term of the bond facility.

As at December 31, 2011, December 31, 2012, and December 31, 2013 the Group was not in compliance with two of its financial covenants under the EBL (Net Debt/EBITDA and Net Debt/Equity) and as a result the outstanding balance of the EBL was classified as current. Additionally, as at December 31, 2013, the Group remained non-compliant with these financial covenants and with one additional financial covenant (Normalised EBITDA/Total Interest) and the same classification was maintained for the outstanding balance of the EBL. As at December 31, 2014, the Group remained non-compliant with the first two financial covenants (Net Debt/EBITDA and Net Debt/Equity) and the same classification has been maintained for the outstanding balance of the EBL.

Forthnet Media S.A - Bond Loan 2011:

On July 22, 2011, Forthnet Media S.A. entered into a long-term secured bond loan agreement with a syndicate of banks for a principle amount up to € 50,000,000 which bears floating interest rate equal to Euribor for the applicable interest period plus a margin of seven per cent (7%). The purpose of the loan was to finance the investing and other activities of the company.

Forthnet has guaranteed the obligations of Forthnet Media S.A. under the bond loan and provided a pledge over the total share capital of Forthnet Media S.A.

The bond loan was subscribed in full by the banking syndicates, as in bond loan 2008 and the proceeds of the above loan were applied towards the pre-payment of the contractual principal obligations of the 2008 bond loan as at July 31, 2011.

The repayment of the bond is in 8 quarterly variable instalments from December 31, 2013, through to June 30, 2017. The last 2 instalments are equal to 40% of the total amount.

The bond loan is secured by (i) a first ranking pledge over the shares held by Forthnet Media S.A. ("FMH") and Netmed N.V. in Multichoice S.A., (ii) a second ranking pledge over the shares held by FMH in Intervision B.V. and Netmed N.V., (iii) a floating charge over the FMH's business receivables, (iv) an assignment of claims arising from several FMH's cooperation agreements with Multichoice Hellas S.A., (v) an assignment of claims arising from the FMH's insurance agreements and, (vi) pledge over FMH's bank accounts.

In accordance with the bond loan agreement the company has made certain undertakings including but not limited to the maintenance throughout the term of the bond facility of an all-risks-insurance contract on its assets, the submission of the semi-annual and annual audited or reviewed consolidated financial statements, by certified auditors accountants along with the Certificate of Compliance, the proposal of the Guarantor, Forthnet, to the General Assembly of a share capital increase of € 30 million to be completed no later than January 31, 2012, the trading of the Guarantor (Forthnet)'s shares on the Athens Exchange cannot be terminated or suspended, the maintenance of the number of its active PAY TV subscribers between the range applicable for each of the fiscal years 2011-2017 and the maintenance throughout the term of the bond facility financial covenants based on the annual and semi-annual consolidated financial statements.

The agreed set of financial covenants is as follows:

1. EBITDA / Net interest expenses greater or equal to 3.0 to 4.5 for the fiscal years 2011-2017.
2. Total net bank borrowing / EBITDA less or equal to 5.5 to 3.0 for the fiscal years 2011-2017.
3. Total net bank borrowing / Total equity less or equal to 1.65 to 1.0 for the fiscal years 2011-2017.
4. Cash Flow / Debt Service greater or equal to 1.02 for the fiscal years 2011-2017.

As at December 31, 2011 the Group was not in compliance with the "Total net bank borrowing / Total equity" financial covenant under its NBL and as a result the outstanding balance of the NBL was classified as current. As at December 31, 2012, the Group was not in compliance with two of its financial covenants under the NBL (Net Debt/EBITDA and Net Debt/Equity), and the same classification was maintained for the outstanding balance of the NBL. Additionally, as at December 31, 2012 the Group was not in compliance with the minimum number of its active Pay-TV subscribers as required by the bond loan agreement. As at December 31, 2013, the Group was not in compliance with three of its financial covenants under the EBL (Net Debt/EBITDA, Net Debt/Equity and Normalised EBITDA/Total Interest) and as a consequence the same classification has been maintained for the outstanding balance of the EBL. Moreover, as at December 31, 2013, the Group was not in compliance with the minimum number of its active Pay-TV subscribers as required by the bond loan agreement. As at December 31, 2014, the Group remained non-compliant with the above mentioned financial covenants along with an additional one (Cashflow/Debt Service) and as a consequence the same classification has been maintained for the outstanding balance of the NBL. Additionally, , as at December 31, 2014, the Group was not in compliance with the minimum number of its active Pay-TV subscribers as required by the bond loan agreement.

In December 17, 2014, the Group was granted a waiver from its lending banks, on the following:

1. Postpone the payments of € 25.0 million and € 2.5 million installments on the Forthnet Media S.A. bond loan, which was due as at April 30, 2014 (temporary extension from December 31, 2013), to be paid on December 31, 2014.
2. Postpone the payments of € 12.5 million and € 2.5 million installments on the Forthnet Media S.A. bond loan, which was due as at April 30, 2014 (temporary extension from December 31, 2013) to be paid on December 31, 2014.
3. Postpone the payment of a € 12.0 million installment on the Forthnet S.A. bond loan, which was due as at April 30, 2014 (temporary extension from December 31, 2013) to be paid on December 31, 2014..
4. Postpone the payments of € 10.0 million and € 2.0 million installments on the Forthnet S.A. bond loan, which were due as at March 31, 2014, to be paid on December 31, 2014.
5. Postpone the payments of a € 12.0 million installments on the Forthnet S.A. bond loan, which were due as at June 30, 2014, to be paid on December 31, 2014.
6. Postpone the payments of a € 2.0 million and € 10.00 million installments on the Forthnet S.A. bond loan, which were due as at September 30, 2014, to be paid on December 31, 2014.
7. Postpone the payments of a € 10.0 million installments on the Forthnet S.A bond loan, which were due as at December 31, 2013, to be paid on December 31, 2014.

The above waivers were granted by the syndicated banks without calculating interest on late payments of the protracted installments.

In addition, at February 12, 2015, the Group send a waiver to its lending banks, requiring to further extend until June 30, 2015 the maturity of the loans, along with all the obligations for repayment of capital installments, payable either on extensions or in accordance with the original repayment schedule for the period from December 31, 2014 and June 30, 2015.

At December 31, 2014, the Group has not made contractual payments of € 130 million required by its bond loan agreements (Note 3).

Total interest expenses on long-term loans for the period ended December 31, 2014 and 2013, amounted to € 12,961,408 and € 12,800,172, respectively for the Group and € 4,586,901 and € 4,638,730, respectively for the Company and are included in financial expenses (Note 8), in the accompanying financial statements. The amount of interest due at December 31, 2014 is included in accrued and other current liabilities (Note 28).

b) Short-term borrowings:

Forth CRS has short-term borrowings with annual variable interest rates of 6%. The table below presents the credit lines available to the Group as well as the utilised portion.

	The Group	
	December 31,	
	2014	2013
Credit lines available	1,418,000	1,700,000
Unused portion	-	(282,000)
Used portion	1,418,000	1,418,000

The total interest expense for short-term borrowings for the years ended December 31, 2014 and 2013 amounted to € 100,656 and € 115,780 for the Group and € 0 and € 0 for the Company respectively and are included in the financial expenses (Note 8), in the accompanying financial statements.

24. FINANCE LEASE OBLIGATIONS:

The finance lease obligations relate to:

- Leasing of a building at Antigonis 58, Peristeri, Attica, with a value of € 2,669,054 (including expenses, taxes, etc.) and is repayable in a hundred and seventy five (175) monthly instalments (from August 10, 2005 to February 10, 2020) bearing interest at the three month Euribor plus a margin of 1.5%.

The finance lease obligations are analysed as follows:

	The Group		The Company	
	December 31,		December 31,	
	2014	2013	2014	2013
Obligation under finance lease	1,094,853	1,458,187	1,094,853	1,458,187
Less: Current portion	(204,986)	(363,376)	(204,986)	(363,376)
Long-term portion	889,867	1,094,811	889,867	1,094,811

Future minimum lease payments under the finance lease in relation with the present value of the net minimum lease payments for the Group and the Company as at December 31, 2014 and 2013 are as follows:

	The Group		The Company	
	December 31, 2014		December 31, 2014	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	220,824	204,986	220,824	204,986
After one year but no more than five years	883,300	853,135	883,300	853,135
Over five years	36,804	36,732	36,804	36,732
Total minimum lease payments	1,140,928	1,094,853	1,140,928	1,094,853
Less: amounts representing finance charges	(46,075)	-	(46,075)	-
Present value of minimum lease payments	1,094,853	1,094,853	1,094,853	1,094,853

	The Group		The Company	
	December 31, 2013		December 31, 2013	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	386,551	363,376	386,551	363,376
After one year but no more than five years	886,536	839,004	886,536	839,004
Over five years	258,573	255,807	258,573	255,807
Total minimum lease payments	1,531,660	1,458,187	1,531,660	1,458,187
Less: amounts representing finance charges	(73,473)	-	(73,473)	-
Present value of minimum lease payments	1,458,187	1,458,187	1,458,187	1,458,187

25. FINANCE LEASE TRANSPONDER OBLIGATIONS:

The Group leases transmission equipment of a total value of € 123,739,891, with duration of twelve years (which has been extended for one more year), repayable in equal monthly instalments bearing interest at 6.99% since June 2013 (previously 6,5% to 9,57%).

In 2012 the Group decided to technologically accelerate the scale of information (bandwidth) through the transmission path by upgrading the head-end and the 4 transponders to DVBS2 and be able to release one of the 5 existing transponders. New DVBS-2 technology allows broadcasters to accommodate same number of channels using less satellite capacity, while at the same time transmitting the maximum data speed through the satellite.

The 5th transponder halted its transmission on January 1, 2014 and in this respect, in 2012 the Group proceeded with the derecognition of part of the asset value along with the relevant financial liability for the years 2014 to 2021. The remaining fully amortized part was derecognized on January 1, 2014 (Note 12).

