



# 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 YEAR ENDED DECEMBER 31, 2011

(Published in accordance with Law 2190/1920, article 135 for companies preparing annual consolidated and separate financial statements in accordance with 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.forthnetgroup.gr](http://www.forthnetgroup.gr), where all financial statements according to IFRS as well as the Audit Review report, when is required, are posted.  
(amounts presented in euro)

## GENERAL INFORMATION:

<b>Web Site:</b> www.forthnetgroup.gr <b>Board of Directors approval date:</b> March 8, 2011 <b>Certified Auditor Accountant:</b> Seferis Christodoulos, Saloustris Stavros <b>Auditing firm:</b> ERNST & YOUNG S.A., SOL S.A. <b>Type of auditor's review report:</b> Unqualified opinion (emphasis of matter)	<b>Board of Directors</b> Deepak Srinivas Padmanabhan, Chairman (non executive member) Panagiotis Papadopoulos, Vice Chairman and Chief Executing Officer (executive member) Vasilios Dougalis, non executive member David Kay, non executive member Erwin Kooij, 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
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## STATEMENT OF FINANCIAL POSITION (consolidated and parent company)

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
<b>ASSETS</b>				
Tangible assets	281,829,878	311,814,651	154,102,782	170,553,382
Intangible assets	172,554,880	215,789,271	15,837,876	19,794,317
Goodwill	139,482,089	268,022,695	512,569	512,569
Other non current assets	27,009,606	32,987,566	108,633,876	310,726,367
Inventories	6,696,679	6,708,194	2,197,398	2,254,877
Trade receivables	75,208,837	71,314,880	46,343,492	41,064,974
Other current assets	103,557,059	113,062,516	71,364,706	73,810,371
<b>TOTAL ASSETS</b>	<b>806,339,028</b>	<b>1,019,699,773</b>	<b>398,992,699</b>	<b>618,716,857</b>
<b>EQUITY AND LIABILITIES</b>				
Share Capital (155,431,324 shares € 1.18 each)	183,408,963	183,408,963	183,408,963	183,408,963
Retained earnings and other reserves	(121,740,578)	76,894,651	(61,594,419)	146,715,730
Total Shareholders equity (a)	<b>61,668,385</b>	<b>260,303,614</b>	<b>121,814,544</b>	<b>330,124,693</b>
Non-controlling interests (b)	3,119,355	2,497,831	-	-
Total Equity (c)=(a)+(b)	<b>64,787,740</b>	<b>262,801,445</b>	<b>121,814,544</b>	<b>330,124,693</b>
Long-term borrowings	219,039	286,494,821	-	89,473,548
Provisions/Other long-term liabilities	179,719,158	199,830,739	27,268,319	27,879,913
Short-term borrowings	332,260,715	46,563,258	109,246,011	20,000,000
Other Current Liabilities	229,352,376	224,009,510	140,663,825	151,238,703
Total Liabilities (d)	<b>741,551,288</b>	<b>756,898,328</b>	<b>277,178,155</b>	<b>288,592,164</b>
<b>TOTAL EQUITY AND LIABILITIES (c)+(d)</b>	<b>806,339,028</b>	<b>1,019,699,773</b>	<b>398,992,699</b>	<b>618,716,857</b>

