

## WEATHER FINANCE III S.À R.L.

### QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2010

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As used in this report, unless otherwise indicated:

"Apax" refers to Apax Partners.

"Company" means Weather Finance III and its consolidated subsidiaries.

"Cosmote" refers to Cellular Operating System of Mobile Telecommunications S.A., a subsidiary of OTE.

"Hellas" refers to Hellas Telecommunications, a société à responsabilité limitée (private limited liability company) incorporated under the laws of the Grand Duchy of Luxembourg, with registered offices at 12, rue Guillaume Kroll, L-1882 Luxembourg and registered with the Luxembourg trade and companies register under number B.107.292.

"Hellas II," refers to Hellas Telecommunications (Luxembourg) II, a société en commandite par actions (partnership limited by shares) incorporated under the laws of the Grand Duchy of Luxembourg, with registered offices at 12, rue Guillaume Kroll, L-1882 Luxembourg and registered with the Luxembourg trade and companies register under number B.93039, with its head office for communications at Suite 304, New Broad Street House, 35 New Broad Street, London, EC2M 1NH, United Kingdom. Prior to 18 December 2006, Hellas Telecommunications (Luxembourg) II was organized as a société à responsabilité (private limited liability company) under the laws of the Grand Duchy of Luxembourg and named Hellas Telecommunications II.

"Hellas III" refers to Hellas Telecommunications (Luxembourg) III, a société en commandite par actions (partnership limited by shares) incorporated under the laws of the Grand Duchy of Luxembourg, with registered offices at 12, rue Guillaume Kroll, L-1882 Luxembourg and registered with the Luxembourg trade and companies register under number B.107.291.

"Hellas IV" refers to Hellas Telecommunications IV, a société à responsabilité limitée (private limited liability company) incorporated under the laws of the Grand Duchy of Luxembourg, with registered offices at 12, rue Guillaume Kroll, L-1882 Luxembourg and registered with the Luxembourg trade and companies register under number B.107.290.

"Hellas V" refers to Hellas Telecommunications (Luxembourg) V, a société en commandite par actions (partnership limited by shares) incorporated under the laws of the Grand Duchy of Luxembourg, with

registered offices at 12, rue Guillaume Kroll, L-1882 Luxembourg and registered with the Luxembourg trade and companies register under number B.107.289.

"Hellas VI" refers to Hellas Telecommunications (Luxembourg), a société à responsabilité limitée (private limited liability company) incorporated under the laws of the Grand Duchy of Luxembourg, with registered offices at 12, rue Guillaume Kroll, L-1882 Luxembourg and registered with the Luxembourg trade and companies register under number B.108.088.

"NTPC" refers to the Greek National Telecommunications and Posts Commission.

"OTE" refers to OTE Hellenic Telecommunications Organization S.A.

"Q-Telecom" refers to Q Telecommunications S.A., a Greek société anonyme, with registered offices at 64, Kifissias Avenue, 15125 Maroussi, Athens, Greece, formerly an operating unit of Info-Quest. Q-Telecom was a distinct legal entity and since 31 January 2006 had been a wholly owned subsidiary of TIM Hellas. On 1 June 2006 Q-Telecom merged with and into Helen GAC Telecommunications S.A. Following the merger, Helen GAC Telecommunications S.A. changed its name to Q-Telecommunications S.A. On 1 June 2007 Q-Telecom merged into the legal entity of WIND Hellas.

"Revolving Credit Facility" refers to the Senior Subscription Agreement entered into on 3 April 2005, and subsequently amended or amended and restated as applicable, on 15 July 2005, 12 September 2005, 31 January 2006, 21 December 2006, 20 April 2007, 17 December 2007 and 20 November 2009..

"Senior Notes" refers to the €355.0 million 9.5% Senior Notes due 2013 issued by Hellas III on 7 October 2005 under an indenture dated 7 October 2005, as amended and restated on 18 December 2006 and as amended on 2 March 2007, 31 December 2008, 13 November 2009 and 27 November 2009..

"Senior Secured Notes" refers to the €1,125.0 million Senior Secured Floating Rate Notes due 2012 issued by Hellas V on 7 October 2005 and 1 February 2006 under an indenture dated 7 October 2005 and as amended and restated on or about 18 December 2006 and as amended on March 2, 2007, December 31, 2008, 13 November 2009 and 27 November 2009.

"Sponsors" refers to a consortium of private equity investment funds affiliated with, or advised and managed by Apax and TPG.

"Tellas" refers to Tellas S.A. Telecommunications, a Greek société anonyme, with registered offices at 1-3, Neapoleos street, 15123 Maroussi, Athens, Greece. WIND Hellas completed the acquisition of a controlling stake of 50% plus one share from its parent company WIND PPC Holding N.V., in October 2007. For accounting consideration, 1 October, was perceived as the effective date of acquisition. As of 31 December 2008 WIND Hellas Telecommunications S.A. ("WIND Hellas") was merged with Tellas S.A. Telecommunications under a reverse merger procedure and changed its name to WIND Hellas Telecommunications S.A., a Greek société anonyme, with registered offices at 66, Kifissias Ave., 15125 Maroussi, Athens, Greece.

"TIM Hellas" refers to TIM Hellas Telecommunications S.A., a Greek société anonyme, with registered offices at 66, Kifissias Ave., 15125 Maroussi, Athens, Greece. On 3 November 2005 TIM Hellas merged with Troy GAC Telecommunications S.A. Following the merger, Troy GAC Telecommunications S.A. changed its name to TIM Hellas Telecommunications S.A. On 29 May 2007 TIM Hellas changed its name to WIND Hellas Telecommunications S.A. ("WIND Hellas").

"TIM Hellas Acquisition Vehicle" refers to Troy GAC Telecommunications S.A., a Greek société anonyme, into which TIM Hellas was merged pursuant to Greek law on 3 November 2005. See also the definition of "TIM Hellas" above.

"TIM Italia" refers to TIM Italia S.p.A..

"Trustee" refers to The Bank of New York Mellon in its capacity as a trustee under the indentures governing the Senior Secured Notes and the Senior Notes.

"TPG" refers to Texas Pacific Group.

"Vodafone Greece" refers to Vodafone Panafon S.A., a subsidiary of the Vodafone Group Plc.

"Weather Finance III" refers to Weather Finance III S.à r.l., a société à responsabilité limitée (private limited liability company) incorporated under the laws of the Grand Duchy of Luxembourg, with registered offices at L – 1331 Luxembourg, 65, Boulevard Grande Duchesse Charlotte and registered with the Luxembourg trade and companies register under number B.147.312.

"Weather Finance II" refers to Weather Finance II S.à r.l., a société à responsabilité limitée (private limited liability company) incorporated under the laws of the Grand Duchy of Luxembourg, with registered offices at L – 1882 Luxembourg, 12, rue Guillaume Kroll and registered with the Luxembourg trade and companies register under number B.144.734.

"Weather Investments" refers to Weather Investments S.p.A., a Società per Azioni or Stock Corporation incorporated under the laws of Italy, with registered offices at Piazza S.S. Apostoli 80, 00187 Rome, Italy, and registered with the Register of Companies under number 08526731008. Weather Investments is a privately held telecommunications investment company controlled by the Sawiris family and Mr. Naguib Sawiris.

"We", "us", and "our" refer, as the context requires, to either Weather Finance III with its subsidiaries or to WIND Hellas.

**Item 1.**

**WEATHER FINANCE III S.À R.L.  
Condensed Consolidated Interim Financial Statements  
30 June 2010**

## WEATHER FINANCE III S.À R.L.

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**WEATHER FINANCE III S.À R.L.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2010**  
**In thousands of Euro, unless otherwise stated**

	<u>Notes</u>	<u>30 June 2010</u> (unaudited)	<u>31 December 2009</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	625,092	662,084
Goodwill	14	-	913,268
Intangible assets	14	634,666	695,384
Deferred tax assets	16	28,784	45,500
Amounts due from related companies	21	22	22
Other assets		5,569	5,978
<b>Total non-current assets</b>		<b><u>1,294,133</u></b>	<b><u>2,322,236</u></b>
<b>Current assets</b>			
Inventories		8,663	10,065
Trade and other receivables	17	227,309	247,898
Amounts due from related companies	21	2,451	3,051
Cash and cash equivalents		24,325	85,176
<b>Total current assets</b>		<b><u>262,748</u></b>	<b><u>346,190</u></b>
<b>Total assets</b>		<b><u>1,556,881</u></b>	<b><u>2,668,426</u></b>

The Notes on pages 11 to 37 are an integral part of these condensed consolidated interim financial statements.

**WEATHER FINANCE III S.À R.L.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2010**  
**In thousands of Euro, unless otherwise stated**

	Notes	30 June 2010 (unaudited)	31 December 2009
<b>Equity</b>			
Share capital	18	13	13
Reserves	18	244,871	254,192
Accumulated deficit		(1,207,210)	(157,595)
<b>Total (deficit) equity attributable to equity holders of the Company</b>		<b>(962,326)</b>	<b>96,610</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>
<b>Total (Deficit) Equity</b>		<b>(962,326)</b>	<b>96,610</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Long term debt due to related companies	19	129,999	121,922
Long term debt, net of current maturities	19	-	1,778,774
Employee benefits		6,352	5,943
Provisions		18,189	18,486
Other non-current liabilities		12,387	13,486
Deferred tax liabilities	16	153,784	161,423
<b>Total non current liabilities</b>		<b>320,711</b>	<b>2,100,034</b>
<b>Current liabilities</b>			
Current debt and current maturities of long term debt	19	1,869,111	38,312
Derivatives	19	-	30,442
Trade and other payables	20	295,034	375,528
Income taxes payable		839	2,460
Amounts due to related companies	21	4,229	1,092
Taxes other than income tax		26,532	21,679
Provisions		2,751	2,269
<b>Total current liabilities</b>		<b>2,198,496</b>	<b>471,782</b>
<b>Total liabilities</b>		<b>2,519,207</b>	<b>2,571,816</b>
<b>Total equity and liabilities</b>		<b>1,556,881</b>	<b>2,668,426</b>

The Notes on pages 11 to 37 are an integral part of these condensed consolidated interim financial statements.

**WEATHER FINANCE III S.À R.L.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**(LOSS)**

**For the three and the six month period ended 30 June 2010**

**In thousands of Euro, unless otherwise stated**

	Notes	three months ended 30 June 2010 (unaudited)	six months ended 30 June 2010 (unaudited)
Revenue	5	198,267	410,813
Other income	6	4,013	8,402
<b>Total revenue</b>		<b>202,280</b>	<b>419,215</b>
Purchases and services	7	(136,382)	(277,528)
Other expenses	8	(13,757)	(22,508)
Personnel expenses	9	(15,408)	(32,664)
Depreciation and amortization	10	(65,937)	(129,713)
Impairment of goodwill	14, 15	(913,268)	(913,268)
Losses on disposal		(12)	(26)
<b>Operating loss</b>		<b>(942,484)</b>	<b>(956,492)</b>
Finance income		14,249	12,714
Finance costs		(46,062)	(93,421)
<b>Net finance costs</b>	11	<b>(31,813)</b>	<b>(80,707)</b>
<b>Loss before tax</b>		<b>(974,297)</b>	<b>(1,037,199)</b>
Income tax expense	12	(24,026)	(12,416)
<b>Loss for the period</b>		<b>(998,323)</b>	<b>(1,049,615)</b>
<b>Other comprehensive loss</b>			
Cash flow hedges, transfer from equity to profit or loss		(11,281)	(12,428)
Income tax on other comprehensive loss		2,821	3,107
Other comprehensive loss for the period, net of income tax		(8,460)	(9,321)
<b>Total comprehensive loss for the period</b>		<b>(1,006,783)</b>	<b>(1,058,936)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(998,323)	(1,049,615)
Non-controlling interests		-	-
<b>Loss for the period</b>		<b>(998,323)</b>	<b>(1,049,615)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(1,006,783)	(1,058,936)
Non-controlling interests		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,006,783)</b>	<b>(1,058,936)</b>

The Notes on pages 11 to 37 are an integral part of these condensed consolidated interim financial statements

**WEATHER FINANCE III S.À R.L**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**For the six month period ended 30 June 2010**

**In thousands of Euro unless otherwise stated**

**Attributable of equity holders of the Company**

	<b>Share Capital</b> (Note 18)	<b>Reserve</b> (Note 18)	<b>Cash Flow Hedge Reserve</b> (Note 18)	<b>Accumulated deficit</b>	<b>Total (Deficit) Equity</b>
<b>Balance at 1 January 2010</b>	<b>13</b>	<b>244,871</b>	<b>9,321</b>	<b>(157,595)</b>	<b>96,610</b>
<b>Total comprehensive loss for the period</b>					
Loss for the period (unaudited)	-	-	-	(1,049,615)	(1,049,615)
Net change in fair value of cash flow hedge transferred to profit or loss, net of tax of €3,107 (unaudited)	-	-	(9,321)	-	(9,321)
<b>Total comprehensive loss for the period (unaudited)</b>	<b>-</b>	<b>-</b>	<b>(9,321)</b>	<b>(1,049,615)</b>	<b>(1,058,936)</b>
<b>Balance at 30 June 2010 (unaudited)</b>	<b>13</b>	<b>244,871</b>	<b>-</b>	<b>(1,207,210)</b>	<b>(962,326)</b>

The Notes on pages 11 to 37 are an integral part of these condensed consolidated interim financial statements

**WEATHER FINANCE III S.À R.L.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW**  
**For the three and the six month period ended 30 June 2010**

**In thousands of Euro, unless otherwise stated**

	Notes	three months ended 31 June 2010 (unaudited)	six months ended 30 June 2010 (unaudited)
<b>Cash flows from operating activities</b>			
Loss for the period		(998,323)	(1,049,615)
<b>Adjustments for:</b>			
Depreciation	10	29,404	56,549
Amortization of intangible assets	10	36,533	73,164
Impairment loss on goodwill	14, 15	913,268	913,268
Net finance costs	11	31,813	80,707
Losses on disposal		12	26
Income tax expense	12	24,026	12,416
Impairment of trade receivables	8	8,500	13,200
Amortization of grants	6	(400)	(1,129)
Employee benefit provision	9	204	409
		<u>45,037</u>	<u>98,995</u>
<b>Changes in operating assets and liabilities:</b>			
Change in inventories		(35)	1,402
Change in trade and other receivables		593	7,989
Change in trade and other payables		(32,754)	(71,916)
Change in non-current receivables		115	409
Cash generated from operating activities		<u>12,956</u>	<u>36,879</u>
Interest paid		(38,252)	(63,755)
Income tax paid		(443)	(2,067)
<b>Net cash used in operating activities</b>		<u><b>(25,739)</b></u>	<u><b>(28,943)</b></u>
<b>Cash flows from investing activities</b>			
Interest received		49	122
Proceeds from sale of property, plant and equipment		9	11
Acquisition of property, plant and equipment	13	(13,916)	(19,594)
Acquisition of intangible assets	14	(6,760)	(12,447)
<b>Net cash used in investing activities</b>		<u><b>(20,618)</b></u>	<u><b>(31,908)</b></u>
<b>Net decrease in cash and cash equivalents</b>		<u><b>(46,357)</b></u>	<u><b>(60,851)</b></u>
Cash and cash equivalents at 1 January 2010		70,682	85,176
<b>Cash and cash equivalents at 30 June 2010</b>		<u><b>24,325</b></u>	<u><b>24,325</b></u>

The Notes on pages 11 to 37 are an integral part of these condensed consolidated interim financial statements.