The finance lease transponders obligations are analysed as follows:

	The Group	
	31.12.2014	31.12.2013
Obligation under finance lease of transponders	79,065,485	86,532,309
Less: Current portion	(8,117,554)	(7,466,824)
Long-term portion	70,947,931	79,065,485

Future minimum lease payments under the finance lease of transponders in relation with the present value of the net minimum lease payments for the Group as at December 31, 2014 and 2013, is as follows:

	The Group	
	December 31, 2014	
	Minimum payments	Present value of payments
Within one year	14,440,000	8,117,555
After one year but no more than five years	60,040,000	42,770,722
Over five years	30,704,000	28,177,208
Total minimum lease payments	105,184,000	79,065,485
Less: amounts representing finance charges	(26,118,515)	-
Present value of minimum lease payments	79,065,485	79,065,485

	The Group	
	December 31, 2013	
	Minimum payments	Present value of payments
Within one year	14,440,000	7,466,823
After one year but no more than five years	59,280,001	38,615,496
Over five years	45,904,000	40,449,990
Total minimum lease payments	119,624,001	86,532,309
Less: amounts representing finance charges	(33,091,692)	-
Present value of minimum lease payments	86,532,309	86,532,309

26. PROGRAMME AND FILM RIGHTS OBLIGATIONS:

Programme and film rights obligations are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Programmes and Rights	40,125,242	40,914,340	18,308,807	17,346,449
Less: Current portion	(40,125,242)	(39,994,162)	(18,308,807)	(17,346,449)
Long term portion	-	920,178	-	-

27. TRADE PAYABLES:

Trade payables are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Domestic suppliers	90,282,128	83,092,933	41,064,815	38,757,103
Foreign suppliers	24,550,304	25,981,465	1,705,219	1,448,329
Post-dated cheques payable	724,430	3,445,131	714,595	1,496,016
Total	115,556,862	112,519,529	43,484,629	41,701,448

28. ACCRUED AND OTHER CURRENT LIABILITIES:

Accrued and other current liabilities are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Social security payable	1,679,323	1,950,476	1,014,336	1,200,647
Value added tax	2,721,368	5,836,583	2,566,251	2,681,281
Other taxes and duties (Note 1)	3,192,463	1,851,183	1,042,626	905,741
Customer advances	67,940	71,031	-	-
Interest Accrued (Note 23)	4,222,417	90,654	-	-
Other current liabilities	6,943,963	6,420,168	2,855,272	2,477,827
Interest rates swaps (Note 35)	2,333,167	4,711,417	-	-
Total	21,160,641	20,931,512	7,478,485	7,265,496

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swaps ("IRS") agreements amounting to € 57.5 million (2013: € 135 million). The interest rate swap agreements are payments of fixed interest rate against receipts of floating rates.

Nominal Value of IRS	Maturity	Interest Rate
57,500,000	30/06/2017	3months EURIBOR
57,500,000		

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 year ended December 31, 2014 for the Group, were € 2,481 thousand (at December 31, 2013: losses € 3,779 thousand) and are included in other financial costs (Note 8), in the accompanying financial statements.

Realised losses from the interest rate swap transactions during the year ended December 31, 2014 for the Group were € 3,049 thousands and are included in other financial costs (Note 8), in the accompanying financial statements (at December 31, 2013: € 3,866 thousands).

The net loss amount of € 568 thousands for the year ended December 31, 2014, is included in other financial expenses (note 8), in the accompanying consolidated statement of comprehensive income (December 31, 2013: loss € 87 thousands).

29. GOVERNMENT GRANTS:

Government grants are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Government grant N. 3299/2004 (Note 34)	9,567,701	9,567,701	9,000,000	9,000,000
Subprojects 6 & 7 of the Operational Programme "Information Society" (Note 34)	19,532,612	19,532,612	19,532,612	19,532,612
Accumulated amortisation	(18,970,853)	(16,744,298)	(18,405,457)	(16,214,728)
Amortisation for the period	(1,938,065)	(2,226,555)	(1,936,879)	(2,190,729)
Ending balance	8,191,395	10,129,460	8,190,276	10,127,155

Subsidies amortisation is included in other income in the accompanying statements of comprehensive income.

30. RESERVE FOR STAFF RETIREMENT INDEMNITIES:

a) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan. The contributions to the pension funds for the years ended December 31, 2014 and 2013 amounted to € 7,571,201 and € 8,177,858, respectively for the Group and € 4,681,175 and € 5,060,327, for the Company respectively (Note 6).

b) **Staff Retirement Indemnities:** Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that pension plans are not funded.

In accordance with this practice, the Group does not fund these plans. The Group charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.

An international firm of independent actuaries evaluated the Group's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial study as at December 31, 2014 and 2013 are as follows:

	The Group		The Company	
	December 31,		December 31,	
	2014	2013	2014	2013
Present value of unfunded obligations	3,840,587	2,450,984	2,064,379	1,319,243
Net Liability in statement of financial position	3,840,587	2,450,984	2,064,379	1,319,243

Components of net periodic pension cost

Service cost	231,704	235,010	148,174	147,610
Interest cost	97,795	98,448	52,638	48,916
Regular charge to operations	329,499	333,458	200,812	196,526
Additional cost of extra benefits	1,153,877	1,210,686	662,472	779,978
Total charge in profit and loss (Note 6)	1,483,376	1,544,144	863,284	976,504

Reconciliation of benefit obligation

Present value of liability at start of period	2,450,984	2,494,884	1,319,243	1,235,240
Service cost	231,704	235,010	148,174	147,610
Interest cost	97,795	98,448	52,638	48,916
Benefits paid	(1,405,881)	(1,362,044)	(810,479)	(862,213)
Extra payments or expenses	1,153,877	1,210,686	662,472	779,978
Actuarial gains/(loss)	1,312,108	(226,000)	692,331	(30,288)
Present value of liability at the end of year	3,840,587	2,450,984	2,064,379	1,319,243

Principal Assumptions:

Discount Rate	2.24%	3.99%	2.24%	3.99%
Rate of compensation increase	0.00%	0.00%	0.00%	0.0%
Increase in consumer price index	1.75%	2.00%	1.75%	2.0%

The additional cost of extra benefits relates to benefits paid to employees who became redundant. Most of these benefits were not expected within the terms of this plan and, accordingly, the excess of benefit payments over existing reserves have been treated as an additional pension charge. The additional pension charge for the years ended December 31, 2014 and 2013 amounted to € 1,153,877 and € 1,210,686 respectively for the Group and € 662,472 and € 779,978 respectively for the Company.

A quantitative sensitivity analysis for significant assumption as at 31 December 2014 is shown below:

The Group	Discount rate		Future salary Increases	
	0,5% increase	0,5% decrease	0,5% increase	0,5% Decrease
Impact on defined benefit obligation	(410,943)	449,349	426,305	(387,899)
	Life expectancy of pensioners			
Sensitivity Level	Increase by 1 year	Decrease by 1 year		
Impact on defined benefit obligation	42,246	(46,087)		

The Company	Discount rate		Future salary Increases	
	0,5% increase	0,5% decrease	0,5% increase	0,5% Decrease
Impact on define dbenefit obligation	(220,889)	241,532	229,146	(208,502)
	Life expectancy of pensioners			
Sensitivity Level	Increase by 1 year	Decrease by 1 year		
Impact on defined benefit obligation	22,708	(24,773)		

A quantitative sensitivity analysis for significant assumption as at 31 December 2013 is shown below:

The Group	Discount rate		Future salary Increases	
	0,5% increase	0,5% decrease	0,5% increase	0,5% Decrease
Impact on defined benefit obligation	257,353	(291,667)	274,510	(247,549)
	Life expectancy of pensioners			
Sensitivity Level	Increase by 1 year	Decrease by 1 year		
Impact on defined benefit obligation	26,961	(29,412)		

The Company	Discount rate		Future salary Increases	
	0,5% increase	0,5% decrease	0,5% increase	0,5% Decrease
Impact on define dbenefit obligation	138,521	(156,990)	147,755	(133,244)
	Life expectancy of pensioners			
Sensitivity Level	Increase by 1 year	Decrease by 1 year		
Impact on defined benefit obligation	14,512	(15,831)		

With regard to the mortality assumption the table used is called EVK2000 which is based on Swiss mortality.

The following payments are expected contributions to the defined benefit plan obligation in future years:

	The Group	
	2014	2013
Within the next 12 months (next annual reporting period)	35,042	-
Between 2 and 5 years	-	32,213
Between 5 and 10 years	94,111	131,934
Beyond 10 years	10,846,270	11,232,770
Total expected payments	10,975,423	11,396,917

	<u>The Company</u>	
	<u>2014</u>	<u>2013</u>
Within the next 12 months (next annual reporting period)	-	-
Between 2 and 5 years	-	-
Between 5 and 10 years	33,904	43,432
Beyond 10 years	6,498,593	7,041,248
Total expected payments	6,532,497	7,084,680

The average duration of the defined benefit plan obligation at the end of the reporting period is 23.8 years (2013: 23.7 years).

31. LOSS PER SHARE:

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

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

The following reflects the net loss and share data used in the basic and diluted earnings per share computations as at December 31, 2014 and 2013:

	<u>The Group</u>	
	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Net loss attributable to the shareholders of the parent	<u>(42,375,173)</u>	<u>(59,820,693)</u>
Total weighted average number of ordinary shares	<u>108,234,138</u>	<u>12,952,610</u>
Adjusted weighted average number of ordinary shares for diluted loss per share	<u>108,234,138</u>	<u>12,952,610</u>
Loss per share (basic and diluted)	<u>(0.3915)</u>	<u>(4.6184)</u>

32. EMPLOYEE STOCK OPTION PLAN:

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

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

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

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

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

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

2nd Plan (long-term)

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

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

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

The plans were included in Reserved stock options (Note 21). At the end of the rights exercised period at December 31, 2014, the Company chose to transfer them to Losses carried forward.