## CASH FLOW STATEMENT (parent company and consolidated)

	GROUP		COMPANY	
	01.01 - 31.12.2011	01.01 - 31.12.2010	01.01 - 31.12.2011	01.01 - 31.12.2010
<b>Cash flow from Operating Activities</b>				
Loss before income taxes	(198,022,966)	(80,164,785)	(210,369,124)	(19,264,245)
Adjustments for:				
Depreciation and amortisation	120,308,851	105,358,142	60,276,002	55,849,523
Amortisation of subsidies	(3,415,331)	(3,307,199)	(3,351,698)	(3,247,269)
Gains on disposal of tangible and intangible assets	38,343	(30,442)	38,343	(9,076)
Allowance for doubtful accounts receivable	4,715,160	5,980,043	3,854,060	4,884,190
Other provisions	1,814,064	2,551,658	1,172,308	1,625,736
Impairment of goodwill	128,540,606	18,670,000	-	-
Impairment of investment in subsidiary	-	-	206,171,438	-
Financial (income)/expenses	28,355,153	23,729,952	5,152,446	3,954,057
Share of profits of associates accounted for under the equity method	-	46,246	-	-
Add/ less adjustments for changes in working capital related to operating activities:				
Decrease / (increase) inventories	(70,661)	(1,678,767)	(1,667)	(459,621)
Decrease/ (increase) in receivables	(3,074,717)	(25,840,039)	(1,622,375)	(54,973,280)
(Decrease) / increase liabilities (other than Bank loans)	8,042,713	20,765,842	(5,101,188)	55,626,970
Minus:				
Income taxes paid	(3,900,802)	(5,542,994)	-	-
(Increase)/decrease in other non-current assets	(2,255,936)	(5,357,033)	(2,442,586)	(5,343,386)
Increase / (decrease) in other long-term liabilities	3,478,890	5,407,362	2,494,295	5,407,362
Payment of staff retirement indemnities	(1,374,764)	(1,014,917)	(619,294)	(199,598)
<b>Net cash from Operating Activities</b>	<b>83,178,603</b>	<b>59,573,069</b>	<b>55,650,960</b>	<b>43,851,363</b>
<b>Cash flow from Investing activities</b>				
Capital expenditure for property, plant and equipment and intangible assets	(53,501,555)	(57,344,940)	(46,405,845)	(53,660,603)
Disposals of property, plant and equipment and intangible assets	86,674	94,824	86,674	65,731
Interest and related income received	319,484	628,668	165,118	207,150
Absorption of entity by subsidiary	-	465,335	-	-
Increase in participation in subsidiary	-	-	-	(575,996)
Restricted cash	(6,250,000)	(1,964,500)	(6,250,000)	(1,964,500)
Increase in investments in associates and other financial assets	-	(34,679)	-	(9,000)
Government grants received	-	4,500,000	-	4,500,000
<b>Net cash used in Investing Activities</b>	<b>(59,345,397)</b>	<b>(53,655,292)</b>	<b>(52,404,053)</b>	<b>(51,437,218)</b>
<b>Cash flows from Financing Activities</b>				
Net change in long-term borrowings	-	(20,144,000)	-	(10,000,000)
Net change in short-term borrowings	-	307,131	-	-
Interest paid	(21,955,522)	(21,925,404)	(4,614,653)	(4,556,135)
Other Bank Expenses	(782,500)	-	(345,000)	-
Net change in leases	(9,732,896)	(7,285,839)	527,284	(150,057)
<b>Net cash (used in)/from Financing Activities</b>	<b>(32,470,918)</b>	<b>(49,048,112)</b>	<b>(4,432,369)</b>	<b>(14,706,192)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(8,637,712)</b>	<b>(43,130,335)</b>	<b>(1,185,462)</b>	<b>(22,292,047)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>36,418,891</b>	<b>79,549,226</b>	<b>18,329,631</b>	<b>40,621,678</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>27,781,179</b>	<b>36,418,891</b>	<b>17,144,169</b>	<b>18,329,631</b>

## TOTAL COMPREHENSIVE INCOME (consolidated and parent company)

	GROUP		COMPANY	
	01.01 - 31.12.2011	01.01 - 31.12.2010	01.01 - 31.12.2011	01.01 - 31.12.2010
Turnover	410,888,898	404,945,314	231,369,927	215,681,234
Loss before taxes, financing and investing activities	(169,667,813)	(56,388,587)	(205,216,678)	(15,310,188)
Loss before income taxes	(198,022,966)	(80,164,785)	(210,369,124)	(19,264,245)
<b>Loss after income taxes (A)</b>	<b>(198,515,581)</b>	<b>(86,828,433)</b>	<b>(208,821,207)</b>	<b>(29,989,434)</b>
- Share holders of the parent company	(199,146,287)	(85,098,182)	(208,821,207)	(29,989,434)
- Non-controlling interests	630,706	(1,730,251)	-	-
<b>Other comprehensive income after taxes(B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income after taxes(A)+(B)</b>	<b>(198,515,581)</b>	<b>(86,828,433)</b>	<b>(208,821,207)</b>	<b>(29,989,434)</b>
- Share holders of the parent company	(199,146,287)	(85,098,182)	(208,821,207)	(29,989,434)
- Non-controlling interests	630,706	(1,730,251)	-	-
Loss after taxes per share - Basic (in €):	(1.2812)	(0.5475)	-	-
Profit/(Loss) before taxes, financing, investing and depreciation	(52,774,293)	45,662,356	(148,292,374)	37,292,066

## STATEMENT OF CHANGES IN EQUITY (consolidated and parent company)

	GROUP		COMPANY	
	01.01 - 31.12.2011	01.01 - 31.12.2010	01.01 - 31.12.2011	01.01 - 31.12.2010
Total equity balance at the beginning of year (01.01.2011 and 01.01.2010 respectively)	262,801,445	348,457,561	330,124,693	359,407,145
Total comprehensive loss after income taxes of the year (continuing and discontinuing operations)	(198,515,581)	(86,828,433)	(208,821,207)	(29,989,434)
Subsidiary's share capital increase	(9,182)	465,335	-	-
Stock Option Plan	511,058	706,982	511,058	706,982
Total equity balance ended year (31.12.2011 and 31.12.2010 respectively)	<b>64,787,740</b>	<b>262,801,445</b>	<b>121,814,544</b>	<b>330,124,693</b>