## 1. REPORTING ENTITY:

Weather Finance III S.à r.l. (“WFIII”) was incorporated in Luxembourg on 20 July 2009 (under the name of “Bosonga Investments S.à r.l.), as a “société à responsabilité limitée”, subject to the laws of Luxembourg, for an unlimited period of time and qualifies as a Soparfi. On 19 October 2009, the company name was changed to Weather Finance III S.à r.l.. WFIII is a wholly owned subsidiary of Weather Finance II S.à r.l (“WFII”) with their ultimate parent company being Weather Investments S.p.A.. WFIII has its registered office at 65, boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg and is registered with the Register of Commerce and Companies of Grand Duchy of Luxembourg under section B number 147.312. Furthermore, as of 1 July 2010, its center of main interests is located at 55 Old Broad Street London EC2M 1RX United Kingdom

The principal activities of WFIII consist of the acquisition, transfer, sale and maintenance of its investments in Luxembourg and foreign countries, by purchase, subscription or in any other manner. WFIII may also borrow, in any form, and proceed with the issuance of bonds without a public offer and which may be convertible, and to the issuance of debentures. It may also carry out any commercial, industrial, or financial activities which it may deem useful in the accomplishment of its purpose. WFIII is a corporate taxpayer subject to common tax law and does not fall in the scope of the holding company Luxembourg law of 31 July 1929.

The condensed consolidated interim financial statements of WFIII as at and for the six months ended 30 June 2010 are comprised of WFIII and its subsidiaries (together referred to as the “Company” and individually as “Company entities”) and are detailed below.

<b>Name</b>	<b>Country of incorporation</b>	<b>Ownership percentage</b>
Hellas Telecommunications (Luxembourg) III S.C.A. (“Hellas III”)	Luxembourg	100.00%
Hellas Telecommunications (Luxembourg) V S.C.A. (“Hellas V”)	Luxembourg	100.00%
Hellas Telecommunications (Luxembourg) S.à r.l. (“Hellas VI”)	Luxembourg	100.00%
WIND Hellas Telecommunications S.A. (“WIND Hellas”)	Greece	100.00%
Hellas Telecommunications IV S.à r.l. (“Hellas IV”)	Luxembourg	100.00%

The operating subsidiary, WIND Hellas, provides mobile, fixed telecommunication and internet access services in the Hellenic Republic ("Greece").

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 are available from the Company’s website [www.wind.com.gr](http://www.wind.com.gr). Certain comparative amounts have been reclassified relating only to the condensed consolidated statement of financial position to conform to the current period’s presentation. These reclassifications do not impact the comparative amounts for total assets, total liabilities or total equity but mainly refer to reclassifications within the current and non-current assets and liabilities captions.

## 2. STATEMENT OF COMPLIANCE:

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2009. These

condensed consolidated interim financial statements were approved by the Board of Managers' of the Company on 20 August 2010.

No comparative figures have been presented in these condensed consolidated interim financial statements for the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows as the Company was incorporated on 20 July 2009 and subsequent to that date, it began its activities.

## **Going concern**

### 1) Board of Managers' position

The financial information included in the condensed consolidated interim financial statements of the Company as of 30 June 2010, which includes the operating subsidiary WIND Hellas, has been presented on a going concern basis and assumes that the Company will have sufficient financial and capital resources to meet its financial and operating requirements for the foreseeable future based on the plans and strategies discussed below. This assumption is dependent on the achievement of a successful conclusion to the financial restructuring process, as discussed below. The Board of Managers has taken into account all information that could reasonably be expected to be available on the date these condensed consolidated interim financial statements were approved and, subject to the achievement of a successful conclusion to the financial restructuring process, they consider that it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis.

### 2) Description of material uncertainty and action taken for mitigating this risk

During the second quarter of 2010, the operations of WIND Hellas, the operating subsidiary of the Company, were severely impacted by the macro-economic conditions in Greece, the government's austerity measures and the highly competitive market environment. In early June 2010, the Company initiated discussions with certain creditors including lenders under the Revolving Credit Facility ("RCF"), counterparties under the hedging agreements (the "Hedging Banks") pursuant to which WIND Hellas hedged its exposure to interest rate fluctuations associated with the Senior Secured Notes (the "interest rate swap contracts" or "swap agreements") and advisors to an ad-hoc committee of Senior Secured Note holders representing the majority in principal amount of the Senior Secured Notes ("Note holder Committee") to address the critical financial situation it was facing.

Following such discussions, the Company has negotiated the terms of a standstill agreement (the "Standstill Agreement") the purpose of which is to enable the Company to stabilize its liquidity position while it pursues a sale or other restructuring alternatives which would create a sustainable capital structure on a long term basis. As of 30 June 2010, the Company and its subsidiaries had reached an agreement with approximately 88% of the RCF Lenders, 100% of the Hedging Banks and Note holders representing approximately 48% aggregate principal amount of the Senior Secured Notes (as at 20 July 2010, note holders representing approximately 80.6% aggregate principal amount of the Senior Secured Notes had acceded to the Standstill Agreement), which would allow it to take a number of actions to materially improve its liquidity position and stabilise its capital structure while it conducts a strategic review of alternatives to address its capital structure in the long term. This agreement was effective immediately and will remain in place until 5 November 2010, unless earlier terminated in accordance with its terms (Note 19).

Material highlights of the Standstill Agreement between WIND Hellas and certain of its RCF lenders, Hedging Banks and Senior Secured Note holders are:

- The suspension of amortization payments under the RCF, interest payments to the senior secured note holders, and settlement payments under the swap agreements;

- The suspension of the rights of consenting creditors to take certain actions in relation to certain defaults and cross-defaults occurring in relation to the RCF, the Hedging Agreements and the Senior Secured Notes during the period ending on 5 November 2010, in which the Standstill Agreement is effective.

The Company also announced the details of a strategic review to ensure its continued long term success. This includes soliciting offers to acquire WIND Hellas or to make an investment in WIND Hellas in connection with a restructuring of its debt. The process has been initiated and targets completion on or by 14 October 2010.

### 3)Emphasis on material uncertainty

As stated above, the financial information included in the condensed consolidated interim financial statements of the Company as of 30 June 2010, has been presented on a going concern basis. However, the Company's ability to continue as a going concern is strongly dependent on the ongoing evaluation of its strategic options and the successful conclusion of its financial restructuring process. Until the outcome of the above processes are known, there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The financial information presented in these condensed consolidated interim financial statements of the Company as of 30 June 2010 does not reflect any adjustments which would be required if the going concern assumption was not appropriate. Given the possible material uncertainty described above, it is not currently possible to determine the extent and quantification of any such adjustments.

## **3. SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended 31 December 2009.

## **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:**

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may be different from these estimates.

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2009 with the exception of the following:

- a. Impairment of goodwill, indefinite and definite useful life of intangible assets and tangible assets (see Note 15).
- b. Recoverability of deferred tax assets relating to taxable losses carried forward (see Notes 12 and 16).
- c. Valuation of trade receivables and financial instruments (see Notes 17 and 19).

**5. REVENUE:**

	<b>Three months ended 30 June 2010 (unaudited)</b>	<b>Six months ended 30 June 2010 (unaudited)</b>
Telephony services	154,089	320,707
Interconnection traffic	32,990	67,392
Revenues from sales of handsets and accessories	6,816	16,149
International roaming	3,178	4,455
Other revenue	1,194	2,110
<b>Total</b>	<b>198,267</b>	<b>410,813</b>

**6. OTHER INCOME:**

	<b>Three months ended 30 June 2010 (unaudited)</b>	<b>Six months ended 30 June 2010 (unaudited)</b>
Income from various sundry services to customers	2,573	4,434
Other	1,040	1,889
Government grants	400	1,129
Reversal of unused provision	-	950
<b>Total</b>	<b>4,013</b>	<b>8,402</b>

## 7. PURCHASES AND SERVICES:

	Three months ended 30 June 2010 (unaudited)	Six months ended 30 June 2010 (unaudited)
Interconnection traffic	(36,076)	(72,444)
Customer acquisition costs	(19,977)	(40,336)
Purchase of materials & merchandise for re-sale	(17,616)	(36,354)
Advertising and promotional services	(13,935)	(27,825)
Rental of circuits	(11,540)	(23,842)
Rental of civil and technical sites	(9,459)	(18,961)
Maintenance costs	(7,533)	(17,005)
Consulting and professional services	(6,425)	(13,851)
Other service expenses	(6,728)	(12,276)
Utilities	(2,873)	(4,672)
National and international roaming	(1,788)	(3,776)
Outsourced services	(1,516)	(3,010)
Change in inventories	36	(1,402)
Transport and storage costs	(506)	(894)
Other leases and rentals	(446)	(880)
<b>Total</b>	<b>(136,382)</b>	<b>(277,528)</b>

## 8. OTHER EXPENSES:

	Three months ended 30 June 2010 (unaudited)	Six months ended 30 June 2010 (unaudited)
Impairment of trade receivables (Note 17)	(8,500)	(13,200)
Taxes and duties	(3,741)	(6,600)
Other operating expenses	(990)	(1,569)
Annual contributions for licenses	(526)	(1,139)
<b>Total</b>	<b>(13,757)</b>	<b>(22,508)</b>

**9. PERSONNEL EXPENSES:**

	<b>Three months ended 30 June 2010 (unaudited)</b>	<b>Six months ended 30 June 2010 (unaudited)</b>
Wages and salaries	(12,288)	(26,159)
Social security	(2,433)	(5,282)
Other personnel costs	(483)	(814)
Defined benefit pension costs	(204)	(409)
<b>Total</b>	<b>(15,408)</b>	<b>(32,664)</b>

**10. DEPRECIATION AND AMORTIZATION:**

	<b>Three months ended 30 June 2010 (unaudited)</b>	<b>Six months ended 30 June 2010 (unaudited)</b>
Depreciation of property, plant & equipment (Note 13)		
-Plant and machinery	(23,949)	(45,882)
-Other tangible assets	(3,841)	(7,574)
-Buildings	(1,614)	(3,093)
Amortization of intangible assets (Note 14)		
-Other intangible assets	(20,601)	(41,129)
-Software	(9,060)	(18,291)
-Licenses	(6,872)	(13,744)
<b>Total</b>	<b>(65,937)</b>	<b>(129,713)</b>

## 11. FINANCE INCOME AND FINANCE COSTS:

	<b>Three months ended 30 June 2010 (unaudited)</b>	<b>Six months ended 30 June 2010 (unaudited)</b>
Cash flow hedges, transfer from equity (Notes 18, 19)	11,281	12,428
Fair value gains on derivatives	2,877	-
Interest income on bank deposits	74	253
Others	17	33
<b>Finance income</b>	<b>14,249</b>	<b>12,714</b>
Interest expense on bonds and bank borrowings (Note 19)	(33,558)	(66,942)
Derivatives related accrued interest	(7,531)	(14,902)
Other financial expenses	(4,613)	(9,043)
Fair value losses on derivatives	-	(1,907)
Foreign exchange loss	(360)	(627)
<b>Finance costs</b>	<b>(46,062)</b>	<b>(93,421)</b>
<b>Net finance costs</b>	<b>(31,813)</b>	<b>(80,707)</b>

## 12. INCOME TAXES:

In accordance with Luxembourg tax regulations, the income tax rates applicable are the corporate income tax rate of 21%, an unemployment fund surcharge of 4% on the corporate income tax and a municipal business income tax of 7.5% on a certain eligible tax base. Therefore, the overall corporate tax rate applicable for companies located in the city of Luxembourg is 28.6%.

In accordance with Greek tax legislation, the current corporate income tax rate applicable for companies residing in Greece is 24%. This rate is applicable for fiscal years ending on 31 December 2010. Effective for fiscal years ending 31 December 2011 and through to 2014, the corporate tax rate will decrease by 1% each year until it reaches 20% in 2014. Furthermore, Greek tax legislation requires the payment of an income tax advance of 80% of the current year's income tax liability. Such an advance is then offset with the following year's current tax liability.

