

WEATHER FINANCE III S.À R.L.

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 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.

"Original 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 and December 31, 2008.

"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 and 17 December 2007.

"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 December 18, 2006 and as amended on March 2, 2007 and December 31, 2008 .

"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, October 1, is 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 in its capacity as a trustee under the indentures governing the Senior Secured Notes and the Subordinated 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
31 March 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

In thousands of Euro, unless otherwise stated

	<u>Notes</u>	<u>31 March, 2010</u> <u>(unaudited)</u>	<u>31 December, 2009</u>
Assets			
Non current assets			
Property, plant and equipment	12	640,598	662,084
Goodwill		913,268	913,268
Intangible assets	13	664,440	695,384
Deferred tax assets	14	53,822	45,500
Amounts due from related companies	19	22	22
Other receivables		5,684	5,978
Total non-current Assets		<u>2,277,834</u>	<u>2,322,236</u>
Current assets			
Inventories		8,628	10,065
Trade and other receivables	15	235,961	247,898
Amounts due from related companies	19	2,892	3,051
Cash and cash equivalents		70,682	85,176
Total current Assets		<u>318,163</u>	<u>346,190</u>
Total Assets		<u>2,595,997</u>	<u>2,668,426</u>

The notes on pages 11 to 42 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

In thousands of Euro, unless otherwise stated

	<u>Notes</u>	<u>31 March, 2010</u> <u>(unaudited)</u>	<u>31 December, 2009</u>
Equity			
Share capital	16	13	13
Other Reserves		253,331	254,192
Accumulated deficit		(208,887)	(157,595)
Total Equity		44,457	96,610
Liabilities			
Non current liabilities			
Long term debt due to related companies	19	120,566	120,452
Long term debt, net of current maturities	17	1,783,342	1,778,774
Deferred income taxes	14	157,718	161,423
Employee benefit provisions		6,147	5,943
Provisions		18,438	18,486
Other non-current liabilities		12,773	13,486
Total non current liabilities		2,098,984	2,098,564
Current liabilities			
Trade and other payables	18	337,094	375,528
Income taxes payable		958	2,460
Amounts due to related companies	19	8,292	2,562
Derivative financial instruments		35,225	30,442
Current maturities of long term debt	17	38,312	38,312
Taxes other than income		30,256	21,679
Provisions		2,419	2,269
Total current liabilities		452,556	473,252
Total liabilities		2,551,540	2,571,816
Total Equity and Liabilities		2,595,997	2,668,426

The notes on pages 11 to 42 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 three month period ended 31 March 2010

In thousands of Euro unless otherwise stated

	Attributable of equity holders of the Company				
	Share Capital	Reserve	Cash Flow Hedge Reserve	Accumulated deficit	Total Equity
Balance at 1 January 2010	13	244,871	9,321	(157,595)	96,610
Total comprehensive loss for the period					
Loss for the period	-	-	-	(51,292)	(51,292)
Net change in fair value of cash flow hedge transferred to profit or loss, net of tax	-	-	(861)	-	(861)
Total comprehensive loss for the period	-	-	(861)	(51,292)	(52,153)
Balance at 31 March 2010 (unaudited)	13	244,871	8,460	(208,887)	44,457

The notes on pages 11 to 42 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 month period ended 31 March 2010

In thousands of Euro, unless otherwise stated

	Notes	Three months ended 31 March 2010 (unaudited)
Cash flows from operating activities		
Loss for the period		(51,292)
Adjustments for:		
Depreciation	10	27,145
Amortization of intangible assets	10	36,631
Net finance costs	11	48,894
Losses on disposals		14
Income tax benefit		(11,610)
Provisions and other non cash items		4,192
		<u>53,974</u>
Changes in operating assets and liabilities:		
Change in inventories		1,437
Change in trade and other receivables		7,396
Change in trade and other payables		(39,178)
Change in non current receivables		294
Cash generated from operating activities		<u>23,923</u>
Interest paid		(25,503)
Income tax paid		(1,624)
Net cash used in operating activities		<u>(3,204)</u>
Cash flows from investing activities		
Interest received		73
Proceeds from sale of property, plant and equipment		2
Acquisition of property, plant and equipment	12	(5,678)
Acquisition of intangible assets	13	(5,687)
Net cash used in investing activities		<u>(11,290)</u>
Net increase in cash and cash equivalents		<u>(14,494)</u>
Cash and cash equivalents at 1 January 2010		85,176
Cash and cash equivalents at 31 March 2010		<u><u>70,682</u></u>

The notes on pages 11 to 42 are an integral part of these condensed consolidated interim financial statements.

WEATHER FINANCE III S.À R.L

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In thousands of Euro, unless otherwise stated

1. REPORTING ENTITY:

Weather Finance III S.à r.l. (“WFIII”) was incorporated for an unlimited period of time under the laws of Luxembourg Registre of Commerce and Companies (R.C.S. B 147.312) on 20 July 2009 (“date of incorporation”) as a “Société à Responsabilité Limitée”. 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 L – 1331 Luxembourg, 65, boulevard Grand-Duchesse Charlotte and its main purpose is 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 consolidated financial statements of WFIII as at and for the period ended 31 March 2010 are comprised of WFIII and its subsidiaries (together referred to as the “Company” and individually as “Company entities”) and are detailed below.