33. RELATED PARTIES:

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

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

Related Party	Relation with Forthnet	Year ended at	Sales to related parties	Purchases from related parties
Wind Hellas Telecommunications S.A.	Shareholder	31.12.2014	2,083,339	3,258,391
		31.12.2013	2,265,789	2,981,662
Vodafone S.A.	Shareholder	31.12.2014	1,081,211	1,807,775
		31.12.2013	1,242,806	1,860,316
Vodafone Ltd.	Related Party	31.12.2014	1,784,012	3,089,315
		31.12.2013	694,470	1,520,365
Hellas Online	Related Party	31.12.2014	1,388,850	1,088,016
		31.12.2013	3,743,432	3,932,620
Technology and Research Foundation	Shareholder	31.12.2014	66,616	19,560
		31.12.2013	73,348	43,022
Forth CRS S.A.	Subsidiary	31.12.2014	126,951	296,540
		31.12.2013	123,376	2,285
Multichoice Hellas S.A.	Subsidiary	31.12.2014	11,780,304	1,476,374
		31.12.2013	13,083,904	1,704,520
Interoute Managed Service Netherlands	Related Party	31.12.2014	89,936	-
		31.12.2013	-	-
Interoute Spa (Italy)	Related Party	31.12.2014	221,945	-
		31.12.2013	181,789	-
Interoute Bulgaria Js Co	Related Party	31.12.2014	374,400	716,742
		31.12.2013	374,400	529,034
Interoute Czech Sro	Related Party	31.12.2014	2,204	149,130
		31.12.2013	2,104	166,661
NetMed S.A.	Subsidiary	31.12.2014	128,201	69,314
		31.12.2013	113,047	-
Forthnet Media S.A.	Subsidiary	31.12.2014	8,014,685	590,221
		31.12.2013	1,617,355	14,254
Emirates International Telecommunications	Indirect Shareholder	31.12.2014	-	250,000
		31.12.2013	-	228,040
	Total	31.12.2014	27,142,654	12,811,378
	Total	31.12.2013	23,515,820	12,982,779

<u>Related Party</u>	<u>Relation with Forthnet</u>	<u>Year ended at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Wind Hellas Telecommunications S.A.	Shareholder	31.12.2014 31.12.2013	510,251 468,922	591,974 901,415
Vodafone S.A.	Shareholder	31.12.2014 31.12.2013	123,832 157,965	371,726 341,516
Vodafone Ltd.	Related Party	31.12.2014 31.12.2013	1,730,570 935,601	2,887,774 1,302,441
Hellas Online	Related Party	31.12.2014 31.12.2013	365,071 367,521	84,208 406,890
Go Plc	Indirect Shareholder	31.12.2014 31.12.2013	- 4,293	- -
Emirates International Telecommunications	Indirect Shareholder	31.12.2014 31.12.2013	- -	895,085 1,281,365
Technology and Research Foundation	Shareholder	31.12.2014 31.12.2013	50,612 26,009	1,608 3,876
Forth CRS S.A.	Subsidiary	31.12.2014 31.12.2013	379,593 616,038	- 4,613
Telemedicine Technologies S.A.	Associated	31.12.2014 31.12.2013	3,734 3,734	- -
Athlonet S.A.	Associated	31.12.2014 31.12.2013	11,502 11,502	8,060 8,060
Multichoice Hellas S.A.	Subsidiary	31.12.2014 31.12.2013	- 21,103,894	- 8,467,831
Interoute Managed Services Netherlands	Related Party	31.12.2014 31.12.2013	89,936 -	- -
Interoute Spa (Italy)	Related Party	31.12.2014 31.12.2013	72,739 40,876	- -
Interoute Bulgaria JS Co	Related Party	31.12.2014 31.12.2013	63,600 62,400	420,118 202,033
Interoute Czech Sro	Related Party	31.12.2014 31.12.2013	406 322	127,804 171,455
Forthnet Media S.A.	Subsidiary	31.12.2014 31.12.2013	99,951,401 42,773,092	8,556,353 493,174
NetMed S.A.	Subsidiary	31.12.2014 31.12.2013	487,763 327,390	70,583 -
	Total	31.12.2014	103,841,010	14,015,293
	Total	31.12.2013	66,899,559	13,584,669

The Company's revenues from Multichoice Hellas S.A. are related to the recharge of Multichoice Hellas S.A.'s share in joint sell advertising, telecommunications services (telephony, broadband, etc.), as well as, the recharge of directors' payroll cost and recharge of Multichoice Hellas S.A. share in associates' commission and referred to the period from January 1st 2014 to October 30th, 2014 when the later was absorbed by Forthnet Media S.A.

Revenues and receivables from Forthnet Media S.A. are mainly related to the 3 play commission re-charged to the subsidiary by the Company, as well as, charges for the re-sale of the Super league and UEFA football rights.

The Company's costs from Multichoice Hellas S.A. are mainly related to the share of Forthnet in joint sell advertising (related to 3 play services) and referred to the period from January 1st 2014 to October 30th, 2014 when the later was absorbed by Forthnet Media S.A.

The Company's payable towards Forthnet Media S.A. is mainly related to cash collected by its stores on behalf of Forthnet Media S.A .

The Company's revenues and costs from Vodafone S.A., Vodafone Ltd and its subsidiary Hellas Online S.A. are related to interconnection fees and leased lines.

The Company's revenues and costs from Wind Hellas Telecommunications S.A. are related to interconnection fees, swaps of fiber optic network and leased lines.

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

Related Party	Relation with Group	Year ended at	Sales to related parties	Purchases from related parties
Wind Hellas Telecommunications S.A.	Shareholder	31.12.2014	2,083,354	3,314,994
		31.12.2013	2,265,789	2,997,222
Vodafone S.A.	Shareholder	31.12.2014	1,086,707	1,808,346
		31.12.2013	1,314,344	1,900,719
Vodafone Ltd.	Related Party	31.12.2014	1,784,012	3,089,315
		31.12.2013	694,470	1,520,365
Hellas Online S.A.	Related Party	31.12.2014	1,388,859	1,088,016
		31.12.2013	3,743,432	3,932,620
Interoute Managed Services Netherlands	Related Party	31.12.2014	89,936	-
		31.12.2013	-	-
Interoute Spa (Italy)	Related Party	31.12.2014	221,945	-
		31.12.2013	181,789	-
Interoute Bulgaria JsCo	Related Party	31.12.2014	374,400	716,742
		31.12.2013	374,400	529,034
Interoute Czech Sro	Related Party	31.12.2014	2,204	149,130
		31.12.2013	2,104	166,661
Emirates International Telecommunications	Indirect Shareholder	31.12.2014	-	250,000
		31.12.2013	-	228,040
Technology and Research Foundation	Shareholder	31.12.2014	66,616	19,560
		31.12.2013	73,348	43,022
	Total	31.12.2014	7,098,033	10,436,103
	Total	31.12.2013	8,649,676	11,317,683

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

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(amounts in Euro unless stated otherwise)

<u>Related Party</u>	<u>Relation with Group</u>	<u>Year ended at</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
Wind Hellas Telecommunications S.A.	Shareholder	31.12.2014 31.12.2013	510,269 468,922	598,521 901,415
Vodafone S.A.	Shareholder	31.12.2014 31.12.2013	123,832 173,195	371,726 352,142
Vodafone Ltd.	Related Party	31.12.2014 31.12.2013	1,730,570 935,601	2,887,774 1,302,441
Hellas Online	Related Party	31.12.2014 31.12.2013	365,083 367,521	84,325 406,890
Go Plc	Indirect Shareholder	31.12.2014 31.12.2013	- 4,293	- -
Emirates International Telecommunications	Indirect Shareholder	31.12.2014 31.12.2013	- -	895,085 1,281,365
Technology and Research Foundation	Shareholder	31.12.2014 31.12.2013	50,612 26,009	1,608 3,876
Telemedicine Technologies S.A.	Associated	31.12.2014 31.12.2013	3,734 3,734	- -
Athlonet S.A.	Associated	31.12.2014 31.12.2013	11,502 11,502	8,060 8,060
Lumiere Productions S.A.	Shareholder	31.12.2014 31.12.2013	- -	6,378 6,378
Lumiere Cosmos Communications	Shareholder	31.12.2014 31.12.2013	- -	10 10
Interoute Managed Services Netherlands	Related Party	31.12.2014 31.12.2013	89,936 -	- -
Interoute Spa (Italy)	Related Party	31.12.2014 31.12.2013	72,739 40,876	- -
Interoute Bulgaria Js Co	Related Party	31.12.2014 31.12.2013	63,600 62,400	420,118 202,034
Interoute Czech Sro	Related Party	31.12.2014 31.12.2013	406 323	127,804 171,455
	Total	31.12.2014	3,022,283	5,401,409
	Total	31.12.2013	2,094,376	4,636,066

Emirates International Telecommunications LLC, a related party – indirect shareholder, provides technical and other services to support various operations and functions of the Forthnet Group's business.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the years ended 2014 and 2013 are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries and fees for executive members of the BoD	308,711	309,917	308,711	309,917
Salaries and fees for non executive members of the BoD	121,800	121,800	121,800	121,800
Salaries and fees for senior managers	2,436,915	2,338,469	1,352,587	1,453,956
Total	2,867,426	2,770,186	1,783,099	1,885,673

Furthermore, benefits provided by the Group and the Company for the current fiscal year to members of the Board of Directors and Management relating to social security amounted to € 344,516 for the Group and € 310,805 for the Company respectively (December 31, 2013: € 103,857 for both the Group and the Company), whereas benefits relating to leaving indemnities amounted to € 0 for both the Group and the Company (December 31, 2013: € 563,990 and € 0, respectively).

34. COMMITMENTS AND CONTINGENCIES:

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

Compensation of Senior Executives: According to the employment contracts of the Chief Executive Officer and certain senior executives, there is a provision for the payment of compensation at the end of their employment term which liability has been included in the provision for staff retirement indemnities. In addition, in case of early termination of their contracts by the Company without grounds or in case of forced resignation, the Company shall pay to them an additional compensation. The amount of the additional compensation amounted to approximately € 0.97 million at December 31, 2014 (approximately € 0.9 million at December 31, 2013).

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 attains 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.

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 amounted to approximately € 30 million. The percentage of subsidy was equal to 30% of the total investment, i.e. equal to the amount of € 9 million. Up to December 31, 2009, the Company had completed its investment of the above amount and a related provision of approximately € 9 million has been included in Government grants in the accompanying statements of financial position.

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 (which has been absorbed by Forthnet Media S.A) 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 (Note 29).

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 was equal 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 reached 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's investment amounted to € 19.5 million approximately, and a related provision has been included in Government grants in the accompanying statements of financial position (Note 29).

Commitments:

Rentals: 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 December 31, 2014 and 2013, are as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Within one year	2,282,559	2,394,986	860,158	930,481
2-5 years	8,533,012	8,392,659	2,833,872	2,558,291
Over 5 years	614,053	2,450,443	429,779	812,383
Total	11,429,624	13,238,088	4,123,809	4,301,155

Guarantees: Letters of guarantee are issued and received by the Group to and from various beneficiaries and, as at December 31, 2014 and 2013, these are analysed as follows:

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Good execution of agreements	6,237,594	5,719,808	647,605	413,080
Participation in bids	2,559,097	30,213	2,546,797	30,213
Guarantees for advance payments received	55,564	14,208,398	55,564	14,160,810
Total	8,852,255	19,958,419	3,249,966	14,604,103

Guarantees for advance payments were reduced at December 31, 2014, mainly due to the expiry of the guarantees granted to a supplier.