Tax returns are filed annually but the taxable income or loss declared by companies remains provisional and subject to revision until such time as the books and records of the company are examined by the tax authorities and the related tax returns are accepted as final.

The unaudited tax years for the operating subsidiary WIND Hellas, which includes entities that have been previously merged, are as follows: WIND Hellas: from 16 June 2005 through to 31 December 2009, Tellas Telecommunications S.A. (“Tellas”): fiscal years 2007 and 2008 and Q Telecommunications S.A. (“Q-Telecom”): fiscal year 2006.

Furthermore, the Greek tax authorities commenced a tax audit in the last quarter of 2009 of the accounts of WIND Hellas, including the above previously merged entities, for the unaudited tax periods from 16 June 2005 through to 31 December 2008 for WIND Hellas, for 2007 and 2008 for Tellas and for 2006 for Q-Telecom. There has been no outcome with respect to this tax audit. The Company believes it has adequately accrued for any future income taxes that may be owed for its unaudited tax years.

The major components of income tax expense as at the reporting date are:

	three months ended 30 June 2010 (unaudited)	six months ended 30 June 2010 (unaudited)
<b>Current income tax expense</b>		
Prior period income taxes	(101)	(232)
<b>Total</b>	<b>(101)</b>	<b>(232)</b>
<b>Deferred income tax expense</b>		
Write off of previously recognized tax losses	(13,501)	(13,501)
Origination and reversal of temporary differences	(10,173)	1,568
Effect of tax rate change in recoverability of tax losses	(251)	(251)
<b>Total</b>	<b>(23,925)</b>	<b>(12,184)</b>
<b>Total income tax expense</b>	<b>(24,026)</b>	<b>(12,416)</b>

Income tax expense recognized in other comprehensive income

	three months ended 30 June 2010 (unaudited)			six months ended 30 June 2010 (unaudited)		
	Before tax	Income tax expense	Net of tax	Before tax	Income tax expense	Net of tax
Cash flow hedges, transferred from equity	11,281	(2,821)	8,460	12,428	(3,107)	9,321

**Reconciliation of effective tax rate**

		<b>three months ended 30 June 2010 (unaudited)</b>		<b>six months ended 30 June 2010 (unaudited)</b>
Loss for the period		(998,323)		(1,049,615)
Total income tax expense		24,026		12,416
<hr/>				
Loss for the period before taxes		(974,297)		(1,037,199)
<hr/>				
Income tax using the Company's domestic tax rate	28.6%	278,552	28.6%	296,537
Effect of tax rates in foreign jurisdictions	(4.7%)	(45,346)	(4.6%)	(47,591)
Impairment of goodwill	(22.5%)	(219,186)	(21.1%)	(219,186)
Non-deductible expenses	(0.6%)	(5,724)	(1.0 %)	(9,699)
Write off of previously recognized tax losses	(1.4%)	(13,501)	(1.3%)	(13,501)
Effect of tax rate change in recoverability of tax losses	(0.0%)	(251)	(0.0%)	(251)
Current period losses for which no deferred tax asset was recognized	(1.9%)	(18,570)	(1.8%)	(18,725)
Total	(2.5%)	(24,026)	(1.2%)	(12,416)

**13. PROPERTY, PLANT AND EQUIPMENT:**

The major classes of property, plant and equipment are as follows:

	<b>30 June 2010 (unaudited)</b>	<b>31 December 2009</b>
<b>Cost:</b>		
Land and buildings	78,468	79,053
Plant and machinery	856,100	838,254
Commercial and industrial equipment	5,972	6,056
Other tangible assets	98,959	92,930
Tangible assets in progress	21,041	29,090
Total cost	<b>1,060,540</b>	<b>1,045,383</b>
Accumulated depreciation	(435,448)	(383,299)
<b>Net book value</b>	<b>625,092</b>	<b>662,084</b>

Additions in the normal course of operations for the six months ended 30 June 2010 amounted to approximately €19.6 million. Write-offs of fully depreciated property, plant and equipment and other movements for the six months ended 30 June 2010 amounted to approximately €4.4 million.

Depreciation for the six months ended 30 June 2010 amounted to approximately €6.5 million. Write-offs of fully depreciated assets and other movements for the six months ended 30 June 2010 amounted to approximately €4.4 million.

The property, plant and equipment of the Company amounting to net book value of €604 million have been pledged as security for long term debt (Note 19).

#### 14. GOODWILL AND INTANGIBLE ASSETS:

	30 June 2010 (unaudited)	31 December 2009
<b>Cost:</b>		
Goodwill	995,457	995,457
<b>Total</b>	<b>995,457</b>	<b>995,457</b>
Accumulated impairment losses	(995,457)	(82,189)
<b>Carrying amounts</b>	<b>-</b>	<b>913,268</b>

	30 June 2010 (unaudited)	31 December 2009
<b>Cost:</b>		
Software	236,715	228,427
Licenses	320,862	320,862
Other intangible assets	744,263	740,789
Prepayments for purchase of software	2,018	1,334
<b>Total</b>	<b>1,303,858</b>	<b>1,291,412</b>
Accumulated amortization	(669,192)	(596,028)
<b>Net book value</b>	<b>634,666</b>	<b>695,384</b>

Additions to intangible assets in the normal course of operations for the six months ended 30 June 2010 amounted to approximately €2.4 million and mainly related to software licences and connection fees for leased lines. Write offs of fully amortised intangible assets and other movements for the six months ended 30 June 2010 amounted to nil.

Amortization for intangible assets for the six months ended 30 June 2010 amounted to approximately €73.2 million.

The Company incurred a goodwill impairment loss amounting to approximately €13.3 million (Note 15).

Other intangible assets relate to the following finite and indefinite useful life of intangible assets as follows:

	Useful life	30 June 2010 (unaudited)	31 December 2009
Cost:			
Q Telecom brand name (Note 15)	Indefinite	67,100	67,100
Tellas brand name (Note 15)	Indefinite	65,450	65,450
Customer relationships	Finite	533,658	533,658
Contract for fixed network connection	Finite	5,020	5,020
Right of use backbone network contract	Finite	51,100	51,100
Other	Finite	21,935	18,461
<b>Total</b>		<b>744,263</b>	<b>740,789</b>
Accumulated amortization		(363,669)	(322,540)
<b>Net book value</b>		<b>380,594</b>	<b>418,249</b>

## 15. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES:

### (i) Goodwill

For the purpose of impairment testing, goodwill is allocated to the Company's cash-generating unit ("CGU") WIND Hellas, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating segment. As at 31 December 2009, the carrying amount of the goodwill allocated to the WIND Hellas CGU was €13.3 million.

As a result of severe impact on the Company's operations caused by the macro-economic conditions in Greece, the government's austerity measures and the highly competitive market environment, the Company assessed the recoverable amount of its CGU as at 30 June 2010. As a result of this test, the carrying amount of the CGU was determined to be higher than its recoverable amount, which was based on value in use, and an impairment loss of €13.3 million was recognised in the condensed consolidated profit and loss for the six months ended 30 June 2010. This impairment loss was fully allocated to the goodwill.

Value in use for the WIND Hellas CGU was determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use was based on the following key assumptions:

- *Cash flows:* Cash flows were projected based on past experience, actual operating results, financial budgets and the four-year business plan approved by management which reflect management's expectations of revenue growth, operating costs and margin for the CGU. Cash flows beyond the four-year period were extrapolated using an estimated growth rate of 0.25% which takes into account the projected growth rates for the specific market in which the CGU operates, the current economic conditions and are not considered to exceed the long term average growth rates for those markets.
- *Discount rate:* A pre-tax discount rate of 13.0% (31 December 2009: 11.34%) was applied in determining the recoverable amount of the WIND Hellas CGU and was estimated based on the Company's weighted average cost of capital.
- *Mobile Market:* The mobile market is expected to stabilize in 2011 as prices increase in the prepaid sector. In the post-paid sector, subsidy reduction mitigates the effect of further economic contraction. For the forthcoming years, the market is assumed to evolve as follows: Outgoing revenues are expected to grow at 4.5% and 4.9% per annum in 2012 and 2013 respectively, as the Greek economy recovers from the local recession. The mobile market will focus mainly on profitability while acquisition and retention spending is expected to reach a climax in 2011 and show a declining trend afterwards. As far as the Company's mobile segment is concerned, no significant market share changes are assumed. The Company's mobile contract market share remains relatively stable while in the prepaid market, the Company is expected to gain a 0.5% of value market share from 2010 to 2013.
- *Revenues and average revenue per user ("ARPU"):* Mobile revenues will deteriorate throughout 2010 while recovery is expected from 2011 onwards. Post-paid outgoing ARPU is assumed to remain stable due to higher pricing traffic and data revenues growth. Prepaid outgoing ARPU is assumed to increase from 2011 as a significant portion of free traffic will be charged and this will bring about price increases. However, regulatory pressure on mobile termination rates continues up to 2013 directly affecting incoming ARPU and consequently total ARPU.
- *Post-paid and prepaid customer base:* For the years 2011 to 2012 the Company is expected to focus on retention and maintaining its increased emphasis on high value customers. Targeted acquisition activities along with lower competitive aggression will normalize gross additions and disconnection levels and will bring about positive net additions in the post-paid segment. In the prepaid segment, gross additions

are heavily affected in 2010 by the SIM registration process but from 2011 onwards, prepaid churn is expected to drop and the customer base is presumed to further expand.

- *Earnings before interest taxes, depreciation and amortization (“EBITDA”) margin:* EBITDA margin is expected to increase in 2012 and 2013. This is due to the fact that the cost cutback initiatives, optimal expenses administration and efficiency measures (such as on-line platform development, network costs reduction and network infrastructure rationalization) are expected to materialize additional savings.
- *Fixed segment:* The Company’s local loop unbundling (LLU) growth is expected to significantly continue following the market trends. The Company is gaining market share and maintains its focus on aggressive direct fixed telephony deployment and accelerated customer acquisition. Fixed performance and margins are generally assumed to improve throughout the period 2010 to 2013. Improved customer relations management, the aggressive acquisition policy, the development of new sales channels and the effective churn management will enhance customer trends. The Company will mainly focus on strong double play uptake due to ongoing organic growth and increased commercial effort. Fixed line ARPU is assumed to decrease by approximately 3% per annum with no aggressive initiatives by the incumbent and the remaining alternative players while the average minute of use (“AMOU”) is expected to drop marginally.

The values assigned to the key assumptions represent management’s assessment of future trends in the local market and are based on both external sources and internal sources. Any adverse change in a key assumption may result in a further impairment loss.

Changes to assumptions used in the impairment review would lead to the following fluctuations to the aggregate impairment loss recognised as at 30 June 2010:

- An increase of 0.5% in the discount rate would have increased the impairment loss by approximately €4.0 million.
- A decrease of 0.5% in the discount rate would have decreased the impairment loss by approximately €8.1 million.
- An increase of 0.25% in the long term growth rate would have decreased the impairment loss by approximately €8.3 million.
- A decrease of 0.25% in the long term growth rate would have increased the impairment loss by approximately €7.6 million.
- An increase of 1.0% in the forecasted operating cash flows would have decreased the impairment loss by approximately €7.5 million.
- A decrease of 1.0% in the forecasted operating cash flows would have increased the impairment loss by approximately €7.5 million.

(ii) Q-Telecom and Tellas brand names

The intangible assets relating to the brand names for Q-Telecom and Tellas amounted to €67.1 million and €65.5 million, respectively and are included in “Other Intangibles” in the intangible assets schedule (Note 14). These assets are not amortized since Company management has determined that these brands have indefinite useful lives which are based on studies for brand positioning, imaging and brand awareness. The determination of the recoverable amount of the Q-Telecom and Tellas brands are based on the key assumptions outlined above and have been tested for impairment as part of the WIND Hellas CGU as at 30 June 2010.

## 16. DEFERRED TAX ASSETS AND LIABILITIES:

### Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	30 June 2010 (unaudited)	31 December 2009	30 June 2010 (unaudited)	31 December 2009	30 June 2010 (unaudited)	31 December 2009
Provision for liabilities and charges	(2,684)	(2,640)	-	-	(2,684)	(2,640)
Deferred airtime revenue	(3,829)	(4,934)	-	-	(3,829)	(4,934)
Derivatives	-	(7,305)	-	-	-	(7,305)
Roaming discounts	(2,216)	(4,160)	-	-	(2,216)	(4,160)
Tax loss carry-forward	(17,310)	(23,387)	-	-	(17,310)	(23,387)
Property, plant and equipment, intangible assets	-	-	132,411	141,474	132,411	141,474
Deferred charges for financial liabilities (debt)	-	-	3,540	4,210	3,540	4,210
Other	(2,745)	(3,074)	17,833	15,739	15,088	12,665
<b>Tax (assets) liabilities</b>	<b>(28,784)</b>	<b>(45,500)</b>	<b>153,784</b>	<b>161,423</b>	<b>125,000</b>	<b>115,923</b>

### Movement in temporary differences during the period

	Balance 1 January 2010	Recognized in profit or loss (unaudited)	Recognized in other comprehensive loss (unaudited)	Balance 30 June 2010 (unaudited)
Provision for liabilities and charges	(2,640)	(44)	-	(2,684)
Deferred airtime revenue	(4,934)	1,105	-	(3,829)
Derivatives	(7,305)	10,412	(3,107)	-
Roaming discounts	(4,160)	1,944	-	(2,216)
Tax loss carry-forward	(23,387)	6,077	-	(17,310)
Property, plant and equipment, intangible assets	141,474	(9,063)	-	132,411
Deferred charges for financial liabilities (debt)	4,210	(670)	-	3,540
Other	12,665	2,423	-	15,088
<b>Tax (assets) liabilities</b>	<b>115,923</b>	<b>12,184</b>	<b>(3,107)</b>	<b>125,000</b>

## 17. TRADE AND OTHER RECEIVABLES:

	30 June 2010 (unaudited)	31 December 2009
Customers for services rendered	162,589	146,456
Accrued customer revenues	10,944	16,276
Interconnection and roaming fees receivable	28,498	46,150
Receivable due from dealers	9,159	14,968
Income tax advance	14,932	14,932
Other receivables due from tax authority	1,021	1,054
Receivable from Post Office	868	1,165
Prepaid expenses	26,834	23,397
Receivable from Hellas II (in administration)	10,000	10,000
Other	35,586	35,155
Total before allowance for impairment	300,431	309,553
Less: Allowance for impairment	(73,122)	(61,655)
<b>Total</b>	<b>227,309</b>	<b>247,898</b>

The movement in the allowance for impairment in respect of trade receivables during the period is as follows:

	<b>30 June 2010</b> (unaudited)
Balance at 1 January 2010	61,655
Charge for the period (Note 8)	13,200
Write off	(1,733)
Balance at end of period	<u>73,122</u>

Trade receivables amounting to approximately €50.4 million have been pledged as security for long term debt (Note 19).