## ADDITIONAL DATA AND INFORMATION

<p>1. The emphasis of matter paragraph in the auditors report relates to uncertainty regarding the successful completion of the negotiation of the Group financial loan covenants of the existing loans so as to align them with those of the new bond loans, as well as, the outcome of the discussions with the lending syndicates in order to obtain waivers for some of undertakings included in the new bond loan agreements.</p> <p>2. The above financial statements for the year 01/01/2011-31/12/2011 have been approved by the members of the Board of Directors March 8, 2011</p> <p>3. At December 31, 2011 the total number of employees reached 1,390, while those of the Parent Company reached 795. At December 31, 2010 the Group's relative number of employees was 1,545, while that of the parent company was 862.</p> <p>4. There is no burden against title to the Group's real estate.</p> <p>5. The financial statements of the Group are included in the financial statement of Company "FORGENDO LIMITED" (Head Office: Cyprus, Percentage Participation at December 31, 2011: 41.27%) under the equity method.</p> <p>6. The same accounting methods and assessments have been used as in prior fiscal year 2010 except the presentation of the statement of comprehensive income by changing the presentation of expenses from the function of expense method to the nature of expense method in order to be consistent with the Group's internal reporting and the telecommunications practice. In addition, the Group changed its accounting policy in the presentation of its cash flow statement by reclassifying the interest paid from cash flows from operating activities to cash flows from financing activities.</p> <p>7. The unaudited tax years of the Company and of the companies of the Group are stated in Note 11 of the financial statements.</p> <p>8. The Company and the Group have made cumulative provisions for additional taxes assessments for the unaudited tax-years amounting to € 0.2m for the Company and € 2.3 m. for the Group, in order to cover any additional taxes which will occur in future tax audit. In addition, no deferred tax asset has been recognised for set-off of tax losses of amount € 8.4 m. for the Group.</p> <p>9. 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 € 0.0 for the Company and € 0.0 million for the Group.</p>	<p>10. Certain line items of the previous year's/period's financial statements were reclassified in order to conform to the current period's presentation (note 2.1).</p> <p>11. 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 stated in note 12 of the financial statements, except for the participation in the subsidiary Telemedicine Technologies S.A. which was increased from 67.44% to 68.19%.</p> <p>12. At the end of current year no shares of the parent company are possessed by either the parent company or any subsidiary or associate companies.</p> <p>13. On November 24, 2011 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 and the planned share capital increase was not successfully completed</p> <p>14. 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:</p> <table border="1"> <thead> <tr> <th>(Amounts in euro)</th> <th>GROUP</th> <th>COMPANY</th> </tr> </thead> <tbody> <tr> <td>a) Income</td> <td>97,829</td> <td>10,190,846</td> </tr> <tr> <td>b) Expenses</td> <td>1,542,801</td> <td>3,540,210</td> </tr> <tr> <td>c) Receivables</td> <td>50,148</td> <td>34,230,216</td> </tr> <tr> <td>d) Liabilities</td> <td>507,019</td> <td>42,586,334</td> </tr> <tr> <td>e) Fees of Managers and members of the Board of Directors</td> <td>4,136,031</td> <td>3,148,471</td> </tr> <tr> <td>f) Amounts owed by Managers and members of the Board of Directors</td> <td>0</td> <td>0</td> </tr> <tr> <td>g) Amounts to Managers and members of the Board of Directors</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	(Amounts in euro)	GROUP	COMPANY	a) Income	97,829	10,190,846	b) Expenses	1,542,801	3,540,210	c) Receivables	50,148	34,230,216	d) Liabilities	507,019	42,586,334	e) Fees of Managers and members of the Board of Directors	4,136,031	3,148,471	f) Amounts owed by Managers and members of the Board of Directors	0	0	g) Amounts to Managers and members of the Board of Directors	0	0
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Iraklion, March 8, 2011

PRESIDENT OF THE B.o.D.

VICE PRESIDENT OF B.o.D  
& MANAGING DIRECTOR

CHIEF FINANCIAL OFFICER

GROUP ACCOUNTING REPORTING  
& TAX DIRECTOR

GROUP FINANCIAL REPORTING  
MANAGER

DEEPAK SRINIVAS PADMANABHAN  
Passport No Z 1849335

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ID Number S 676330

EVANGELOS RAPTIS  
ID Number. AE 040547

GEORGE MANTZOROS  
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GEORGIA GALI  
ID Number X 091299