Contractual Commitments: The outstanding balance of the contractual commitments for the Group amounted to approximately € 94.2 million and for the Company amounted to approximately € 32.6 million at December 31, 2014 (December 31, 2013: € 161.4 million and € 72.6 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 € 11.3 million at December 31, 2014 (December 31, 2013: € 4.2 million) both for the Group and the Company.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

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

The Group's management believes that the fair value of floating rate loans approximate their carrying amounts reflected in the statements of financial position.

The fair values of available for sale financial assets and assets held for trading are reflected in the accompanying statements of financial position.

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)

For assets and liabilities recognized in the financial statements on a recurring basis, the Group determines if there have been transfers between hierarchy levels, through the re-evaluation and classification (based on the lower level data that are important for the measurement of fair value as a whole) at the end of each reporting period. The Group establishes policies and procedures for repeated measures (Derivatives). At each reporting date, the Group analyzes the changes in value of liabilities subject to recalculation and revaluation in accordance with its accounting policies. For this analysis, management verifies the major inputs applied in the later assessment, confirming the data used in the valuation, through contracts and other relevant documents.

During the year ended December 31, 2014, 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 December 31, 2014 and 2013 the Group and the Company held the following financial instruments, the fair value of which is measured as follows:

	The Group			
	Fair value –31.12.2014			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest rate swaps (Note 28)	-	2,333,167	-	2,333,167
Long term loans (Note 23)	-	324,325,614	-	324,325,614

	The Company			
	Fair value –31.12.2014			
	Level 1	Level 2	Level 3	Σύνολο
Financial liabilities				
Long term loans (Note 23)	-	99,999,438	-	99,999,438

	The Group			
	Fair value –31.12.2013			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest rate swaps (Note 28)	-	4,711,417	-	4,711,417
Long term loans (Note 23)	-	323,543,806	-	323,543,806

	The Company			
	Fair value –31.12.2013			
	Level 1	Level 2	Level 3	Σύνολο
Financial liabilities				
Long term loans (Note 23)	-	99,850,688	-	99,850,688

The fair value of variable rate loans and borrowings approximate the amounts appearing in the statements of financial position. Fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The impact of own non-performance risk as at December 31, 2014, would not lead to a significantly different fair value.

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

Credit Risk: The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2014, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying statements of financial position.

The Group has no significant concentrations of credit risk with any single counter party.

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

	The Group	
	31.12.2014	31.12.2013
Nominal amounts in US\$		
Financial assets	22,930	7,180
Financial liabilities	(19,660,343)	(20,429,611)
Short term exposure	(19,637,413)	(20,422,431)

The following table presents the sensitivity of the result for the year in regards to the financial assets and financial liabilities and the Euro/ US Dollar exchange rate. It assumes a 5% (2013: 5%) increase of the Euro/US Dollar exchange rate for the year ended December 31, 2014. The sensitivity analysis is based on the Group's foreign currency financial instruments held at year end.

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

	The Group	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Result for the year	<u>770,212</u>	<u>705,168</u>

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

	The Group	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Result for the year	<u>(851,287)</u>	<u>(779,396)</u>

The above effect on the results, before tax, is based on the average foreign exchange rates for the related year.

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

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

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

The sensitivity analysis of the Group's borrowings due to interest rate changes is as follows:

	The Group		The Group	
	<u>December 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Interest Rate Variation</u>	<u>Effect on income</u>	<u>Interest Rate Variation</u>	<u>Effect on income</u>
EURO	1.0%	(3,320,831)	1.0%	(3,321,748)
	-1.0%	938,451	-1.0%	696,220

The table above excludes the positive impact of interest received from deposits and any impact (positive or negative) of the interest rate swaps.

In order to mitigate interest rate risk, the Group has entered into medium term interest rate swap agreements amounting to € 57.5 million.

The fair values of derivative financial instruments are based on mark to market valuation.

Gains from the valuation of the fair values of the swaps for the year ended December 31, 2014, were € 2,481 thousand (at December 31, 2013: € 3,779 thousand) for the Group, and are included in other financial expenses (Note 8).

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

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

The table below summarizes the maturity profile of the financial liabilities at December 31, 2014 and 2013, based on contractual undiscounted payments.

Group

<u>Year ended December 31, 2014</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>2 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	134,222,417	55,945,320	27,763,421	130,685,995	-	348,617,153
Leases	-	7,330,413	7,330,413	60,923,301	30,740,804	106,324,931
Trade, programme and film rights and other payables	-	94,887,590	75,599,662	-	-	170,487,252
Total	134,222,417	158,163,323	110,693,496	191,609,296	30,740,804	625,429,336

<u>Year ended December 31, 2013</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>2 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	49,500,000	47,120,597	48,683,225	210,287,150	-	355,590,972
Leases	-	7,413,275	7,413,275	60,166,537	46,162,573	121,155,660
Trade, programme and film rights and other payables	-	93,885,919	74,918,918	920,178	-	169,725,015
Total	49,500,000	148,419,791	131,015,418	271,373,865	46,162,573	646,471,647

Company

<u>Year ended December 31, 2014</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>2 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	70,000,000	30,357,524	-	-	-	100,357,524
Leases	-	110,412	110,412	883,300	36,804	1,140,928
Trade and other payables	-	41,643,609	41,643,609	-	-	83,287,218
Total	70,000,000	72,111,545	41,754,021	883,300	36,804	184,785,670

<u>Year ended December 31, 2013</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>2 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	22,000,000	26,161,434	25,285,944	30,357,524	-	103,804,902
Leases	-	193,275	193,275	886,536	258,573	1,531,659
Trade and other payables	-	39,949,032	39,949,032	-	-	79,898,064
Total	22,000,000	66,303,741	65,428,251	31,244,060	258,573	185,234,625

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong internal calculation credit rating and healthy capital ratios in order to support its operations and maximize shareholder value. The Group's policy is to maintain leverage targets in line with an investment grade profile. The Group monitors capital with one of the financial covenants of its bond loans: Net Debt/EBITDA. The Group includes within net indebtedness, interest bearing loans and borrowings, less cash and cash equivalents. EBITDA is defined as earnings before interest taxes, depreciation and amortisation as well as any non cash adjustments associated with impairment of goodwill charges and deducting transponder costs.

	The Group		The Company	
	December 31,		December 31,	
	2014	2013	2014	2013
Long-term borrowings	-	-	-	-
Short-term borrowings	325,743,614	324,961,806	99,999,438	99,850,688
Total Debt	325,743,614	324,961,806	99,999,438	99,850,688
Less : Cash and cash equivalents	10,283,640	14,689,747	5,555,352	5,582,295
Net Debt/(cash)	(315,459,974)	(310,272,059)	(94,444,086)	(94,268,393)
-Adjusted EBITDA (non-cash adjustments)	44,817,132	37,274,998	43,369,277	52,949,174

36. LITIGATION – ARBITRATION:

A. FORTHNET S.A.

a) Forthnet's outstanding judicial claims against third parties amount to approximately € 39.2 million.

i) Out of this amount, approximately €26.7 million concern a claim of the Company against OTE regarding the incidental loss the Company suffered by EPAK case (unjustifiable discrimination for OTE in favour of its subsidiary, OTEnet). Furthermore, approximately € 293 thousand concern a claim of the Company against OTE for the non-material damage that the Company has suffered for the same cause (EPAK). A judgement was issued on the aforementioned lawsuit, by which the Court partially accepted the lawsuit of the Company, which has been already appealed by OTE (at the Court of Appeals). The hearing of the appeal is pending.

Furthermore, there is a lawsuit of the Company against OTE, for the amount of approximately € 698 thousand, of which (a) the amount of € 548 thousand corresponds to illegitimate charges to the Company during the years 2009 and 2010 for wasteful travel fees of OTE technical crews for the fixing of local loop failures as well as (b) the amount of € 150 thousand as a compensation for moral damage. The above lawsuit was served to OTE on 31 December 2014 and its hearing is set for October 12, 2016.

There are outstanding opposing applications before the Council of State and the Administrative Court of Appeals of Athens 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, (d) the fees for leased lines, (e) the fees for wholesale services and (f) the cost accounting model of OTE. The Company's position is founded, though, the significance of the cases and the circumstances make it difficult for a prediction of any positive outcome of the above cases in the event of a dismissal 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 Authorities 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 regulation of pre-selection.

Furthermore, the following EETT's Decisions have been issued and served to our company: (a) EETT's DECISION No. 695/60/27.06.2013 that concerns the March 26, 2010 complaint of Forthnet for arbitrary charges of wasteful travel fees regarding the fixing of local loop failures on the part of OTE. With this decision, OTE was ordered to credit Forthnet in 3,316 cases that totally correspond to the amount of € 178 thousand while a fine of € 332 thousand was additionally imposed to OTE. (b) EETT's Decision No. 692/36/30.05.2013 that concerns the September 5, 2011 complaint of Forthnet for arbitrary charges of wasteful travel fees regarding the fixing of local loop failures on the part of OTE. With this decision, OTE was

ordered to credit Forthnet in 1,492 cases that totally correspond to the amount of € 79 thousand, while a fine of € 149 thousand was additionally imposed to OTE. (c) EETT's Decision No. 690/21/14.05.2013 that concerns the February 15, 2012 Dispute Resolution Request of Forthnet regarding its right to charge wasteful travel fees at the expense of OTE within the framework of unbundled access to the local loop. With this decision, the right of Forthnet to charge wasteful travel fees in specific cases was acknowledged and by virtue of this Decision, Forthnet proceeded to the billing of OTE with the amount of € 226 thousand. (d) EETT's Decision No. 640/50/21.02.2012 that concerns the November 15, 2011 complaint of Forthnet for charges of OTE wasteful travels fees for the fixing of local loop failures with the justification "non-accessible building", which charges were not in accordance with the legislative framework. With this decision, OTE was ordered to credit to Forthnet the imposed charges during the time period from October 2010 up to June 2011, which charges amounted to € 78 thousand an amount that was refunded by OTE to Forthnet. With the same resolution, a fine of € 250 thousand had been imposed to OTE for its illegitimate conduct. (e) For the same matter of the charges of OTE wasteful travel fees with the justification "non-accessible building", which charges were not in accordance with the legislative framework, Forthnet filed a new complaint to EETT on February the 11, 2012, further to which, EETT's DECISION No. 695/62/27.06.2013 was issued, by which a fine of € 125 thousand was imposed to OTE for its illegitimate conduct and the latter was ordered to refund to Forthnet the relevant fees that had collected during the time period from July 2011 up to August 2012, which amount to € 206 thousand.

OTE has appealed to the competent courts against the decisions of EETT under (a), (b), (d) and (e), while it is not expected that it will also appeal to the competent administrative courts against the decision of EETT under (c).