## **18. EQUITY:**

### **Share Capital**

As at 30 June 2010 and 31 December 2009, the authorized and issued share capital amounted to 250 shares with a par value of €50 (fifty Euros) each. All issued shares are fully paid. In accordance with the pledge agreement dated 20 November 2009, the 250 ordinary shares of the Company are pledged in favour of J.P. Morgan Europe Limited with an effective date of 27 November 2009. There has been no issuance of shares in the six months ended 30 June 2010.

### **Reserve**

The reserve reflected in the consolidated statement of changes in equity amounting to €244,871 represents the difference between assets and liabilities and cash consideration paid resulting from the acquisition of entities or a group of assets under common control. There has been no change for the six months ended 30 June 2010.

### **Cash flow hedge reserve**

The cash flow hedge reserve comprised the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to forecasted transactions that had not occurred. As of 30 June 2010, following the termination of the interest rate swaps held by WIND Hellas (Note 19), this reserve was recognised in the condensed consolidated statement of comprehensive income (Note 11).

No dividends have been declared during the period.

## 19. DEBT AND DERIVATIVES:

The following table provides details of the Company's debt and derivatives:

	30 June 2010 (unaudited)			31 December 2009		
	Current	Non Current	Total	Current	Non Current	Total
Bonds and bank financing	99,487	-	<b>99,487</b>	38,312	1,778,774	<b>1,817,086</b>
Debt due to related companies (Note 21)	-	129,999	<b>129,999</b>	-	121,922	<b>121,922</b>
Current maturities of long term debt	1,769,624	-	<b>1,769,624</b>	-	-	-
Derivatives	-	-	-	30,442	-	<b>30,442</b>
<b>Total</b>	<b>1,869,111</b>	<b>129,999</b>	<b>1,999,110</b>	<b>68,754</b>	<b>1,900,696</b>	<b>1,969,450</b>

The following table provides details of the maturity dates of the Company's debt and derivatives as at 30 June 2010:

	30 June 2010 (unaudited)			31 December 2009		
	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years	Total
Bonds and bank financing	99,487	-	<b>99,487</b>	38,312	1,778,774	<b>1,817,086</b>
Debt due to related companies (Note 21)	-	129,999	<b>129,999</b>	-	121,922	<b>121,922</b>
Current maturities of long term debt	1,769,624	-	<b>1,769,624</b>	-	-	-
Derivatives	-	-	-	30,442	-	<b>30,442</b>
<b>Total</b>	<b>1,869,111</b>	<b>129,999</b>	<b>1,999,110</b>	<b>68,754</b>	<b>1,900,696</b>	<b>1,969,450</b>

The following table provides an analysis of the Company's third party debt, by currency of issuance and effective interest rate as at 30 June 2010 (unaudited):

	< 5%	5% - 7.5%	10% - 12.5%	Total
<b>Euro</b>	45,299	1,472,817	350,995	<b>1,869,111</b>

Current maturities of long term debt consist principally of the portions of principal on bonds and bank facilities as well as the derivative hedging unwind liability, which are contractually due within twelve months of the consolidated statement of financial position date. For the current maturities of long term debt classification refer to the caption Covenants/Mandatory repayments below.

### (a) Third party borrowings

Terms and conditions of outstanding financial liabilities were as follows:

	Ref	Curre ncy	Nominal interest rate	Year of Maturity	30 June 2010 (unaudited)		31 December 2009	
					Face value	Carrying amount	Face value	Carrying amount
<b>Current</b>								
Bond Loan	(iv)	€	6M Euribor + 1.75%	2010	3,312	3,312	3,312	3,312
Revolving Credit Facility	(iii)	€	Euribor + 3.25%	2010	35,000	35,000	35,000	35,000
Revolving Credit Facility	(iii)	€	Euribor + 3.25%	2011	22,500	22,500	-	-
Derivative hedging unwind liability	(v)	€	Cost of funding + 1%	2010	38,675	38,675	-	-
<b>Total</b>					<b>99,487</b>	<b>99,487</b>	<b>38,312</b>	<b>38,312</b>
<b>Long term Bonds and bank financing reflected as current</b>								
Senior Secured Notes - €25 million issue	(i)	€	3M Euribor + 6%	2012	932,156	927,588	-	-
Senior Secured Notes - €200 million issue	(i)	€	3M Euribor + 6%	2012	201,547	198,641	-	-
Senior Secured Notes - €7.3 million issue	(i)	€	3M Euribor + 6%	2012	98,002	98,303	-	-
Senior Notes - €55 million issue	(ii)	€	9.50%	2013	356,371	350,995	-	-
Revolving Credit Facility	(iii)	€	Euribor + 3.25%	2011	22,500	22,500	-	-
Revolving Credit Facility	(iii)	€	Euribor + 3.25%	2012	170,000	168,285	-	-
Bond Loan	(iv)	€	6M Euribor + 1.75%	2011	3,312	3,312	-	-
<b>Total</b>					<b>1,783,888</b>	<b>1,769,624</b>	-	-
<b>Total current</b>					<b>1,883,375</b>	<b>1,869,111</b>	<b>38,312</b>	<b>38,312</b>
<b>Non current</b>								
Senior Secured Notes - €25 million issue	(i)	€	3M Euribor + 6%	2012	-	-	925,000	919,538
Senior Secured Notes - €200 million issue	(i)	€	3M Euribor + 6%	2012	-	-	200,000	196,528
Senior Secured Notes - €7.3 million issue	(i)	€	3M Euribor + 6%	2012	-	-	97,250	97,611
Senior Notes - €55 million issue	(ii)	€	9.50%	2013	-	-	355,000	348,958
Revolving Credit Facility	(iii)	€	Euribor + 3.25%	2011	-	-	45,000	45,000
Revolving Credit Facility	(iii)	€	Euribor + 3.25%	2012	-	-	170,000	167,827
Bond Loan	(iv)	€	6M Euribor + 1.75%	2011	-	-	3,312	3,312
<b>Total non current</b>					-	-	<b>1,795,562</b>	<b>1,778,774</b>
<b>Total</b>					<b>1,883,375</b>	<b>1,869,111</b>	<b>1,833,874</b>	<b>1,817,086</b>

- (i) On 7 October 2005, Hellas V issued senior secured floating rate notes (the “Senior Secured Notes”) with a principal amount of €25.0 million under an indenture agreement (the “Senior Secured Notes Indenture”) dated 7 October 2005 and amended and restated as of 18 December 2006, 2 March 2007, 31 December 2008, 13 November 2009 and 27 November 2009, among itself, the guarantor party (as defined under the Senior Secured Notes Indenture) J.P. Morgan Europe Limited, as security agent and the Bank of New York, as trustee. Furthermore, on 1 February 2006 and 21 December 2006, Hellas V issued additional Senior Secured Notes with principal amounts of €200.0 million and €7.3 million, respectively under the Senior Secured Indenture. As at 30 June 2010, total principal outstanding for the Senior Secured Notes was €1,231.7 million. The Senior Secured Notes constitute a single class of debt securities under the Senior Secured Indenture, they mature on 15 October 2012 and bear interest at a rate per annum, reset quarterly, equal to Euribor plus 6.0% (this interest rate spread includes the increase of

2.5% that resulted from the restructuring transaction in November 2009). These notes have been classified to current (refer to caption Covenants/Mandatory repayments below).

- (ii) On 7 October 2005, Hellas III issued senior notes (the “Senior Notes”) with a principal amount of €355.0 million. The Senior Notes mature on 15 October 2013 and bear interest at a fixed rate per annum of 9.5%. This interest rate was increased in November 2009 as part of the restructuring transaction from 8.5% to 9.5% and upon maturity of the Senior Notes, an exit fee of 2.0% is payable. The Senior Notes were issued under an indenture (the “Senior Notes Indenture”) dated 7 October 2005, as supplemented on 31 January 2006 and amended and restated on 18 December 2006, 2 March 2007, 31 December 2008, 13 November 2009, and 27 November 2009, between, among itself, the guarantor party (as defined under the Senior Notes Indenture) J.P. Morgan Europe Limited as security agent and the Bank of New York, as trustee. As at 30 June 2010, total principal outstanding for the Senior Notes was €356.4 million. These notes have been classified to current (refer to caption Covenants/Mandatory repayments below).
- (iii) A senior subscription agreement (the “Revolving Credit Facility” or the “Senior Subscription Agreement”) was entered into on 3 April 2005 and subsequently amended and restated as applicable, on 15 July 2005, 12 September 2005, 31 January 2006, 21 December 2006, 20 April 2007, 17 December 2007 and 20 November 2009 between, among others, Hellas V and WIND Hellas as borrowers and J.P. Morgan Europe Limited as issuing bank, agent and security agent. The Revolving Credit Facility provides for commitments up to €250.0 million in the form of a revolving facility which has been fully drawn down as at 30 June 2010. The Revolving Credit Facility is guaranteed by WFIII, Hellas IV, Hellas V, Hellas VI and WIND Hellas. The Revolving Credit Facility matures on 3 April 2012 and bears interest at a rate of Euribor plus a margin ranging from 2.5% to 3.25% (which includes a 1% margin increase that resulted from the restructuring transaction in November 2009). Furthermore, as part of the restructuring transaction in November 2009, the principal repayments have been scheduled to take place within the next two years and are indicated in the preceding table. The long term portions of the RCF have been classified to current (refer to caption Covenants/Mandatory repayments below).
- (iv) A bond loan was obtained by WIND Hellas in 2007 totalling €13.3 million from a local Greek financial institution for the expansion of its network infrastructure. This bond loan matures on 31 December 2011, bears interest at the six month Euribor plus 1.75% and the principal amount is payable over a four year period in equal annual instalments. As of 30 June 2010, the amount outstanding is €6.6 million. This bond loan has been classified to current (refer to caption Covenants/Mandatory repayments below).
- (v) As at 30 June 2010, WIND Hellas entered into agreements (“Hedging Unwind Amendment Agreements”) with JP Morgan Chase Bank, N.A. and Deutsche Bank AG, London Branch (the “counterparties”) for the termination of the interest rate swap contracts they held. The termination of these agreements resulted in a debt obligation to WIND Hellas amounting to €38.7 million, which bears an interest rate equal to cost of funding to the banks plus 1.0%. This debt obligation was payable immediately by WIND Hellas however as a result of the Standstill Agreement entered into (refer to discussion below), the payment of this obligation has been deferred to no later than 5 November 2010.

Regarding the restructuring transaction that occurred in November 2009, on 13 November 2009, Hellas III and Hellas V completed a consent solicitation process in terms of which each of Hellas III and Hellas V received the required consents under the Senior Notes Indenture and Senior Secured Notes Indenture, respectively, in order to implement the restructuring of Hellas II and its subsidiaries companies (which included WIND Hellas, Hellas III, Hellas IV, Hellas V and Hellas VI). On 13 November 2009, Hellas III, the guarantors (under the Senior Notes Indenture) and The Bank of New York Mellon, as Trustee, entered into a third supplemental indenture (the “Senior Notes Third Supplemental Indenture”) which amended the Senior Notes Indenture and Hellas V, the guarantors (under the Senior Secured Notes Indenture) and The Bank of New York Mellon, as Trustee, entered into a third supplemental indenture (the “Senior Secured Notes Third Supplemental Indenture”) which amended the Senior Secured Notes Indenture. The “Senior Secured Notes Indenture” together with the “Senior Notes Indenture” are referred to as the “Indentures” and the “Senior Notes Third Supplemental Indenture” together with the “Senior Secured Notes Third Supplemental Indenture” are referred to as the “Third Supplemental Indentures”.

The Third Supplemental Indentures provided for, among other things:

- A waiver of any Default or Event of Default (each as defined in the relevant Indenture) and related waivers of requirements and restrictions to allow the consummation of a restructuring of the Hellas II group as contemplated by the Consent Solicitation Statement in respect of the Indentures dated 9 November 2009 (“Consent Solicitation Statement”);
- Amendments to the reporting requirements under the relevant Indenture so as to reduce the number of days following the end of each fiscal quarter within which the Parent Guarantor (as defined in each of the Indentures) is required to provide its quarterly reports to the relevant Trustee from 60 to 45 and additional quarterly report requirements;
- Amendments to the restrictions under the relevant Indenture on Affiliate Transactions (as defined in such Indenture) so as to eliminate exceptions to such restrictions for Permitted Investments (as defined in such Indenture), for transactions with entities in which the Parent Guarantor or a Restricted Subsidiary (as defined in such Indenture) holds an equity interest;
- Authorization of the Trustee to enter into (and to instruct the Security Agent to enter into) an Additional Intercreditor Agreement (as defined in the relevant Indenture), consistent with, and upon consummation of a restructuring of the Hellas II group (including an insolvency sale) as contemplated by the Consent Solicitation Statement;
- Authorization of the Trustee to give the Security Agent certain instructions to give effect to the proposed waivers, amendments and authorizations set out in the Third Supplemental Indentures;
- Solely with respect to the Senior Secured Notes Indenture, authorization of the Senior Secured Notes Trustee to instruct the Security Agent to enter into a transfer agreement with respect to the transfer the rights and obligations of Hellas II to WFIII;
- The enhancements to economic terms (including interest rates) of the Senior Notes and Senior Secured Notes, respectively; and
- Various other amendments (including tightening of existing covenant restrictions on restricted payments, affiliate transactions and merger, consolidation and sale of assets) and certain additional covenants.