Name	Country of incorporation	March 2010
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”).

2. STATEMENT OF COMPLIANCE:

The accompanying condensed consolidated interim financial statements have been prepared in accordance with Financial Reporting Standards (“IFRS”) as adopted by the European Union (E.U.).

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied by the Company and the Company entities in the preparation and presentation of these consolidated financial statements.

(a) Presentation of consolidated financial statements

The Company applies IAS 1 Presentation of Financial Statements (2007), which became effective as at 1 January 2009. As a result, the Company presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

WEATHER FINANCE III S.À R.L
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In thousands of Euro, unless otherwise stated

Going concern

The accompanying financial statements have been prepared on the basis that the Company will continue to operate as a going concern and assume that the Company will have sufficient financial resources to meet its financial and operating requirements for the foreseeable future.

In the first quarter of 2010, the Company was able to substantially achieve its Q1 2010 budget expectation. However, the Company subsequently experienced a revenue decline as a result of the following factors: (1) the significant competitive market leading to price reductions, (2) the regulatory reduction in interconnection tariffs and (3) the existing economic crisis which has been further impacted with the enactment of measures for the application of the support scheme for the Greek Economy.

At the date of issue of these financial statements, management is reviewing the current financial situation and re-assessing this impact. Furthermore, they are reviewing the strategic options and alternatives available to them in order to mitigate any potential liquidity and financial covenant issues in the foreseeable future. As the Company's investigation and assessment of its financial situation is currently ongoing, it is not possible to quantify any effects in terms of potential impairment of the Company's assets. Notwithstanding this, it should be noted that the Company is currently in compliance with its debt covenants as of 31 December 2009 and for the first quarter of 2010 and have also been able to make its obligatory interest payments its outstanding debt obligations.

The financial information included in these financial statements has been presented on a going concern basis. However, the Company's ability to continue as a going concern is dependent on the conclusions of management's investigation and assessment of its strategic options. Until the outcome of this evaluation and the implications of this are known, there is a material uncertainty which may cast doubt on the Company's ability to continue as a going concern.

(b) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the parent company and its subsidiaries, entities over which the parent company has control. Control exists when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company. Intercompany balances and transactions and any intercompany unrealized profit or loss are eliminated in the consolidated financial statements.

(c) Business combinations

The Company accounts for business combinations in accordance with IFRS 3 Business Combinations. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly to the consolidated statement of comprehensive income. For acquisitions of minority interests, after obtaining control in a subsidiary, any difference between the cost of the consideration and the share of the net assets belonging to non controlling interest that was acquired, is recorded as goodwill.

(d) Acquisition of entities or a group of assets under common control

Business combinations arising from transfers of interests in entities or a group of assets in which all of the combining entities or group of assets or businesses are ultimately controlled by the same party or parties both before and after the business combination are considered business combinations involving entities under common control. The Company accounts for these common control transactions from the date the acquisition is effective.

The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the controlling shareholder's consolidated financial statements with any difference between assets and liabilities and cash consideration paid plus transaction costs recognized directly in equity.

(e) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the consolidated profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(f) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

WEATHER FINANCE III S.À R.L

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In thousands of Euro, unless otherwise stated

The Company has the following non-derivative financial assets: advances, trade and other receivables and cash and cash equivalents

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents comprise cash in hand and deposits held at call with banks. The Company considers time deposits and certificates of deposits with original maturity of three months or less to be cash equivalents.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective amounts is recognized in the consolidated profit or loss.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

(iii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value; attributable transaction costs are recognized in the consolidated statement of comprehensive income when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value and changes therein are accounted for as described below.

Cash flow hedges: When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect consolidated profit or loss, the effective

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portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the cash flow hedge reserve in equity. The amount recognized in other comprehensive income is removed and included in consolidated profit or loss in the same period as the hedged cash flows affect consolidated profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or if its designation as a hedge is revoked, then hedge accounting is discontinued prospectively. The cumulative gain previously recognized in other comprehensive income and presented in the cash flow hedge reserve in equity remains there until the forecast transaction affects the consolidated profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in consolidated profit or loss.

Derivative financial instruments that are designated as effective hedging instruments are classified as non current assets or liabilities if the remaining maturity of the hedged item is more than twelve months and as current assets or liabilities if the remaining maturity of the hedged item is less than twelve months. Derivative financial instruments that are no longer designated as an effective hedging instrument are classified as current.

(g) Borrowing costs

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

(h) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are included in the consolidated profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized as an expense in the consolidated profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of the asset less its residual amount.