In addition, there are pending decisions related to two hearings from EETT which took place in 2005, of which, the first one relates to OTE's denial to recognize wholesale volume discounts and the second one to the illegal invoicing of circuits of the Company and the obligation of OTE regarding the return of amounts unduly paid. Finally, EETT's decision has been issued regarding unjustified electricity charges at Physical Collocations, according which OTE was obliged to apply a clearance of the invoices that had issued at the expense of the operators concerning the charges for electricity at Physical Collocations for the term between February 2007 and August 2009, applying the model as set out in the aforementioned decision. OTE paid to the Company the amount of € 842 thousand on December 2012, yet it has appealed to the competent administrative courts against the relevant resolution of EETT.

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

ii) The remaining (apart from the above claims concerning regulatory and telecommunication law matters under 1.) judicial claims of the Company against third parties amount to approximately € 4.1 million. A relevant provision has been recorded for the above claims (allowance for doubtful accounts receivable) in the financial statements of the Company.

iii) Furthermore, there is a claim of the Company against the Greek State for the project of the Ministry of Internal Affairs "National Public Administration Network - SYZEFXIS", for which claim, the Company has already filed respective Applications of Acknowledgment of Claim against the State for the provision of electronic services for the aforementioned project. Specifically, for 2012, the Company filed a relevant application of acknowledgment of claim, by which it has requested the amount of € 944 thousand to be acknowledged to it for the provided services during the second half of fiscal year 2012, plus the applicable VAT respectively. By no. KY 5147/28.11.2014 minutes of the Legal Council of the State, the as above request of the Company was partially accepted and a claim against the State of the amount of € 690 thousand plus VAT was acknowledged for the as above reason.

For 2013, the Company has filed a respective application of acknowledge of claim, the level of which amounts to € 2.3 million, inclusive of the corresponding VAT.

Finally, for the time period from January 1, 2014 - May 31, 2014, the Company has also filed a respective application of acknowledge of claim, the level of which amounts to € 969 thousand, inclusive of the corresponding VAT.

For the project ("SYZEFXIS") the Company had recorded unbilled revenue in its financial statements for an amount of € 2.4 million.

iv) During an audit that was conducted, 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 immediately 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 event, the Company and the Group have recorded the necessary provisions in its financial statements.

v) Also, there is a claim of the Company against TSPEATH for the return of undue amounts paid regarding advertisements tax (“aggeliosimo”): for the year 2002 amounting to € 252 thousand, while for the year 2003 amounting to € 433 thousand plus interest and related legal expenses. For the aforementioned claim, the Company had appealed before the Administrative Courts, instituting a relevant Administrative Action and filing a relevant Lawsuit. On the aforementioned administrative action, the Administrative Court of the First Instance of Athens rejected the aforementioned appeal of the Company. The Company lodged an APPEAL before the Administrative Court of Appeals of Athens, against the aforementioned judgement that has rejected the administrative action, for which decision number 5106/2014 of the Administrative Court of Appeals, dismissing the appeal of the company.

On the aforementioned lawsuit, a postponing judgement of the Administrative Court of First Instance of Athens was issued, by which the Court postponed the adoption of a judgement on the lawsuit, until the issuance of a final judgement on the aforementioned APPEAL (and administrative action). Given the above dismissing decisions (in the first degree and appellate), it is estimated that the chances are limited for the success of the relevant Lawsuit.

(b) Judicial claims of third parties against Forthnet

i) 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. With its legal action, OTE claims amongst other the payment of compensation amounting to € 5 million due to moral damages claimed to have been suffered by it, plus interest from the date of legal notice of the said action and until payment thereof. At the hearing date, the hearing of the case was cancelled, and thenceforth it has not been reopened with a summoning of the litigant party for a new hearing date. The outcome of the case cannot be safely estimated, despite the fact that the unfair competition legal basis of the claim has been fallen into prescription during *lis pendens* (during litigation proceedings). The prescription may also carry along in prescription the longterm prescription on the other legal base, yet such a thing remains to be judged in court, if OTE returns with a new summoning.

ii) The case of the inquiry of the Commission for the Protection of Competition of the Republic of Cyprus (C.P.C) against Forthnet Group companies (Forthnet Media S.A. and Multichoice Hellas S.A) and Cyprus Telecommunication Authority S.A. (“CYTA”) for the ascertainment of reported violations of the provisions regarding the protection of the competition (articles 3 or/and 6 of the Cyprus Law no. 13(I) 2008 as well as articles 101 or/and 102 of the Treaty on the Functioning of the European Union [TFEU]), from the terms of the effective content supply agreement between the aforementioned contracting parties, was heard before the C.P.C. during the oral hearing of September 9th, 2014. During the hearing, the Company presented its pleas in law and pieces of evidence for the refutation of the objections set forth in the preliminary conclusion of C.P.C’s inquiry, setting forth and extending all the points that had already notified to the C.P.C. through its written memo of August the 8th. The C.P.C. notified its opinion, according which the alleged violations are ascertained. The Company will submit its written attestation on the opinion and in relation to the threatened sanctions. Following the submission of the Company document, the C.P.C. will proceed to issue a final decision, including the applicable penalties. Until then, there is no possibility for a financial appraisal of the aforementioned case, for the Group.

iii) Finally, Fines of the total amount of approximately € 0.9 million have been imposed to the Company by the individual competent Independent Administrative Authorities, for several reasons. Specifically, six (6) fines of the total amount of approximately € 0.5 million have been imposed by EETT, eight (8) fines of the total amount of € 280 thousand by the General Secretariat for Consumer Affairs and two (2) fines of the total amount of € 150 thousand by the Hellenic Republic Capital Market Commission. The Company has

appealed before the competent administrative courts for the cancellation or otherwise modification (review) of the as above imposed fines.

The results of the above judicial claims cannot be foreseen, thus no provision of expense has been made by the Company and the Group in its financial statements.

B. FORTHNET MEDIA S.A.

(a) The outstanding judicial claims of third parties against the subsidiary, Forthnet Media S.A. (hereinafter FM, which absorbed the companies NetMed Hellas S.A. SYNED S.A. and Multichoice Hellas S.A.) amount to € 18.0 million approximately, plus interest and legal expenses. From the abovementioned amount:

i) A claim of € 4.6 million approximately plus interest, concern claims of a PAE (Football Club), for the restitution of the alleged damage the PAE has incurred due to the claimed unlawful termination –on the part of FM (ex NetMed Hellas S.A.) of the relevant agreements for the TV/radio broadcasting of its football games. It is noted that the hearing of the specific lawsuit, after several adjournments, has been cancelled, the PAE is theoretically entitled to apply for a new hearing date but its right to compensation has been prescribed during *lis pendens* (during litigation). In all events, PAE has ceased to be in existence due to its relegation to the amateur league.

ii) A claim of approximately € 0.81 million, plus interest and legal expenses concerns a lawsuit by the Cypriot based company LUMIERE TV PUBLIC COMPANY LIMITED, as a fee for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by TILEDRAZI S.A. (prior to its absorption by FM) of 828 shares of Multichoice Hellas S.A., which LUMIERE TV PUBLIC COMPANY LIMITED holds. A judgement that dismissed the lawsuit as unsubstantiated was issued. The litigant party has lodged an appeal, the hearing of which has been scheduled for April the 30th 2015.

iii) € 7.7 million approximately (as it stood on March 9, 2006) plus interest relating to a claim of the Greek State (Athens FAEE) relating to differences resulting from tax audits of past years (of the company Multichoice Hellas S.A.). Appeals have been lodged against the above actions, which have been heard and court judgements have been issued, which partially accept the appeals and define the taxable income for the fiscal year 1998 to € 0.34 million, while for the fiscal year 1999 to € 0.18 million and the due taxes will be computed on the said amounts. The total amount, amounts along with the interests to € 832 thousand out of which the company has already paid in advance the amount of € 786 thousand as a precondition for the filing of the appeals. The Greek State filed appeals before the Supreme Court, the hearing date of which has not been yet scheduled. For the final amount of tax that is going to be charged according to the above, a related provision of expense has been made by the Company in its financial statements.

iv) € 2.94 million approximately concerns a lawsuit filed by an attorney at law, by which it 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 disputes between FM (arising by the absorbed Netmed Hellas S.A./Multichoice Hellas S.A.) and against the TV station "ALPHA" (during the period 2002-2006). The First-Instance Court dismissed the lawsuit, but the lawyer-plaintiff filed an appeal, which was heard. The Court of Appeals dismissed the appeal, ratifying the First-Instance Court's judgement. The lawyer-plaintiff is entitled to file an appeal before the Supreme Court of Cassation (Arios Pagos). The outcome of the case was positive for the company. The judgement of the Court of Appeals of Athens is sufficiently and properly substantiated (both legally and on its merits) and it does not seem to have been fallen into any substantial error in law.

v) € 0.30 million approximately concerns a lawsuit of a third party against the company and a former chief executive officer of its, by which he demands that the aforementioned amount is paid to him as damages for an alleged offence of personality and defamation to his detriment, by allegations included in a complaint lodged by the company against him, due to the -on his part- performance of illegitimate activities, aiming at and with the result of piracy in the pay TV signal of the company and the violation of its intellectual property. The lawsuit has been scheduled for hearing before the Multimember Court of First Instance of Athens on the 8th of December 2016. It is noted that during the discussion of the criminal case (in first degree) with the accused being the plaintiff, against whom criminal charges were raised as per the

Company complaint, the court ruled that the accused is guilty and issued a verdict of imprisonment with suspension for the unlawful misconduct.

vi) The case of the inquiry of the Commission for the Protection of Competition of the Republic of Cyprus (C.P.C) against Forthnet Group companies (Forthnet Media S.A. and Multichoice) and Cyprus Telecommunication Authority S.A. ("CYTA") for the ascertainment of reported violations of provisions regarding the protection of the competition (articles 3 or/and 6 of the Cyprus Law no. 13(I) 2008 as well as articles 101 or/and 102 of the Treaty on the Functioning of the European Union [TFEU]), from the terms of the effective content supply agreement between the aforementioned contracting parties, was heard before the C.P.C. during the oral hearing of September 9th, 2014. During the hearing, the Company presented its pleas in law and pieces of evidence for the refutation of the objections set forth in the preliminary conclusion of C.P.C's inquiry, setting forth -and extending all the points that had already notified to the C.P.C. through its written memo of August 8th. The C.P.C. notified its opinion, according which the alleged violations are ascertained. The Company will submit its written attestation on the opinion and in relation to the threatened sanctions. Following the submission of the Company document, the C.P.C. will proceed to issue a final decision, including the applicable penalties.