Furthermore, WFIII acquired the assets of Hellas II under the terms of a sale and purchase agreement between Hellas II (in administration) and WFIII dated 27 November 2009. As a result, WFIII assumed all of the obligations of Hellas II and succeeded Hellas II as Parent Guarantor under the Senior Notes Indenture and the Senior Secured Notes Indenture, respectively.

The Senior Secured Notes are guaranteed by WFIII and certain of its subsidiaries, including WIND Hellas on a senior basis and are secured by liens on substantially all of the assets of WFIII and certain of its subsidiaries, including WIND Hellas. The Senior Notes are guaranteed by WFIII and certain of its subsidiaries, including WIND Hellas, on a senior subordinated basis and are secured by junior liens on the shares of WIND Hellas, all inter-company bond loans owed to Hellas III and the bank accounts of Hellas III.

Specifically, the pledged assets of the Company as of 30 June 2010 are: property, plant and equipment of approximately €604 million (Note 13), inventory of approximately €8.7 million, trade and other receivables of approximately €50.4 million (Note 17) and cash at banks of approximately €24.2 million.

The Senior Secured Notes and the Senior Notes (collectively referred to as the “Notes”) have been issued under the Senior Secured Notes Indenture and Senior Notes Indenture (collectively referred to as the

“Indentures”) among Hellas V, the Senior Secured Guarantors, the Senior Secured trustee and the security agent and Hellas III, the Senior Guarantors, the Senior trustee and the Security agent, respectively.

The Indentures contains covenants including, among others, the following restrictions:

- incur or guarantee additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem the Company’s stock;
- make investments or other restricted payments;
- create liens;
- enter into certain transactions with affiliates;
- enter into agreements that restrict the Company’s restricted subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of the Company’s assets.

If an event of default of the covenants and the continuance of the default, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an event of default relating to certain events of bankruptcy, insolvency or reorganization of the parent guarantor occurs and is continuing, then the principal of and interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

The Revolving Credit Facility contains various covenants substantially similar to the covenants in the Indentures. In addition, the Revolving Credit Facility contains the following four financial covenants: (a) minimum liquidity levels of WFIII and certain of its subsidiaries, (b) the level of capital expenditure of WFIII and certain of its subsidiaries, (c) the maintenance of the ratio of consolidated earnings before income taxes depreciation and amortization of WFIII and certain of its subsidiaries to total net cash interest expense and (d) the maintenance of the ratio of net senior secured debt to consolidated earnings before income taxes depreciation and amortization of WFIII and certain of its subsidiaries. These covenants are tested quarterly, except for the minimum liquidity covenant that is tested monthly and the maximum capital expenditure covenant which is tested annually.

### **Covenants/Mandatory repayments**

As stated above, the Revolving Credit Facility requires the Company to comply with certain covenants and mandatory repayments that are as follows:

#### Covenants

- Minimum liquidity levels
- Interest Cover (the ratio of EBITDA to Total Net Cash Interest Expense for the twelve month period ending on each Quarterly Test Date)
- Ratio of Net Secured Debt on each Quarterly Test Date to EBITDA for the 12 month period ending on a Quarterly Test Date
- Maximum Capital Expenditure in respect of a financial year

### Mandatory repayments (amortization due)

- An amortization payment of €17.5 million for the Revolving Credit Facility originally due on 30 June 2010.

As stated in Note 2 above, as a result of the critical financial situation facing the operating subsidiary WIND Hellas in the second quarter of 2010, the Company initiated discussions with certain lenders to enable to it to stabilize its short term liquidity while it conducts a strategic review of available alternatives which would materially improve its liquidity position and stabilise its capital structure in the long term. As a result of the severe impact on the Company's operations caused by the factors stated in Note 2, the Company has not met certain of the minimum covenant/mandatory repayment requirements indicated above and this has resulted in a reclassification of all affected debt and bank borrowings from non-current to current.

To address these issues and pursuant to the discussions with creditors, a Standstill Agreement was entered into on 30 June 2010 between the Company and its Revolving Credit Facility Lenders, the Hedging Banks and Senior Secured Note holders, representing approximately 80.6% (as at 20 July 2010) aggregate principal amount of the Senior Secured Notes, which will allow the Company to take a number of actions to achieve the aims set out above. The Standstill Agreement was effective immediately and will remain in place until 5 November 2010, unless earlier terminated in accordance with its terms.

The Company also announced the details of a strategic review to ensure its continued long term success. This includes soliciting offers for the acquisition of WIND Hellas and/or an investment in WIND Hellas in connection with a restructuring of its debt. The process was initiated immediately and targets completion on or by 14 October 2010.

Material highlights of the Standstill Agreement include a suspension of rights by consenting creditors related to a decision by the Company to defer i) the amortization payment of €17.5 million due with respect to the Revolving Credit Facility on 30 June 2010 together with any interest due on such amount ii) the interest due on the Senior Secured Notes on 15 July 2010; iii) the payments due under the Hedging Unwind Amendment Agreements due to the Hedging Banks respectively on 30 June 2010; iv) any non-compliance with certain financial and other covenants during the period of the Standstill Agreement and v) payments due under certain corporate bond programmes. Furthermore, the Company is required to provide certain financial and non-financial information weekly to the creditors and is required to comply with a minimum liquidity covenant (on a historical and look forward basis, subject to a cure right).

The Standstill Agreement became effective when requisite approvals were received from approximately 88% of Revolving Credit Facility Lenders and 100% of the Hedging Banks. The Standstill Agreement required that holders of more than 75% aggregate principal amount of the Senior Secured Notes accede to the Standstill Agreement by 20 July 2010. As at 20 July 2010, holders of approximately 80.6% in aggregate principal amount of the Senior Secured Notes acceded to the Standstill Agreement. The Standstill Agreement is effective until 5 November 2010 and is subject to earlier termination in certain specified circumstances.

The suspension period is effective from 30 June 2010 until 5 November 2010, unless a termination event occurs and, in relation to most events, a termination notice is served as outlined below. Early termination events include but are not limited to:

- (i) Senior Secured Note holders holding less than 75% of the principal amount of the Notes acceded to the Standstill Agreement on or by 20 July 2010.
- (ii) At least 66.67% or 50.01% of the consenting Revolving Credit Facility or Senior Secured Notes creditors, respectively serve a termination notice if no indications of interest or bids (as applicable) are received or no preferred bidder is selected or a term sheet for a restructuring is not agreed by the applicable date in accordance with the restructuring process timetable as set out in the Standstill Agreement or at any time the Board determines there is no reasonable prospect of a restructuring.

- (iii) Failure to comply with restrictions on certain payments being made including certain related party payments.
- (iv) Non-compliance with the minimum liquidity covenant.
- (v) Occurrence of an Event of default (other than a suspended default).
- (vi) Change of control.
- (vii) Other terms and conditions that are standard for an agreement of this nature.

To invoke an early termination event, a termination notice is required to be served by either 66.67% or 50.01% of the consenting Revolving Credit Facility or Senior Secured Notes creditors save that termination will be automatic if a binding restructuring agreement becomes effective or an insolvency event occurs.

For the finance costs incurred for the period ended 30 June 2010 for the Company's debt, refer to Note 11.

In addition, interest capitalized on the Senior Secured Notes and Senior Notes amounted to €10.8 million for the six months ended 30 June 2010.

#### **(b) Related party borrowing**

As at 30 June 2010, debt due to related companies of approximately €30.0 million, including accrued interest of approximately €9.4 million, represents an interest bearing intercompany loan from WFII to WFIII. The interest rate up to 31 December 2009 was 12.7% fixed rate per annum and was revised to 13.125% as of 1 January 2010. This loan matures on 16 October 2014.

Interest expense incurred for the above intercompany loan for the six months ended 30 June 2010 amounted to approximately €8.0 million and is included in other financial expenses (Note 11).

#### **(c) Derivatives**

As at 31 December 2009, the Company held five interest rate swap contracts which are summarized as follows: (i) three interest rate swap contracts with an aggregate notional amount of €1,125 million effective to 14 October 2010 and (ii) two interest rate swap contracts with an aggregate notional amount of €50 million effective to 15 October 2012 (having been reduced from an aggregate notional amount of €97.3m on 15 October 2009). The above contracts were entered into by the Company in order to mitigate its exposure to interest rate fluctuations associated with its variable rate debt.

As at 30 June 2010, WIND Hellas entered into the Hedging Unwind Amendment Agreements with JP Morgan Chase Bank, N.A. and Deutsche Bank AG, London Branch, for the termination of these five interest rate swap contracts held by WIND Hellas. The termination of these agreements resulted in a debt obligation for WIND Hellas amounting to €8.7 million, which bears an interest rate equal to cost of funding to the banks plus 1.0%. This debt obligation was payable immediately by WIND Hellas however as a result of the Standstill Agreement entered into (refer to discussion above), the payment of this obligation has been deferred to no later than 5 November 2010.

## 20. TRADE AND OTHER PAYABLES:

	30 June 2010 (unaudited)	31 December 2009
Trade payables due to telephone operators	41,898	61,919
Trade payables due to dealers	23,141	24,016
Other suppliers and accrued liabilities	135,862	186,538
Accrued interest on debt (Note 19)	28,481	30,030
Deferred income	32,493	41,766
Social security payables	1,296	2,958
License fee to National Telecommunications and Postal Committee ("NTPC")	3,777	2,639
Personnel payables	6,502	3,631
Other	21,584	22,031
<b>Total</b>	<b>295,034</b>	<b>375,528</b>

## 21. RELATED PARTIES :

### Parent and ultimate controlling party

The ultimate controlling party of the Company is Weather Investments S.p.A.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial period. The terms and conditions of the transactions with these related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

	30 June 2010 (unaudited)	31 December 2009
<b>Amounts owed by related parties included in non current assets</b>		
Subsidiary of ultimate parent company - Hellas	22	22
<b>Total</b>	<b>22</b>	<b>22</b>

	30 June 2010 (unaudited)	31 December 2009
<b>Amounts owed by related parties included in current assets</b>		
Ultimate parent company - Weather Investments S.p.A.	-	10
Subsidiary of ultimate parent company - WIND International Services	2,078	2,354
Subsidiary of ultimate parent company - WIND Telecomunicazioni S.p.A.	206	504
Subsidiary of ultimate parent company - Mobinil	12	28
Subsidiary of ultimate parent company - Orascom Algeria	11	13
Subsidiary of ultimate parent company - Orascom Tunisia	2	1
Subsidiary of ultimate parent company - Hellas	4	3
Subsidiary of ultimate parent company - Hellas UK	138	138
<b>Total</b>	<b>2,451</b>	<b>3,051</b>

	30 June 2010 (unaudited)	31 December 2009
<b>Amounts owed to related parties included in current liabilities</b>		
Ultimate parent company - Weather Investments S.p.A.	2,616	139
Subsidiary of ultimate parent company -Weather Capital S.ar.l.	94	-
Subsidiary of ultimate parent company - WIND Telecomunicazioni S.p.A.	22	485
Subsidiary of ultimate parent company - WIND International Services	1,319	315
Subsidiary of ultimate parent company - Mobinil	31	35
Subsidiary of ultimate parent company - Orascom Algeria	-	2
Subsidiary of ultimate parent company - Orascom Tunisia	9	6
Subsidiary of ultimate parent company - Summit Technology	2	-
Subsidiary of ultimate parent company - Hellas	70	70
Subsidiary of ultimate parent company - Hellas I (i)	25	25
Parent company – Weather Finance II	41	15
<b>Total</b>	<b>4,229</b>	<b>1,092</b>

(i) Hellas Telecommunications I S.ar.l

	30 June 2010 (unaudited)	31 December 2009
<b>Debt due to related companies</b>		
Parent company – Weather Finance II (Note 19)	129,999	121,922
<b>Total</b>	<b>129,999</b>	<b>121,922</b>

	Six months ended 30 June 2010 (unaudited)
<b>Services to related parties (i)</b>	
Subsidiary of ultimate parent company - WIND Telecomunicazioni S.p.A.(i)	56
Subsidiary of ultimate parent company - WIND International Services (i)	3,806
Subsidiary of ultimate parent company - Mobinil (i)	50
Subsidiary of ultimate parent company - Orascom Algeria (i)	10
Subsidiary of ultimate parent company - Orascom Tunisia (i)	4
<b>Total</b>	<b>3,926</b>

(i) the transactions relate to telecommunication and other services

	Six months ended 30 June 2010 (unaudited)
<b>Services from related parties</b>	
Ultimate parent company - Weather Investments S.p.A. (i)	1,024
Subsidiary of ultimate parent company -Weather Capital S.ar.l.	94
Subsidiary of ultimate parent company - WIND Telecomunicazioni S.p.A.(ii)	103
Subsidiary of ultimate parent company - WIND International Services (ii)	1,475
Subsidiary of ultimate parent company - Mobinil (ii)	107
Subsidiary of ultimate parent company - Orascom Algeria (ii)	2
Subsidiary of ultimate parent company - Orascom Tunisia (ii)	16
<b>Total</b>	<b>2,821</b>

(i) the transactions relate to management fees and insurance and other services

(ii) the transactions relate to telecommunication services and other expenses

	<b>Six months ended 30 June 2010</b> (unaudited)
<b>Other financial income from related parties</b>	
Subsidiary of ultimate parent company - Hellas I (i)	32
<b>Total</b>	<b>32</b>

(i) Hellas Telecommunications I S.ar.l

	<b>Six months ended 30 June 2010</b> (unaudited)
<b>Other financial expenses to related parties</b>	
Parent company – Weather Finance II (Note 19)	7,962
Subsidiary of ultimate parent company - Hellas I (i)	32
<b>Total</b>	<b>7,994</b>

(i) Hellas Telecommunications I S.ar.l

	<b>Six months ended 30 June 2010</b> (unaudited)
<b>Compensation of key management personnel of the Company</b>	
Salaries and short term employee benefits (salaries, employers' contributions, bonuses)	3,762
Termination benefits	205
<b>Total compensation to key management personnel</b>	<b>3,967</b>

## 22. COMMITMENTS AND CONTINGENCIES:

### *Commitments*

**Capital commitments:** The Company has a number of outstanding capital commitments on supplier contracts which at 30 June 2010 amounted to approximately €35.8 million.