For the above case under iv, the Group's Management has made a sufficient provision of expense. For the remaining cases the Group's Management estimates that they will not have a material impact on the financial statements and therefore has not formed a provision of expense.

- (b) The outstanding judicial claims of the subsidiary FM (arisen by the absorbed NetMed Hellas S.A. and Multichoice Hellas S.A.) against third parties amount to € 31.1 million approximately, plus interest and expenses. From the abovementioned amount:

i) € 12.2 million approximately, plus interest and expenses, relates to the company's claims against several PAE (football clubs) for the restitution of (pecuniary and moral) damages incurred by FM due to the unlawful and void termination -on the part of PAE- of the agreements which the PAE had concluded with FM for the TV/radio broadcast of their football matches. Several of these claims have not been judged irrevocably, whilst most of the PAE are inactive (either due to downgrading or due to liquidation). Additionally, it should be noted that during 2012, the claim against PAE PAOK and the companies EXAFON and INTERACTIVE was judged irrecoverable and from the initial claim of € 18.6 million, ultimately the court decided on a compensation of € 200 thousand. However, the third parties are apparently not in a financial position to reimburse the Company.

Similarly, the outstanding judicial claims of the already absorbed Multichoice against third parties amount to € 14.7 million approximately, plus interest and expenses. These claims predominately relate to claims of the Company against various PAE for the restitution of (pecuniary and moral) damages incurred by the Company due to the unlawful and void termination -on the part of PAE- of the agreements which the PAE had concluded with FM for the television broadcast of their games. Several of these claims have not been judged irrevocably, whilst most of the PAE are inactive (either due to downgrading or due to liquidation). Additionally, it should be noted that during 2012, the claim of Multichoice against PAE PAOK and the companies EXAFON and INTERACTIVE was judged irrecoverably and from the initial claim of € 23.4 million, ultimately the court decided on a compensation of € 200 thousand. However, the third parties are apparently not in a financial position to reimburse the Company.

ii) € 4.5 million and € 3.9 million approximately, plus interest and expenses, relates to the company's claims against the companies «EIDISEIS DOT COM S.A.» and «Radio and TV Business S.A.» for the restitution of damages incurred by FM due to the unlawful broadcast (via TV and internet), without FM's permission, of highlights of the matches of PAE, played in the course of the SUPERLEAGUE football championship during the football season 2011-2012 and 2012-2013 respectively. It is noted that FM has acquired the exclusive broadcast rights of the PAE matches (including their highlights). The hearing of the case was cancelled within the framework of an extrajudicial/conciliatory settlement of the dispute.

iii) A lawsuit against the company ERT S.A. and the banks Alpha Bank and Piraeus Bank by which it is requested to be acknowledged that our company does not owe the minimum guaranteed consideration of €2.9 million per year from November 10, 2008 or, alternatively if it does not apply for 2008, from November 10, 2010, but instead, a percentage on the real basis of its terrestrial analogue subscribers. By closing ERT, the Greek State was substituted in the rights and obligations of ERT and consequently the Greek State will be the defendant in the specific case. The claim on the main and supportive basis consists of the acknowledgment of the non existence of a payment right, accordingly it is not evaluated as an actual monetary claim. The hearing of the lawsuit is pending and has been scheduled for April of 2015.

iv) A lawsuit against the Greek Football Federation (EPO), by which the cancellation of a BoD decision is required. By virtue of the said BoD decision, EPO rejected the company's participation in the tender for the acquisition of the TV rights of the Greek Soccer Cup for the football seasons 2013-2014 to 2015-2016 and awarded the tender to a third company. The reason for the cancellation is based on legal grounds (the company to which the tender was awarded is not a TV entity, as required by article 84 of L. 2725/1999). The case was heard and no. 731/2014 judgement was issued, that accepts the lawsuit. EPO lodged an appeal (as well as the company that a certain part of the judgment's rationale concerns it), the hearing of which has been scheduled for February 19, 2015 when it was heard, pending the issuance of a decision. The case does not contain any compensational claims .

v) A lawsuit against "ALPHA DORYFORIKI TILEORASI", by which it is demanded that the defendant is prohibited to proceed to actions of unfair competition and infringe the absolute right of FM, as it arose by the TV Broadcasting Rights Assignment Agreement that FM had concluded with PAE AKRATITOS and the defendant is obliged to pay to FM the amount of € 500 thousand as a compensation for the non-material damage that has been caused to the latter by the unfair and tortuous conduct of "ALPHA DORYFORIKI TILEORASI". The hearing date for the aforementioned lawsuit had been scheduled for the 7th of June 2006, a date on which it was postponed for the 22nd of November 2006, where it was cancelled and rescheduled for April 2, 2008, when it was anew postponed for the 4th of June 2008. After successive postponements, the case was heard on December 12, 2012 and no. 6288/2013 judgement of the Multimember Court of First Instance of Athens was issued, which accepted the lawsuit, awarding in favour of the company the amount of € 300 thousand, including any statutory interest from the service of the lawsuit as a non-material damage due to the illegitimate, insolvent and opposed to the moral ethics conduct of the defendant. The defendant is entitled to lodge an appeal.

vi) An amount of totally € 5.57 million plus interest and expenses, concerns a claim of the Company (former Multichoice) against ERT S.A., with a lawsuit that has filed before the Multi-Member Court of First Instance of Athens, as fees for the provision, by Multichoice, of services related to the distribution and transmission –through satellite- of the signal of three TV (ET1, NET, ET3) and four radio (NET, ERA 2, ERA 3 and ERA SPORT) ERT channels within the entire Greek territory during the years 2008, 2009, 2010, 2011 and 2012. With the abolition of ERT, the Greek State replaced ERT in its rights and obligations; consequently it will be the litigant party in the specific case. The hearing of the case is pending and has been scheduled for May of 2015.

vii) A claim of € 326 thousand concerns a claim of the Company (former Multichoice) against the companies PASSPOINT S.A. (as the principal debtor) and LANNET COMMUNICATIONS S.A. (as a guarantor) for non-payment to Multichoice Hellas S.A. of the amounts of subscription fees 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 as substantiated), while 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.

C. Forth-CRS S.A.

The outstanding judicial claims of the subsidiary Forth-CRS S.A. against third parties amount to € 648 thousand. Among the aforementioned claims, the following three significant claims are also included:

(a) A claim of € 205 thousand against the Joint Venture GA FERRIES. Regarding the said claim, Forth-CRS filed a relevant LAWSUIT against the Joint Venture GA FERRIES and the seafaring members that constitute members of the former, before the Multimember Court of First Instance of Piraeus. On the aforementioned Lawsuit, no. 4507/2011 Judgement was issued, which accepted the lawsuit of Forth-CRS. Given that the debts of the aforementioned companies are too high, the chances for the collection of the adjudicated claim are limited.

(b) A claim of € 131 thousand against the Shipping Company SAOS SHIPPING SOCIETE ANONYME OF SAMOTHRAKI (SAOS FERRIES). By virtue of no. 114/30.06.2009 and 151/21/10/2009 Judgements of the Multimember Court of First Instance of Alexandroupoli (ex-parte proceedings of Multimember Court), the opening of the conciliation procedure (article 99 and following ones of the Bankruptcy Code) for the company SAOS FERRIES was ordered. Within the framework of the conciliation procedure, FORTH-CRS agreed to receive all the amount of the debt via recurrent payments within the following six years from the ratification of the conciliation agreement by the Competent Court. Upon relevant petition of SAOS FERRIES before the Multimember Court of First Instance of Alexandroupoli, the relevant achieved Intercreditor Agreement was ratified by the competent Court by its no. 107/2010 Judgement.

c) An initial claim of approximately € 259 thousand against the Shipping Company LESVOS SHIPPING COMPANY S.A. (NEL LINES) was limited –by 80% of the capital–to the amount of approximately € 52 thousand, according to the provisions of no. 124/2013 Judgement of Northern Aegean Court of Appeals, which validated no. 13/09/2012 Restructuring Agreement between NEL-as debtor-and the majority of its documentary and unconfirmed creditors, according to article 106^a of Law 3588/2007. According to the aforementioned judgement, the amount of approximately € 52 thousand will be paid, without interests and expenses of any nature, in 48 equal in amount monthly instalments of € 1,077.41 Euro each, with 12/06/2014 as the date of commencement of the aforementioned payments. Already the debtor has made five equal in amount payments of the total amount of € 5,387.05 and 43 instalments remain to be paid.

A provision of expense has been made for the above claims in the financial statements of the Group (allowance for doubtful accounts receivable).

D. NETMED N.V.

The outstanding judicial claims of third parties against the subsidiary Netmed N.V. amount to approximately € 3.45 million, plus interest and legal expenses. The Cypriot based company, LUMIERE TV PUBLIC COMPANY LIMITED is claiming via a lawsuit the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by Myriad Development B.V. (before merging by Netmed NV) of 3,528 shares of Multichoice Hellas S.A., which LUMIERE TV PUBLIC COMPANY LIMITED holds. The First-Instance Court dismissed the lawsuit as unsubstantiated. The litigant lodged an appeal, the hearing of which has been scheduled for April 30, 2015.

Furthermore, an extrajudicial notice of third party was served against the subsidiary Netmed NV, by which a claim of obligation nature of a third party is notified to the company, arising from a document that bears, according to the assertion of the third party/rightsholder, a nature of a procedural guarantee of the company against the third party. The company disputes the validity, effect and binding nature of the specific document. Furthermore, the company, even if it is obliged to pay any amount, is entitled to turn against third parties and seek any paid amounts. Due to the complexity of the issue, we cannot predict whether a litigation will occur, and in the event of a judicial claim, the possible content of its.

E. DIKOMO INVESTMENT SARL

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 via a lawsuit the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by DIKOMO INVESTMENT SARL of 1,272 shares of Multichoice Hellas S.A., which LUMIERE TV PUBLIC COMPANY LIMITED holds. The First-Instance Court dismissed the lawsuit as unsubstantiated. The litigant lodged an appeal, the hearing of which has been scheduled for April 30, 2015.

F. TILEDRAZI S.A.

The outstanding judicial claims of third parties against the subsidiary TILEDRAZI S.A. amount to approximately € 2.81 million, plus interest and legal expenses. The Cypriot based company LUMIERE TV PUBLIC COMPANY LIMITED is claiming via a lawsuit the abovementioned amount for the obligatory purchase, pursuant to article 49b of the Greek Law 2190/1920, by TILEDRAZI S.A. of 2,872 shares of Multichoice Hellas S.A., which LUMIERE TV PUBLIC COMPANY LIMITED holds. The First-Instance Court dismissed the lawsuit as unsubstantiated. The litigant lodged an appeal, the hearing of which has been scheduled for April 30, 2015.