### *Contingent Liabilities*

Except as noted below, there have been no significant changes in the contingent liabilities reported in the Notes to the consolidated financial statements as at and for the year ended 31 December 2009.

#### *(i) Delan arbitration/Carothers litigation*

With respect to the merits hearing relating to the lawsuit served to WIND Hellas from Carothers Ltd on 14 October 2009, the Court hearing that was initially scheduled for 20 January 2010 was postponed to 13 October 2010. Regarding the interim injunction filed by Carothers Ltd., the hearing date for the second application was again re-scheduled from 16 June 2010 to 14 May 2010. In addition, on 16 March 2010 WIND Hellas filed an application for the reform of the provisional order issued by the Court on 26 February 2010. The hearing took place on 23 March 2010 and the competent judge accepted the petition of WIND

Hellas, amending the provision order by restricting it only to the tangible assets of the Company (excluding the real estate assets). An application was again filed by Carothers on 12 April 2010 requesting the Court to amend the provisional order issued on 23 March 2010 and on 28 April 2010, the competent judge partially again amended the provisional order by including all WIND Hellas assets excluding all bank accounts. Furthermore, the competent judge extended the provisional order until the day that he will make publicly available his judgment. The application was discussion on 14 May 2010 and the decision is still pending. On 16 June 2010, WIND Hellas, in accordance with Section 9.3(b) of the 3 April 2005 stock purchase agreement (the “2005 SPA”) between TIM International N.V. (subsequently Telecom Italia International N.V.) (“TII NV”) and A.C.V. Finance (of which WIND Hellas is today the corporate successor), requested TII NV to defend WIND Hellas in the Delan/Carothers Litigation by taking up the defence before the merits hearing, which is scheduled for 13 October 2010. Management has reviewed the merits of this lawsuit with its legal counsel and have concluded that the likelihood of an unfavourable decision against WIND Hellas is remote therefore no provision is recorded in the condensed consolidated interim financial statements of the Company as at 30 June 2010.

***(ii) Benroubis S.A.***

The hearing for this case was held on 28 April 2010 and the court decision is still pending.

***(iii) Pinakoulas litigation***

On 3 June 2010, WIND Hellas was served a lawsuit from Mr. Pinakoulas who was one of the arbitrators in the Delan case who had resigned (refer to above). He claims approximately €50 for compensation for his professional services during the Delan arbitration. The case was scheduled to be heard on 21 September 2010 before the Athens Court of First Instance however on 13 July 2010, this lawsuit was replaced by a second lawsuit for the same compensation and the hearing was re-scheduled to 26 October 2010. An estimate of the probable outcome of the case is not determinable as of yet.

***(iv) Microdata litigation***

In November 2008, Microdata S.A., one of the Company’s re-sellers, filed a lawsuit against WIND Hellas claiming approximately EUR 1.1 million plus interest for breach of the contractual terms between the two parties. The lawsuit was initially scheduled to be heard in October 2009 but was aborted due to the national elections at the time. Microdata S.A. restated its claim in November 2009 and the case was assigned to the Company’s external counsel in July 2010. The case is scheduled to be heard on 27 October 2010 before the Athens Court of First Instance. An estimate of the probable outcome of the case is not determinable as of yet.

As at 30 June 2010, the Company has recorded a provision of €2.7 million which is its best estimate of the possible outcomes of the legal cases.

The Company has outstanding letters of bank guarantees amounting to approximately €2.3 million as at 30 June 2010.

## **23. SUBSEQUENT EVENTS:**

### ***Change in place of business and address***

On 1 July 2010, Weather Finance III S.a.r.l. (Parent Guarantor) announced on the Luxembourg Bourse that the principal place of business and the address for all notices or communications for the Parent Guarantor, Hellas V, Hellas III and Hellas VI has permanently moved from 12, rue Guillaume Kroll, L-1882 Luxembourg to the following: 55 Old Broad Street, London EC2M 1RX, United Kingdom.

On 30 July 2010, Hellas IV announced on the Luxembourg Bourse that the principal place of business and the address for all notices or communications has permanently moved from 12, rue Guillaume Kroll, L-1882 Luxembourg to the following: 55 Old Broad Street, London EC2M 1RX, United Kingdom.

### ***Standstill Agreement***

Pursuant to the Standstill Agreement, the following key milestones were agreed and have, or will be, undertaken:

On 1 July 2010, the Company announced the details of a strategic review to ensure its continued long term success. This will include soliciting offers to acquire WIND Hellas and/or an investment in the Company in connection with a restructuring of its debt. The process was initiated immediately and targets completion on or by 14 October 2010.

In addition, Mike Corner-Jones of Alvarez and Marsal has been appointed as its Chief Restructuring Officer to the Board of WIND Hellas and as an independent director on the board of Weather Finance III and its subsidiaries to work alongside the current directors, management and the Company's advisors to implement the Company's restructuring plan.

Furthermore, the Company launched a restructuring process with the following timetable:

- Invite expressions of interest launched 5 July 2010
- 1<sup>st</sup> round bids: 31 July 2010
- 2<sup>nd</sup> round bids: 15 September 2010
- Preferred bidder selected or entry into a restructuring term sheet: 14 October 2010

In addition, among other things, the Company and its subsidiaries agreed to the following undertakings (among others) in the Standstill Agreement:

- Minimum liquidity covenant (on historic and look forward basis, subject to cure right), for which the Company is currently compliant.
- Reasonable endeavours to establish an additional liquidity line if certain conditions are satisfied.
- Enhanced reporting regime to Revolving Credit Facility lenders and Senior Secured Note advisors.

### ***Restructuring Process***

On 2 August 2010 the Company announced that in accordance with the timetable agreed with its creditors under the Standstill Agreement, it has received preliminary expressions of interest from a number of

potential investors thus completing the first stage of the process to review strategic alternatives, which includes the potential sale of the business.

The Company has instructed its financial advisor, Morgan Stanley, to begin the second stage of the process to review strategic alternatives. During this stage of the process, certain interested parties will be offered the opportunity to conduct a detailed due diligence and will be invited to submit final and binding offers no later than 15 September 2010.

Following the receipt of final offers by 15 September 2010, the Company will, in consultation with its creditors, determine the preferred approach to successfully complete the restructuring.

### ***Contingent Liabilities***

With respects to the Delan arbitration/Carothers litigation outstanding case, on 2 August 2010, the interim measures Court rejected Carothers' petition.

## Item 2. Operating and Financial Review and Prospects

This Operating and Financial Review and Prospects present the information of Weather Finance III S.à r.l (WFIII) for the three and six months ended 30 June 2010 and WIND Hellas Group and Hellas IV on a pro-forma basis for the three and six months ended 30 June 2009. Due to the fact that WFIII was established in July 2009, the only comparable group of companies for 2009 is WIND Hellas, Hellas III, Hellas V, Hellas VI (which consist WIND Hellas Group) and Hellas IV. By pro-forma basis we refer to WIND Hellas Group and Hellas IV for the three and six months ended 30 June 2009.

(In thousands of Euro)	<b>Three months ended 30 June 2010</b>	<b>Three months ended 30 June 2009 (pro-forma)</b>	<b>Six months ended 30 June 2010</b>	<b>Six months ended 30 June 2009 (pro-forma)</b>
Revenues	198,267	273,209	410,813	536,751
Other income	4,013	5,801	8,402	8,314
<b>Total revenue</b>	<b>202,280</b>	<b>279,010</b>	<b>419,215</b>	<b>545,065</b>
Purchases and services	(136,382)	(167,148)	(277,528)	(330,091)
Other expenses	(13,757)	(9,962)	(22,508)	(18,626)
Personnel expenses	(15,408)	(18,900)	(32,664)	(38,316)
Depreciation and amortization	(65,937)	(64,710)	(129,713)	(127,059)
Impairment of goodwill	(913,268)	-	(913,268)	-
(Losses) Gains on disposal of non current assets	(12)	784	(26)	709
<b>Operating income</b>	<b>(942,484)</b>	<b>19,074</b>	<b>(956,492)</b>	<b>31,682</b>
Finance income	14,249	1,606	12,714	3,014
Finance costs	(46,062)	(35,210)	(93,421)	(103,484)
<b>Loss before tax</b>	<b>(974,297)</b>	<b>(14,530)</b>	<b>(1,037,199)</b>	<b>(68,788)</b>
Income tax (expenses) benefit	(24,026)	(1,780)	(12,416)	8,636
<b>Loss for the period</b>	<b>(998,323)</b>	<b>(16,310)</b>	<b>(1,049,615)</b>	<b>(60,152)</b>

Despite the fact that WFIII started its operations in July 2009, its subsidiaries had already adopted IFRS as the basis on which they prepare their financial statements. Unless otherwise indicated, all amounts in this Operating and Financial Review and Prospects are presented in accordance with IFRS.

Unless otherwise indicated, all amounts in this Operating and Financial Review and Prospects, “we”, “our” and other similar terms are generally used to refer to, the business of WFIII and its subsidiaries.

## Overview

We are the second largest fully integrated telecommunications carrier of fixed, internet and GSM/UMTS mobile telecommunications services in Greece. Our principal business is the provision of fixed, internet and mobile telecommunications services, including voice, network access and related value added services (VAS), to prepaid and contract customers. We also utilize UMTS technology to provide advanced mobile data services. We operate primarily under the "WIND", “Tellas” and “Q” brand, which are well known in our market and associated with strong customer service and innovative offerings that give customers the ability to choose a service package tailored to their needs.

We offer our services to consumers and businesses through a variety of tariff plans with different monthly service fees and airtime tariffs to accommodate a wide range of contract customer segments. In addition, we offer prepaid services through our "New WIND prepaid", "WIND F2G" and “Ya-card” packages and our “NON STOP” add-on options for various services (Voice, SMS, Internet) available to all WIND customers. Furthermore, we offer “Q Card” prepaid package, which addresses the young customers and non-Greek communities as well as the “UNLIMITED VOICE, SMS AND INTERNET” add-on option for Q prepaid customers. Q Telecom was merged with and into WIND Hellas on 1 June 2007 in order to benefit from further administrative efficiencies. Q Telecom commenced commercial operations in June 2002 and its principal business was the provision of mobile telecommunications services, including voice, SMS and certain value added services, primarily to prepaid customers. Q Telecom held both a fixed wireless access license and a GSM license – currently held by the merged company, granted by the NTPC in 2000 and 2001, respectively.

Furthermore, through Tellas brand, we offer innovative fixed telephony services, internet access services, as well as broadband services, at competitive rates for all market segments, residential users, professionals, small enterprises and large companies. WIND Hellas merged with Tellas on 31 December 2008 in order to provide innovative and combined mobile, fixed and internet services to our customers as well as to benefit from further administrative efficiencies. After merger, Tellas remained as the main fixed and internet brand name for the Company. Furthermore, in June 2008, WIND launched “WIND 3in1” in cooperation with former legal entity Tellas for customers combining mobile telephony from WIND with fixed telephony & ADSL from Tellas, offering 5% discount on the mobile monthly fee. Starting from March 2009, “WIND 3in1” offered 20% discount on the mobile monthly fee and from September 2009 offers a fixed amount discount on the mobile monthly fee.