For the above mentioned judicial claims no related provision of expense has been made by the Group in its financial statements as the outcome of these judicial claims cannot be estimated.

G. MULTICHOICE CYPRUS PUBLIC LIMITED LTD

No pending court cases of the company exist, since the voluntary liquidation and winding-up of the company was concluded (as well as its deletion from the registers of the Registrar of Companies), which was published in no. 4202/21.1.2015 issue of the Official Government Gazette of the Cyprus Republic.

H. INTERVISION S.A.

There is a pending lawsuit before the Multi-Member First Instance Court of Athens, filed in November 20, 2003 by Intervision S.A., against the Greek Football Federation (EPO), by virtue of which the Company requests the fair readjustment/decrease of the fees, that the Company had agreed to pay for the period 2003-2004 with relation to the acquisition of the TV rights of the Greek Football Cup, to the amount of 4.4 million €, plus VAT, instead of the amount of 6.4 million € plus VAT, which the Company actually paid. The hearing of the case took place on November 27, 2013, and a judgment was issued, which rejected the lawsuit, as unfounded on its merits, judging that in the under judgement case the preconditions of the unforeseen change of circumstances as well as the ones of article 288 of the Civil Code, which justify the readjustment-decrease of the fee, do not concur. The outcome of the case was not positive, as expected. The company is entitled to lodge an appeal, but with limited chances of success.

37. SUBSEQUENT EVENTS:

There are no other significant events subsequent to December 31, 2014 which would influence materially the Group's and the Company's financial position.

Iraklio, March 31, 2015

President of the Board of Directors

Vice President of the Board of Directors
and
Chief Executive Officer

Deepak Srinivas Padmanabhan
Passport No. Z 2918778

Panagiotis Papadopoulos
I.D. Σ676330

Group Finance Director

Group Financial Reporting Manager

Group Accounting Manager

George Mantzoros
ID Number AK 231579
License Number O.E.E. 0005375
A Class

Georgia Gali
ID Number X 091299

Polychronis Katsaris
ID Number AK 012888

INFORMATION OF THE ARTICLE 10 OF THE LAW 3401/2005

ForthnetS.A. published and made available the following information of article 10, Law 3401/2005 to the public during the financial year 2014. The information is uploaded both in the official web site of the Athens Exchange www.helex.gr and in the Company's as follows:

ΗΜΕΡΟΜΗΝΙΑ	ΑΝΑΚΟΙΝΩΣΗ	ΗΛΕΚΤΡΟΝΙΚΗ ΔΙΕΥΘΥΝΣΗ
02/01/2014	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/News.aspx?a_id=7115
08/01/2014	Announcement for the SCI coverage	http://www.forthnet.gr/News.aspx?a_id=7135
14/01/2014	Announcement for the trading of shares from share capital increase	http://www.forthnet.gr/News.aspx?a_id=7118
16/01/2014	Announcement according to art. 9 para. 5 of the Law 3556/2007	http://www.forthnet.gr/News.aspx?a_id=7137
16/01/2014	Announcement of Regulated Information of the Law 3556/2007	http://www.forthnet.gr/News.aspx?a_id=7139
16/01/2014	Announcement of regulated information of the Law 3556/2007 -Significant changes in voting rights	http://www.forthnet.gr/News.aspx?a_id=7141
22/01/2014	Announcement of regulated information of the Law 3556/2007 -Significant changes in voting rights	http://www.forthnet.gr/News.aspx?a_id=7152
04/02/2014	Announcement of regulated information of the Law 3556/2007 and the article 13 of the Law 3340/2005	http://www.forthnet.gr/News.aspx?a_id=7187
31/03/2014	2013 Results	http://www.forthnet.gr/News.aspx?a_id=7255
31/03/2014	Announcement according to paragraph 4.1.4.4. of the ASE Rulebook	http://www.forthnet.gr/News.aspx?a_id=7257
31/03/2014	Announcement -Financial Calendar 2014	http://www.forthnet.gr/News.aspx?a_id=7259
30/05/2014	Q1 2014 Financial Results	http://www.forthnet.gr/News.aspx?a_id=7309
30/05/2014	Announcement according to paragraph 4.1.4.4. of the ASE Rulebook	http://www.forthnet.gr/News.aspx?a_id=7313
02/06/2014	Announcement	http://www.forthnet.gr/News.aspx?a_id=7320
02/06/2014	Invitation to the ordinary General meeting of Shareholders	http://www.forthnet.gr/News.aspx?a_id=7322
10/06/2014	Notification of regulated information of the Law 3556/2007	http://www.forthnet.gr/News.aspx?a_id=7325
13/06/2014	Announcement	http://www.forthnet.gr/News.aspx?a_id=7327
17/06/2014	Announcement	http://www.forthnet.gr/News.aspx?a_id=7330
20/06/2014	Announcement	http://www.forthnet.gr/News.aspx?a_id=7332
24/06/2014	Announcement of the Resolutions of the Shareholders' Ordinary General Meeting	http://www.forthnet.gr/News.aspx?a_id=7334
25/06/2014	Announcement of regulated information	http://www.forthnet.gr/News.aspx?a_id=7336
26/06/2014	Announcement of regulated information	http://www.forthnet.gr/News.aspx?a_id=7338
30/06/2014	Announcement L.3340/2005	http://www.forthnet.gr/News.aspx?a_id=7703
01/07/2014	Announcement L.3340/2005	http://www.forthnet.gr/News.aspx?a_id=7705
17/07/2014	ANNOUNCEMENT OF LAW 3340/2005 and 3556/2007	http://www.forthnet.gr/News.aspx?a_id=7709
08/08/2014	Q2 2014 Financial Results	http://www.forthnet.gr/News.aspx?a_id=7723
08/08/2014	Announcement according to paragraph 4.1.4.4 of the ASE Rulebook	http://www.forthnet.gr/News.aspx?a_id=7725
28/08/2014	Announcement L.3340/2005	http://www.forthnet.gr/News.aspx?a_id=7788
20/10/2014	Announcement	http://www.forthnet.gr/News.aspx?a_id=7835
04/11/2014	Announcement	http://www.forthnet.gr/News.aspx?a_id=7847
28/11/2014	9 Months 2014 Results	http://www.forthnet.gr/News.aspx?a_id=7860
28/11/2014	Announcement according to paragraph 4.1.4.4 of the ASE Rulebook	http://www.forthnet.gr/News.aspx?a_id=7862

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

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

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

FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

HELLENIC COMPANY FOR TELECOMMUNICATIONS AND TELEMATIC APPLICATIONS S.A.

Forthnet S.A.

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

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

FINANCIAL DATA & INFORMATION FOR THE PERIOD ENDED December 31, 2014

(Published based on Corporate Law 2190, article 135 for corporations that report annual financial statements, consolidated or not, according to IFRS)

The financial data and information provided below, aim to provide a general overview of FORTHNET S.A. financial statements and results and of the Group. As a result of this, we recommend to any potential investor, that before engage in any type of investment activity or any other kind of transaction with the Company, to visit the Company's web site at the electronic address www.forthnet.gr, where all financial statements according to IFRS as well as the Audit Review report, when required, are posted.

(amounts presented in euro)

GENERAL INFORMATION:

Web Site: www.forthnet.gr
Board of Directors approval date: March 31, 2015
Certified Auditor Accountant: Christos Pelenidris, Eleni Skordalaki
Auditing firm: ERNST & YOUNG S.A., S.O.S. S.A.
Type of auditor's review report: Unqualified with Emphasis of Matter

Board of Directors
 Deepak Srinivas Padmanabhan, Chairman (non executive member)
 Panagiotis Papadopoulos, Vice Chairman and Chief Executive Officer (executive member)
 Vasilios Douglaris, non executive member
 Edwin Lloyd, independent non executive member
 Mohsin Majid, non executive member
 Bhavneet Singh, independent non executive member
 Michael Warrington, non executive member
 Giannos Michalidis, non executive member

STATEMENT OF FINANCIAL POSITION (consolidated and parent company)

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
ASSETS				
Tangible assets	163,304,387	191,852,139	93,874,774	111,229,693
Intangible assets	140,100,359	145,717,178	17,737,300	16,660,619
Goodwill	83,168,812	83,168,812	512,569	512,569
Other non current assets	30,357,666	27,473,249	82,093,881	97,548,421
Inventories	6,451,629	6,616,709	1,213,989	1,014,751
Trade receivables	64,458,973	57,804,246	34,571,979	35,101,258
Other current assets	71,173,723	76,552,756	115,759,570	177,209,169
TOTAL ASSETS	559,015,549	589,185,089	345,764,062	399,276,480
EQUITY AND LIABILITIES				
Share Capital (110,097,185 shares € 0.30 each as at 31.12.2014 and 12,852,620 shares of € 0.30 each as at 31.12.2013)	33,029,156	3,885,783	33,029,156	3,885,783
Retained earnings and other reserves	(145,248,671)	(101,424,526)	91,709,766	112,383,734
Total Shareholders equity (a)	(112,219,515)	(97,538,743)	124,735,922	116,269,517
Non-controlling interests (b)	1,700,586	2,371,509	-	-
Total equity (c)=(a)+(b)	(110,518,929)	(95,167,234)	124,735,922	116,269,517
Provisions/Other long-term liabilities	122,115,978	137,788,744	21,749,831	24,315,361
Short term borrowings	325,743,614	324,761,306	99,999,438	99,850,808
Other current liabilities	223,674,865	221,601,775	99,278,871	98,840,914
Total liabilities (d)	669,534,478	684,352,323	221,028,140	223,006,963
TOTAL EQUITY AND LIABILITIES (c)+(d)	559,015,549	589,185,089	345,764,062	399,276,480

STATEMENT OF CHANGES IN EQUITY (consolidated and parent company)

	GROUP		COMPANY	
	01.01.31.12.2014	01.01.31.12.2013	01.01.31.12.2014	01.01.31.12.2013
Total equity balance at the beginning of year	(95,167,234)	(95,059,270)	116,269,517	117,299,428
Total comprehensive loss after income taxes of the year (continuing and discontinuing operations)	(43,041,867)	(60,391,158)	(19,662,402)	(1,052,324)
Issuance of share capital	29,143,373	-	29,143,373	-
Share capital issuance costs (net from deferred tax)	(482,241)	-	(482,241)	-
Legal Reserve	-	(634)	-	-
Net Other comprehensive income/(loss) not to be reclassified to profit or loss	-	167,240	-	-
Net Other comprehensive loss not to be reclassified to profit or loss in subsequent periods	(970,960)	-	116,588	22,413
Total equity balance of year	(110,518,929)	(95,167,234)	124,735,922	116,269,517