We received the first Greek GSM license in September 1992 and launched commercial services in June 1993. Our mobile customer base has grown since 1993, reaching 100 thousand customers in mid 1995, over one million mobile customers by the end of 1999 and approximately 4.2 million customers at 30 June 2010 at WIND Hellas, out of which 1.3 million customers relate to Q-Card offering. The following table provides our mobile customer base breakdown between contract and prepaid, with their respective annualized churn rates, for the periods indicated:

in thousands	<b>Three months ended 30 June 2010</b>	<b>Three months ended 30 June 2009</b>	<b>Six months ended 30 June 2010</b>	<b>Six months ended 30 June 2009</b>
<b>Mobile</b>				
<u>Contract Customers:</u>				
Beginning of period	1,067.3	1,068.5	1,059.4	1,080.7
Churn rate	40.5%	30.2%	37.6%	29.8%
Net Additions	(12.6)	(9.4)	(4.6)	(21.6)
End of period	1,054.7	1,059.1	1,054.7	1,059.1
<u>Pre-paid Customers:</u>				
Beginning of period	3,527.4	4,198.1	3,926.2	4,112.7
Churn rate	72.0%	53.5%	72.6%	48.0%
Net Additions	(390.5)	(80.6)	(789.3)	4.9
End of period	3,136.9	4,117.5	3,136.9	4,117.5
<u>Total Mobile customers</u>				
Beginning of period	4,594.8	5,266.6	4,985.6	5,193.3
Churn rate	64.3%	48.8%	64.6%	44.3%
Net Additions	(403.1)	(90.0)	(794.0)	(16.7)
End of period	4,191.7	5,176.6	4,191.7	5,176.6

The table below sets forth our mobile segment traffic, a breakdown between contract and prepaid and the respective average minutes of usage per mobile customer for the periods indicated:

in thousands of minutes	<b>Three months ended 30 June 2010</b>	<b>Three months ended 30 June 2009</b>	<b>Six months ended 30 June 2010</b>	<b>Six months ended 30 June 2009</b>
<b>Mobile Traffic Volume</b>				
Total mobile traffic	1,577,995	1,683,373	2,981,423	3,312,720
Total mobile outgoing traffic	1,169,056	1,181,512	2,163,221	2,332,698
Total Contract traffic	825,608	934,180	1,642,238	1,834,740
Total Contract Outgoing traffic	552,882	620,799	1,098,460	1,222,402
Total Prepaid Traffic	738,117	731,154	1,320,381	1,454,553
Total Prepaid Outgoing traffic	608,579	550,128	1,054,815	1,096,776
<b>in minutes</b>				
<b>AMOU</b>				
Contract customers	259.3	292.9	258.0	285.8
Outgoing Contract customers	173.6	194.6	172.6	190.4
Prepaid customers	74.2	58.5	61.8	58.2
Outgoing Prepaid customers	61.2	44.0	49.4	43.9
Blended	120.1	107.3	107.5	105.4
Outgoing Blended	89.0	75.3	78.0	74.2

The former legal entity Tellas S.A., had launched its commercial operation in February 2003 and had been leading the developments in the Greek telecom market ever since. Tellas was the first to provide the Greek public with innovative fixed telephone services, internet access services, as well as broadband services. The

Company's fixed and internet customers were approximately 0.7 million as at 30 June 2010. The following table provides our fixed customer base breakdown in various categories, with their respective annualized churn rates, for the periods indicated:

in thousands	<b>Three months ended 30 June 2010</b>	<b>Three months ended 30 June 2009</b>	<b>Six months ended 30 June 2010</b>	<b>Six months ended 30 June 2009</b>
<b>Fixed</b>				
<u>Voice Direct</u>				
Beginning of period	156.0	148.4	147.6	150.5
Churn rate	20.3%	27.3%	17.7%	27.6%
Net Additions	13.3	(1.8)	21.7	(3.8)
End of period	169.3	146.7	169.3	146.7
<u>Voice Indirect</u>				
Beginning of period	374.0	664.7	613.3	680.6
Churn rate	31.5%	18.7%	119.3%	18.2%
Net Additions	(19.4)	(20.0)	(258.6)	(35.9)
End of period	354.7	644.7	354.7	644.7
<u>Internet Direct</u>				
Beginning of period	0.6	1.3	0.7	2.0
Churn rate (i)	n/a	n/a	n/a	n/a
Net Additions	0.4	(0.4)	0.3	(1.2)
End of period	1.0	0.9	1.0	0.9
<u>Internet Indirect</u>				
Beginning of period	2.8	5.5	3.0	7.3
Churn rate	n/a	n/a	n/a	n/a
Net Additions	3.6	(1.0)	3.4	(2.7)
End of period	6.4	4.5	6.4	4.5
<u>Double Play</u>				
Beginning of period	144.9	96.9	131.1	82.1
Churn rate (i)	28.0%	15.3%	21.9%	8.1%
Net Additions	12.3	12.4	26.1	27.2
End of period	157.2	109.4	157.2	109.4
<u>Total Fixed Customers</u>				
Beginning of period	678.3	916.9	895.7	922.5
Churn rate	25.5%	20.3%	78.8%	19.6%
Net Additions	10.3	(10.7)	(207.0)	(16.4)
End of period	688.6	906.1	688.6	906.1

(i) due to the very small customer base figures the churn rate is not applicable

On 15 June 2005, the TIM Hellas Acquisition Vehicle, a company controlled by a consortium of private equity investment funds affiliated with, or advised and managed by, Apax Partners ("Apax") and Texas Pacific Group ("TPG") and, together with Apax, the "Sponsors" acquired an 80.87% stake in us (the "Block Purchase") from TIM International N.V., a wholly owned subsidiary of TIM Italia our controlling shareholder at that time, for €1,114.1 million. On 3 November 2005, the TIM Hellas Acquisition Vehicle acquired all of the remaining shares of TIM Hellas for €263.5 million pursuant to a cash out merger in accordance with Greek law (the "Cash out Merger"). Following the Cash out Merger, the TIM Hellas

Acquisition Vehicle owned 100% of the shares of TIM Hellas and changed its name to TIM Hellas Telecommunications S.A.

On 31 January 2006, GAC II, a wholly owned subsidiary of TIM Hellas, acquired Q Telecom for total consideration of approximately €367.1 million (the "Q Telecom Acquisition"). Q Telecom merged into GAC II on 1 June 2006 and the surviving entity from the merger was renamed to Q Telecommunications S.A.

On 20 April 2007, the closing of the acquisition of Hellas Telecommunications (Luxembourg) S.à r.l ("Hellas"), the company that indirectly held 100% of the shares of TIM Hellas Telecommunications S.A., by Weather Investments S.p.A., occurred. The acquisition was first announced on 6 February 2007. After receiving the necessary approvals of the Greek NTPC and the European Commission Competition Authority, Weather Investments S.p.A. acquired 100% of the shares of Hellas for €500 million cash consideration. On 29 May 2007 TIM Hellas changed its name from TIM Hellas Telecommunications S.A. to WIND Hellas Telecommunications S.A. and on 5 June 2007 we introduced our brand name "WIND".

On 1 October 2007, WIND Hellas S.A. completed the acquisition of WIND PPC Holding N.V., parent company of the operating company Tellas S.A. Telecommunications, which provided fixed telephony and internet access services.

On November 27 2009, WIND Hellas parent company's (Hellas II) assets were sold, including its shareholdings in WIND Hellas and Hellas IV to Weather Finance III S.à r.l, for a total consideration of €10 thousand.

We estimate that as at 30 June 2010 our GSM/GPRS network covered 98.42% and our UMTS network covered 68.06% of the Greek population of approximately 11 million. Our competitors in the mobile business are Cosmote, a subsidiary of the incumbent fixed line operator OTE, and Vodafone Greece, both of which operate using GSM and UMTS licenses, while on the fixed and internet business our main competitors are OTE, Forthnet and Hellas on Line (HOL).

### **Weather Finance III second quarter of 2010 and six months ended 30 June 2010 compared to the second quarter of 2009 and six months ended 30 June 2009**

#### **Financial Discussion on Weather Finance III Results**

Total revenue for the second quarter of 2010 accounted for €202.3 million, down by 27.5% from €279.0 million in the pro-forma second quarter of 2009. Service revenues decreased by 26.6% to €91.5 million in the second quarter of 2010, from €60.7 million in the pro-forma second quarter of 2009, while revenue from sales decreased by 45.7% to €6.8 million, from €12.6 million in the pro-forma second quarter of 2009.

Total revenue for the six months of 2010 accounted for €19.2 million, down by 23.1% from €45.1 million in the pro-forma six months of 2009. Service revenues decreased by 22.9% to €94.7 million in the six months of 2010, from €111.7 million in the pro-forma six months of 2009, while revenue from sales decreased by 35.6% to €16.1 million in the first six months of 2010, from €25.1 million in the pro-forma first six months of 2009.

The main reasons for the decrease in the second quarter of 2010 in service revenues were the lower interconnection revenues, lower mobile contract and prepaid outgoing revenues, as well as lower WIND roamers and Foreign roamers revenues. More specifically, mobile-to-mobile (including revenues from SMS interconnection) and fixed-to-mobile interconnection revenues decreased by 34.6% to €7.8 million in the second quarter of 2010 as a result of the decline in interconnection rates that occurred in January 2010 as well as due to the decrease in incoming traffic volumes. In addition, wholesale traffic revenue decreased by 56.6% to €3.0 million in the second quarter of 2010 as a result of the decrease in related traffic volumes. Furthermore, mobile outgoing revenues (including monthly fee, outgoing and VAS revenues) decreased by 27.1% to €12.1 million in the second quarter of 2010 mainly due to lower contract outgoing traffic volume, lower prepaid customer base and lower prepaid tariff as a result of the fierce competition environment.

Foreign roamers revenues have decreased by 47.9% to €3.2 million in the second quarter of 2010 as a result of lower roaming tariffs and lower traffic volumes compared to the second quarter of 2009 as a consequence of the global economic crisis.

The main reasons for the decrease in the six months of 2010 in service revenues were the lower interconnection revenues, lower mobile contract and prepaid outgoing revenues, as well as lower WIND roamers and Foreign roamers revenues. More specifically, mobile-to-mobile (including revenues from SMS interconnection) and fixed-to-mobile interconnection revenues decreased by 33.5% to €5.7 million in the six months of 2010 as a result of the decline in interconnection rates that occurred in January 2010 as well as due to the decrease in incoming traffic volumes. In addition, wholesale traffic revenue decreased by 44.0% to €7.3 million in the six months of 2010 as a result of the decrease in related traffic volumes. Furthermore, mobile outgoing revenues (including monthly fee, outgoing and VAS revenues) decreased by 23.4% to €54.5 million in the six months of 2010 mainly due to lower contract outgoing traffic volume, lower prepaid customer base and lower prepaid tariff as a result of the fierce competition environment. Foreign roamers revenues have decreased by 40.9% to €4.5 million in the six months of 2010 as a result of lower roaming tariffs and lower traffic volumes compared to the pro-forma six months of 2009 as a consequence of the global economic crisis.

Operating costs decreased by 15.5% in the second quarter of 2010 to €165.5 million compared to €196.0 million in the pro-forma second quarter of 2009. The decrease in the second quarter was primarily driven by lower mobile-to-mobile and mobile-to-fixed interconnection cost by 31.8% to €28.4 million in the second quarter of 2010, as a result of the decline in interconnection rates that occurred in January 2010 and lower outgoing traffic volume to other national mobile and fixed operators. In addition, fixed-to-mobile and fixed-to-fixed interconnection cost in the second quarter of 2010 was lower by 31.9% to €7.7 million, as a result of the decline in interconnection rates that occurred in January 2010 and lower outgoing traffic volume to other national mobile and fixed operators. Furthermore, the decrease in operating costs was also attributable to lower cost of sales, as a result of the lower number of equipment sold and the lower average cost per equipment sold in second quarter of 2010 compared to the pro-forma second quarter of 2009, lower personnel cost as a result of lower number of employees, lower roaming cost due to lower roaming tariffs and lower traffic volumes as well as lower maintenance cost.

Operating costs decreased by 14.0% in the six months of 2010 to €332.7 million compared to €387.0 million in the pro-forma six months of 2009. The decrease in the six months was primarily driven by lower mobile-to-mobile and mobile-to-fixed interconnection cost by 31.1% to €56.4 million in the six months of 2010, as a result of the decline in interconnection rates that occurred in January 2010 and lower outgoing traffic volume to other national mobile and fixed operators. In addition, fixed-to-mobile and fixed-to-fixed interconnection cost in the six months of 2010 was lower by 27.5% to €16.0 million, as a result of the decline in interconnection rates that occurred in January 2010 and lower outgoing traffic volume to other national mobile and fixed operators. Furthermore, the decrease in operating costs was also attributable to lower cost of sales, as a result of the lower number of equipment sold and the lower average cost per equipment sold in six months of 2010 compared to the pro-forma six months of 2009, lower personnel cost as a result of lower number of employees, lower roaming cost due to lower roaming tariffs and lower traffic volumes as well as lower maintenance cost.

Depreciation and amortization reached €65.9 million in the second quarter of 2010, higher by 1.9% than the pro-forma second quarter of 2009 and €129.7 million in the six months of 2010, higher by 2.1% than the pro-forma six months of 2009.

Due to the above factors and due to the goodwill impairment loss that was recorded in June 2010, operating loss in the second quarter of 2010 reached at €42.5 million versus €19.1 million of operating income in the pro-forma second quarter of 2009 and €56.5 million operating loss in the six months of 2010 versus €31.7 million of operating income in the pro-forma six months of 2009.

Net finance costs decreased to €1.8 million in the second quarter of 2010 from €33.6 million in pro-forma second quarter of 2009 mainly due to the full unwinding of a previous recognised cash flow hedging derivative from equity in profit and loss as income, in the second quarter of 2010.

Net finance costs decreased to €0.7 million in the six months of 2010 from €100.5 million in pro-forma six months of 2009 mainly due to the positive net effect of the change of derivatives' fair value as income and the full unwinding of a previous recognised cash flow hedging derivative from equity in profit and loss, posted in the six months of 2010.

The Company's loss before taxes for the second quarter of 2010 and the six months ended 2010 was €74.3 million and €1,037.2 million respectively, versus €4.5 million and €68.8 million respectively in the pro-forma second quarter of 2009 and the pro-forma six months ended 2009.

In the second quarter of 2010, the Company incurred loss of €98.3 million, compared to €6.3 million in the pro-forma second quarter of 2009.

In the six months of 2010, the Company incurred loss of €1,049.6 million, compared to €0.2 million in the pro-forma six months of 2009.

### **Non-GAAP measures**

The Company's unaudited EBITDA (operating loss before depreciation and amortization) for the second quarter of 2010 reached €76.5 million and it is attributed to mobile telephony by €72.7 million and by €203.8 million to fixed telephony, compared to €3.8 million operating income before depreciation and amortization in the pro-forma second quarter of 2009. The decrease for the second quarter of 2010 was primarily due to the goodwill impairment loss that was recorded in June 2010 and due to lower revenues of 2010 compared to 2009.

The Company's unaudited EBITDA (operating loss before depreciation and amortization) for the six months of 2010 reached €26.8 million and it is attributed to mobile telephony by €25.7 million and by €201.1 million to fixed telephony, compared to €158.7 million operating income before depreciation and amortization in the pro-forma six months of 2009. The decrease for the six months of 2010 was primarily due to the goodwill impairment loss that was recorded in June 2010 and due to lower revenues of 2010 compared to 2009.

Excluding goodwill impairment charge, redemption costs, management fees to Weather Investments S.p.A., long term employee incentive and other non recurring expenses, adjusted EBITDA for the second quarter of 2010 would have been €9.0 million and €1.2 million in the six months of 2010, compared to €2.2 million in the pro-forma second quarter of 2009 and €158.4 million in the pro-forma six months of 2009, resulting in an adjusted EBITDA margin for the second quarter of 2010 of 19.3% on total revenue and 21.8% for the six months of 2010 versus 29.5% on total revenue in the pro-forma second quarter of 2009 and 29.1% for the pro-forma six months of 2009.

EBITDA is a measurement used by management to show operating performance, representing earnings before interest, taxes, depreciation, and amortization. EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties as a measure of a company's operating performance and debt servicing ability because it assists in comparing performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending upon accounting methods or non-operating factors. Accordingly, this information has been disclosed in this report to permit a more complete and comprehensive analysis of our operating performance. However, EBITDA has limitations as an analytical tool, and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net earnings as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS.

Some limitations of EBITDA measures are:

- It does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- It does not reflect changes in, or cash requirements for our working capital needs;
- It does not reflect interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will have to be replaced in the future and EBITDA does not reflect any cash requirements for such replacements;
- It does not reflect foreign exchange gains and losses; and
- Other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

The following tables provide an EBITDA breakdown for the periods indicated:

(In thousands of Euro)	Three months ended 30 June 2010	Three months ended 30 June 2009 (pro-forma)	Six months ended 30 June 2010	Six months ended 30 June 2009 (pro-forma)
<b>Operating (Loss) Income</b>	<b>(942,484)</b>	<b>19,074</b>	<b>(956,492)</b>	<b>31,682</b>
Depreciation and amortization	65,937	64,710	129,713	127,059
<b>EBITDA</b>	<b>(876,547)</b>	<b>83,784</b>	<b>(826,779)</b>	<b>158,741</b>
Management fees to Weather Investments	500	1,000	1,000	2,000
Redemption costs	-	-	282	-
Other non recurring expenses	1,739	491	3,460	727
Impairment of goodwill following impairment test	913,268	-	913,268	-
Long term employee incentive accrual reversal	-	(3,100)	-	(3,100)
<b>Adjusted EBITDA</b>	<b>38,960</b>	<b>82,175</b>	<b>91,231</b>	<b>158,368</b>

We believe that Average Revenue Per User (“ARPU”) provides useful information concerning the appeal of our rate plans service offerings and performance in attracting and retaining high value customers. ARPU is defined as total service revenues for the period divided by the number of months in the period, over the period's average total customers. References in this report to "average number of customers" means the average of each month's average number of customers (calculated as the average of the total number of customers at month end and the total number of customers at the end of the previous month) during the period. Like EBITDA, ARPU should not be considered in isolation or as alternative measure of performance under IFRS.

The table below sets forth our ARPU for the periods indicated:

(in million of Euro)	<b>Three months ended 30 June 2010</b>	<b>Three months ended 30 June 2009</b>	<b>Six months ended 30 June 2010</b>	<b>Six months ended 30 June 2009</b>
Total Revenues net of discounts	202.3	279.0	419.2	545.1
Operating revenue from equipment sales	(6.8)	(12.6)	(16.1)	(25.1)
Discounts on service revenues	4.7	8.9	8.7	15.6
Other	(4.8)	(6.1)	(10.9)	(8.7)
<b>Gross service revenues (for ARPU calculation)</b>	<b>195.4</b>	<b>269.2</b>	<b>400.8</b>	<b>526.9</b>
of which Mobile business <sup>(1)</sup>	163.8	232.6	334.2	454.6
of which Contract	114.5	147.3	233.0	291.8
of which Prepaid	43.5	74.2	93.1	148.3
of which Fixed & Internet business <sup>(2)</sup>	31.6	36.7	66.7	72.3
of which Voice	10.6	16.1	23.7	32.5
of which Internet	0.7	0.9	1.3	2.0
of which Double Play	15.8	11.7	31.4	22.5
(in thousands)				
Average mobile customers	4,378.2	5,231.8	4,622.1	5,237.2
Average contract mobile customers	1,061.5	1,063.2	1,060.9	1,070.1
Average prepaid mobile customers	3,316.7	4,168.7	3,561.2	4,167.1
Average fixed & internet customers	682.8	910.9	769.6	915.3
Average Voice customers	525.6	801.5	619.8	811.3
Average Internet customers	7.1	6.1	5.4	7.1
Average Double Play customers	150.1	103.3	144.4	97.0
<b>Mobile business ARPU (in Euro)</b>	<b>12.5</b>	<b>14.8</b>	<b>12.0</b>	<b>14.5</b>
Contract ARPU (in Euro)	36.0	46.2	36.6	45.4
Prepaid ARPU (in Euro)	4.4	5.9	4.4	5.9
<b>Fixed business ARPU (in Euro)</b>	<b>15.4</b>	<b>13.4</b>	<b>14.4</b>	<b>13.2</b>
Voice ARPU (in Euro)	6.7	6.7	6.4	6.7
Internet ARPU (in Euro)	31.5	48.5	41.7	46.8
Double Play ARPU (in Euro)	35.0	37.6	36.3	38.6

(1): Including foreign roamers revenues

(2): Including wholesale and VAS revenues

## Comparison between the projected and actual numbers for the second quarter of 2010.

The comparison of the Company's EBITDA performance for the second quarter of 2010, as compared to the budget EBITDA performance for the second quarter of 2010 is described below.

(In thousands of Euro)

	Second quarter of 2010	
	Budget	Actual
<b>EBITDA Breakdown</b>		
Net loss	(33,532)	(998,323)
Income taxes (benefit) expenses	(2,173)	24,026
Net finance cost	40,447	31,813
Depreciation and Amortization	61,379	65,937
<b>EBITDA</b>	<b>66,121</b>	<b>(876,547)</b>
Adjustments*	1,438	915,507
<b>Adjusted EBITDA</b>	<b>67,559</b>	<b>38,960</b>

\* Adjustments include impairment loss, management fees to Weather Investment, other non recurring expenses and redemption costs.

EBITDA (operating loss before depreciation and amortization) came in at €876.5 million in the second quarter of 2010, versus €66.1 million of operating income before depreciation and amortization for the projected figure. The main reasons for this negative trend during the second quarter of 2010 for the actual figure compared to the budget was due to the goodwill impairment loss that was recorded in actual June 2010 as well as the decline in revenues mainly in the mobile segment largely due to lower usage and effective tariffs than projected and lower fixed outgoing revenues. This negative trend was partially offset by lower retention cost, interconnection cost and lower VAS content cost in the second quarter of 2010 than projected.

When adding back to EBITDA the goodwill impairment loss, the management fees to Weather investments S.p.A., other non recurring expenses and redemption costs then the adjusted EBITDA figure for the second quarter of 2010 reaches €39.0 million, 42.3% lower than the budgeted second quarter of 2010 EBITDA figure.

### Item 3. Capital expenditures

The Company's capital expenditures, for the second quarter of 2010 reached €20.7 million, while for the six months ended 30 June 2010 reached €32.0 million. The principal capital expenditures related to the ongoing expansion of the Company's mobile network infrastructure, the increased network capacity and improved performance and quality, the development of advanced data services employing new technologies. With regard to fixed and internet telephony, the major portion of the outlay related to "LLU" sites and "LLU" equipment, transmission installation costs mainly relating to the access network, the access network cabling and the backbone network.

## Item 4. Liquidity and Capital Resources

The table below sets forth information of WFIII for the three and six months ended 30 June 2010 and WIND Hellas Group and Hellas IV on a pro-forma basis for the three and six months ended 30 June 2009:

(In thousands of Euro)

	Three months ended 30 June 2010	Three months ended 30 June 2009 (pro-forma)	Six months ended 30 June 2010	Three months ended 30 June 2009 (pro-forma)
<b>Adjusted EBITDA</b>	<b>38,960</b>	<b>82,175</b>	<b>91,231</b>	<b>158,368</b>
Change in assets / liabilities	(25,996)	(25,495)	(54,342)	(38,602)
<b>Cash flow from Operations</b>	<b>12,964</b>	<b>56,680</b>	<b>36,889</b>	<b>119,766</b>
Capex	(20,676)	(31,478)	(32,041)	(47,588)
<i>Of which mobile Capex</i>	(15,629)	(17,745)	(21,582)	(29,486)
<i>Of which fixed Capex</i>	(5,047)	(13,733)	(10,459)	(18,102)
<b>Unlevered pre tax cash flow</b>	<b>(7,712)</b>	<b>25,202</b>	<b>4,848</b>	<b>72,178</b>
Cash Interest	(38,203)	(33,938)	(63,633)	(62,364)
Taxes paid	(442)	(2,141)	(2,066)	(3,544)
<b>(Financial Need) / Free cash flow</b>	<b>(46,357)</b>	<b>(10,877)</b>	<b>(60,851)</b>	<b>6,270</b>
Increase/(Decrease) in Debt	-	20,095	-	(11,310)
<b>Change in cash</b>	<b>(46,357)</b>	<b>9,218</b>	<b>(60,851)</b>	<b>(5,040)</b>
<b>Cash BoP</b>	<b>70,682</b>	<b>22,474</b>	<b>85,176</b>	<b>36,732</b>
Change in cash	(46,357)	9,218	(60,851)	(5,040)
<b>Cash EoP</b>	<b>24,325</b>	<b>31,692</b>	<b>24,325</b>	<b>31,692</b>

### Liquidity

As depicted in the above table of cash flows, net cash received from operating activities for the three and the six months ended June 2010 reached €13.0 million and €36.9 million respectively, while €(26.0) million and €(54.3) was the change in assets and liabilities respectively.

Capex was €20.7 million and €32.0 million in the three and the six months ended June 2010 respectively.

Cash paid for interest was €38.2 million and €33.6 million in the three and the six months ended June 2010 respectively, while cash paid for taxes was €0.4 million and €2.1 million in the three and the six months ended June 2010 respectively.

Cash and cash equivalents as of 30 June 2010 amounted to €24.3 million, compared to €31.7 million as of 30 June 2009.

### Capital Resources

Our principal source of liquidity has been historically our operating cash flows, bonds and bank borrowings and loans from related parties.

## Item 5. Contractual obligations

The following table summarizes the third parties contractual obligations of the Company as of 30 June 2010:

Payments due by period, (in thousands of Euro)	Total	Less	1-3	4-5	More
		than	years	years	than
		1 year			5 years
Operating lease obligations <sup>(1)</sup>	254,772	41,222	75,997	65,438	72,115
Long term debt <sup>(2)</sup>	1,883,375	1,883,375	-	-	-
<b>Total contractual obligations</b>	<b>2,138,147</b>	<b>1,924,597</b>	<b>75,997</b>	<b>65,438</b>	<b>72,115</b>
Purchase obligations <sup>(3)</sup>	30,542	30,542	-	-	-

- (1) Operating lease obligations relate to the rental of sites for our network assets and equipment, stores as well as to the rental of cars.
- (2) Obligations under the Senior Secured Notes, the Senior Notes, RCF, the Derivative hedging unwind liability and the Bond Loans issued in Greece (Note 19).
- (3) Purchase obligations as of December 2009.

## Item 6. Off-balance sheet arrangements

Except as disclosed in Note 22, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditure or capital resources that is material to investors.

## Item 7. Quantitative and qualitative disclosures about market risk

We are primarily exposed to market risk relating to adverse changes in interest rates. We manage our exposure to this interest rate risk through our regular operating and financing activities. We conduct our business exclusively in Greece and the large majority of our transactions are denominated in Euro. Although we have contracts with certain suppliers that are denominated in U.S. dollars or British pounds sterling, the related exposure to foreign currency exchange risk is not material to our business.

### *Interest rate risk*

The Company had €1,883.4 million of third parties outstanding indebtedness (at principal value) as of 30 June 2010, consisting of amounts outstanding under the Senior Secured Notes, the Senior Notes, the amounts drawdown under the RCF, the Derivative hedging unwind liability and Bond Loans issued in Greece.

Under the financing arrangements in place as of the date hereof, the exposure of WFIII and its subsidiaries to interest rate risk relates to:

- the Euribor-based, variable interest rate on the Senior Secured Notes and

- the amounts that are drawn under the Revolving Credit Facility, which will also bear interest at a variable rate based on a spread over Euribor. As of 30 June 2010, €250 million was drawdown from the RCF; and
- the amounts outstanding under the local Bond Loan which bear interest a variable rate based on a spread over Euribor. As of 30 June 2010, €6.62 million was outstanding under the local bond loans.
- The amounts under the Derivative hedging unwind liability which bears interest a variable rate based on a spread over the cost of funding to the banks.

### *Currency risk*

The Company is not exposed to significant currency risk of sales, purchases and borrowings. All sales and purchases are in Euro, the Company's functional currency. The Company's interest-bearing loans and borrowings are also in Euro (Note 19). In addition, interest for borrowings is denominated in currencies that match the cash flow generated by the underlying operations of the Company, primarily in Euros.

## **Item 8. Additional Disclosure**

### **Forward Looking Statements**

The Private Securities Litigation Reform Act of 1995 provides for a "safe harbour" for forward looking statements. This report contains certain forward looking statements, as that term is defined in the U.S. Federal securities laws, relating to our business, financial condition and results of operations. You can find many of these statements by looking for words such as "may", "will", "expect", "believe", "estimate" and similar words used in this report. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties which are outside our control, and could significantly affect expected results. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on the statements, which speak only as of the date of this report. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report.