CASH FLOW STATEMENT (consolidated and parent company)

	GROUP		COMPANY	
	01.01.31.12.2014	01.01.31.12.2013	01.01.31.12.2014	01.01.31.12.2013
Cash flow from Operating Activities				
Loss/profit before income taxes	(51,768,222)	(53,212,264)	(12,957,989)	1,475,008
Adjustments for:				
Depreciation and amortisation	89,750,468	88,483,327	45,664,419	48,108,387
Amortisation of subsidies	(1,938,065)	(2,236,555)	(1,936,879)	(2,190,729)
(Gains)/Loss on disposal of tangible and intangible assets	95,873	4,293	(3,221)	(2,265)
Allowance for doubtful accounts receivable	7,365,097	6,192,304	4,172,821	5,245,350
Provision for staff retirement indemnities	1,483,376	1,544,144	863,284	976,504
Impairment of investments in subsidiaries	-	-	8,016,000	112,499
Impairment of goodwill	-	190,355	-	-
Impairment of investments in associates	5,032	(95,121)	-	-
Other provisions	211,217	609,771	199,884	38,968
Financial (income)/expenses	23,305,983	22,945,612	4,593,666	5,444,009
Add/less adjustments for changes in working capital related to operating activities:				
Increase inventories	863	(2,421,128)	(352,122)	(1,468,519)
Increase in receivables	(8,149,432)	(2,646,313)	(38,010,502)	(8,861,438)
(Increase)/Decrease liabilities (other than Bank loans)	(4,267,148)	9,591,633	137,353	(23,132,627)
Minus:				
Income taxes paid	(622,700)	(1,255,379)	-	-
(Increase)/Decrease (other) long-term liabilities	(2,089,021)	1,336,066	(1,168,845)	1,181,034
Payment of staff retirement indemnities	(1,610,071)	(1,387,947)	(854,325)	(846,199)
Net cash from Operating Activities	11,273,250	87,209,787	8,353,564	27,399,582
Cash flow from Investing Activities				
Capital expenditure for property, plant and equipment and intangible	(56,277,697)	(44,800,400)	(29,403,965)	(29,637,021)
Disposals of property, plant and equipment and intangible assets	722,042	24,297	10,194	22,426
Interest and related income received	248,181	155,713	243,629	119,573
Decrease/(increase) Restricted cash	(3,217,029)	7,000,000	(2,917,029)	7,000,000
Net cash used in Investing Activities	(58,524,503)	(37,620,480)	(32,067,371)	(22,495,022)
Cash flow from Financing Activities				
Net proceeds from the issuance of share capital	28,491,696	-	28,491,696	-
Repayment of long-term borrowings	-	(10,000,000)	-	(10,000,000)
Interest paid	(15,668,544)	(22,168,055)	(4,441,698)	(5,175,926)
Interest rate swap expenses	(2,647,848)	(3,567,955)	-	-
Net change in leases	(7,830,158)	(12,228,389)	(363,334)	(466,592)
Net cash used in Financing Activities	2,345,146	(47,964,399)	23,686,664	(15,642,518)
Net increase/(decrease) in cash and cash equivalents	(4,406,107)	(17,892,082)	(26,943)	(10,737,558)
Cash and cash equivalents at the beginning of year	14,889,747	32,571,829	5,582,295	16,319,853
Cash and cash equivalents at the end of year	10,283,640	14,689,747	5,555,352	5,582,295

ADDITIONAL DATA AND INFORMATION

- The emphasis of matter paragraph in the auditors report relates to uncertainty regarding (i) the Company's and Group's ability to reinforce their entire contractual obligations under their loan agreements and, (ii) the Group's and the Company's working capital sufficiency, that cannot be assured and are dependent on a successful refinancing of their borrowings with their lending banks.
- The above financial statements for the year 01/01/2014-30/09/2014 have been approved by the members of the Board of Directors March 31, 2015.
- At December 31, 2014 the total number of employees reached 1,266, while those of the Parent Company reached 756. At December 31, 2013 the Group's relative number of employees was 1,193, while that of the parent company was 842.
- There is no burden against the Group's real estate.
- The financial statements of the Group are included in the financial statement of Company "FORGENSO LIMITED" (Head Office: Cyprus, Percentage Participation at December 31, 2014: 45.21%) under the equity method.
- The same accounting methods and assessments have been used as in prior fiscal year 2013.
- The unaudited tax years of the Company and of the companies of the Group are stated in Note 20 of the financial statements.
- The Company and the Group have made cumulative provision for additional taxes assessments for the unrealized tax years amounting to € 0.2m for the Company and € 0.4 m for the Group, in order to cover any additional taxes which will occur in future tax audits. In addition, no defined tax asset has been recognised for set-off of tax losses of amount € 151.2 m for the Group at December 31, 2014 (€ 124.6 m as of December 31, 2013).
- There are no disputes or issues under arbitration, or decisions issued by legal or arbitration bodies affecting the Group's financial status. The amount of the provision for the above issues are € 0.1 million for the Company and € 0.8 million for the Group.
- The Group's subsidiaries, their registered offices, the equity interest as well as the participation relationship with the Group which are incorporated at the end of the current fiscal year consolidated financial statements, are included in note 11 of the financial statements of December 31, 2014.
- At the end of current period no shares of the parent company are possessed by either the parent company or any subsidiary or associate companies.
- On November 24, 2013 the Board of Directors of the Athens Exchange decided to place the Company's shares under close monitoring based on the fact that the fiscal year 2010 losses were greater than 30% of its equity.
- Certain line items of the previous year financial statements were reclassified in order to conform to the current year's presentation.
- The accumulated income and expenses since the beginning of the current fiscal year as well as the Company's and the Group's trade accounts receivable and liabilities as at the end of the year derived from transactions with related parties as defined by IAS 24 are as follows:

(Amounts in euro)	GROUP	COMPANY
Receivables	7,098,033	27,342,854
Payables	(20,488,103)	(2,811,179)
Liabilities	(2,022,281)	(20,944,000)
Assets	5,400,400	(14,015,203)
Assets of Managers and members of the Board of Directors	2,887,428	1,783,098
Liabilities of Managers and members of the Board of Directors	-	-
Assets to Managers and members of the Board of Directors	-	-
Liabilities to Managers and members of the Board of Directors	-	-

Iraklion, March 31, 2015

PRESIDENT OF THE B.o.D.

VICE PRESIDENT OF B.o.D & MANAGING DIRECTOR

GROUP FINANCE DIRECTOR

GROUP FINANCIAL REPORTING MANAGER

GROUP ACCOUNTING MANAGER

DEEPAK SRINIVAS PADMANABHAN
Passport No Z 2918778

PANAGIOTIS PAPADOPOULOS
ID Number S 676330

GEORGE MANTOZOROS
ID Number AK 231579
License Number O.E.E. 0005375 A Class

GEORGIA GALI
ID Number X 091299

POLYCHRONIS KATSARIS
ID Number AK 012888
License Number O.E.E. 0001049 A Class

REPORT FOR THE APPROPRIATION OF RAISED CAPITAL ARISING BY SHARE CAPITAL INCREASE

It is notified, according to the 25/17-07-2008 resolution of the BoD of the Athens Exchange and the 7/448/11-10-2007 decision of the BoD of the Hellenic Capital Markets Commission, that from the Company's share capital increase with public offering in favour of the existing shareholders, an amount of Euro 29,143,372.50 was raised, less expenses of Euro 651,677.45, totaling to the net amount of Euro 29,078,205.05.

The share capital increase was performed according to the 23.08.2012 resolution of the Extraordinary General Meeting of the Company Shareholders, the 21.08.2013 resolution of the Board of Directors and the Prospectus approved during the 1/665/29.11.2013 meeting of the BoD of the Hellenic Capital Market Commission, as supplemented and approved by the 23.12.2013 meeting of the BoD of the aforementioned Commission. As a result of the share capital increase 97,144,575 new common registered shares were issued, of nominal value of Euro 0,30 each one,.

The proceeds from the share capital increase, as mentioned in the Prospectus for the share capital increase, after its supplement and in connection to the 29.05.2014 resolution of the BoD of the Company regarding the change in the use of the raised capital in order for the Company to implement its targets, to meet its operational and development needs and to materialize its investment plan, and the approval of the aforementioned change in the use, by the 24.06.2014 resolution of the Ordinary General Meeting of the Company shareholders, were used through 31/12/2014 as follows:

Category of Use of Capital Raised (amounts in thousands of €)	Category of Use of Capital Raised (amounts in thousands of €)	Category of Use of Capital Raised (amounts in thousands of €)	Category of Use of Capital Raised (amounts in thousands of €)	Category of Use of Capital Raised (amounts in thousands of €)	Use of proceeds						Unused proceeds
					Y2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	Total 2014	
Development of the client base of the Company (provision of router, activation fees, commission of cooperators for acquisition of new clients and expenses for the first installation of the equipment)	12	-5	7	18	0	3.622.730	3.377.270	0	0	7.000.000	0
Furtherance of current and any long term liabilities of the Company arising by loan agreements	10		10	18	0	0	2.139.781	1.154.431	1.124.713	4.418.925	5.581.075
Repayment of suppliers of the Company	4,74	5	9,74	8	0	4.800.000	4.943.373	0	0	9.743.373	0
Coverage of own contribution of the Company in the under examination investment plan of Law 3908/2011, provided that the file regarding the participation of the Company in the aforementioned investment plan is approved	1,75		1,75	up to 31.12.2016	0	0	0	0	0	0	1.750.000
Issuance expenses	0,65		0,65		0	557.123	0	94.555	0	651.678	0
Total Raised Capital	29,15	0	29,15		0	8.979.853	10.460.424	1.248.986	1.124.713	21.813.976	7.331.075

Iraklion, March 31, 2015

President of the Board of Directors

Vice President of the Board of Directors
and
Chief Executive Officer

Deepak Srinivas Padmanabhan
Passport No. Z 2918778

Panagiotis Papadopoulos
I.D. Σ676330

Group Finance Director

Group Financial Reporting Manager

Group Accounting Manager

George Mantzoros
ID Number AK 231579
License Number
O.E.E. 0005375A Class

Georgia Gali
ID Number X 091299

Polychronis Katsaris
ID Number AK 012888
License Number
O.E.E. 0001049 A Class