Depreciation is recognized in consolidated profit or loss on a straight-line basis at rates equivalent to estimated average economic useful lives of the property, plant and equipment, since this most closely

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In thousands of Euro, unless otherwise stated

reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Leasehold improvements are amortized over the shorter period between their useful life and the term of the lease. Land is not depreciated. The rates used for determining depreciation are as follows:

	Annual rates
Buildings	2% - 8%
Plant and machinery	5% - 25%
Other tangible assets	10% - 25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets

(i) Goodwill: Goodwill represents the excess of the cost of the acquisition over the Company's interests in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in the consolidated profit or loss. Goodwill is measured at cost less accumulated impairment losses. Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the non-controlling interest in the net assets acquired at the date of the exchange.

(ii) Licenses: Licenses, which have been acquired separately, are measured on initial recognition at cost. The cost of licenses acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, licenses are carried at cost less accumulated amortization less any accumulated impairment loss.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset to which it relates. All other expenditure is recognized in the consolidated profit or loss as incurred.

Amortization is recognized as an expense in the consolidated profit or loss from the date the licenses are available for use and are amortized on a straight-line basis as indicated below over their estimated useful lives:

GSM 900 license	20 years
DCS 1800 license	15 years
UMTS license	17 years
Fixed wireless access licenses (25 GHz frequency band)	13 years

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In thousands of Euro, unless otherwise stated

(iii) Other intangible assets: Other intangible assets acquired by the Company have either finite or indefinite useful lives and are analyzed below.

Those intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Those intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the consolidated profit or loss as incurred.

- a) Computer software: Acquired computer software licenses are capitalized on the basis of the costs to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three (3) to ten (10) years.
- b) Q brand: The Q brand has an indefinite useful life, which is based on studies for brand positioning, imaging and brand awareness and is therefore not amortized but tested for impairment annually.
- c) Tellas brand: The Tellas brand has an indefinite useful life, which is based on studies for brand positioning, imaging and brand awareness and is therefore not amortized but tested for impairment annually.
- d) Other intangible assets: Other intangible assets include: a) customer relationships which are amortized over the expected useful life of the customer base, ranging from three (3) to eleven (11) years b) the contract for fixed network connection which is amortized over the contract term of twelve (12) years and c) the right of use backbone network contract, which is amortized over the contract term of ten (10) years.
- e) One off connection costs: One off connection costs for leased lines paid to the incumbent, Hellenic Telecommunications Organization S.A. (OTE), for the activation of interconnection leased lines are capitalized at cost and amortized over their estimated useful life of one (1) year.

(j) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(k) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the moving average cost method and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the normal course of business, less costs to sell.

(l) Impairment of assets

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(i) Financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized as an expense in the consolidated profit or loss and reflected in an allowance account against receivables. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Specifically relating to trade receivables, the allowance for impairment is stated at the amount considered necessary to cover potential risks when there is objective evidence (such as significant financial difficulties of the debtor) that the Company will not be able to collect all amounts due according to the original payment terms of receivables. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The two components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. An allowance account is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and they are written off against the financial asset directly. The impairment loss relating to trade receivables is recognized in the consolidated profit or loss under "Other expenses".

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Employee benefits

(i) Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed in the consolidated profit or loss as the related service is provided. A liability is recognized for the amount expected to be paid under short-term bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post-employment benefits

Post-employment benefits include two categories: (1) defined contribution plans and (2) defined benefit plans.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the consolidated profit or loss in the periods during which services are rendered by employees.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Specifically, the Company is required by Greek labor law to provide post-retirement benefits to its employees in the Greek entities. The discount rate is the yield at the reporting date on AA corporate credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. Accumulated gains or losses at each measurement date in excess of 10% of the defined benefit obligation are amortized over the expected future working lifetimes of the existing employees and are recognized in the consolidated profit or loss.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to

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encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(n) Government grants

Grants are recognized initially as deferred income at fair value when there is reasonable assurance that the grant will be received and the Company will comply with all conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognized in the consolidated profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in the consolidated profit or loss on a straight-line basis over the useful lives of the related assets.

(o) Deferred income and prepaid traffic to be realized

Deferred income includes monthly service fees billed to customers in advance and prepaid traffic to be realized includes the estimated unused portion of prepaid (scratch) cards.

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

(i) Asset retirement obligation

The Company has leased buildings or land upon which it constructs its transmission and relay towers. The Company enters into new leases each year and, in most cases, has the right to renew the initial lease term. The Company is legally required to dismantle the towers and, where necessary, recondition the building at the end of the lease life. The Company recognizes the present value of its liability for the asset retirement obligations and recognizes a corresponding asset of the cost basis of the leasehold improvement, which is depreciated on a straight-line basis over the expected life of the leasehold improvements. Asset retirement obligations are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects risks specific to the liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated profit or loss as a finance cost. The estimated future costs for the asset retirement are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

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(iii) Restructuring

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring plan either has commenced or has been announced publicly. Future operating losses are not provided for.

(q) Recognition of revenues

Revenue is recognized at the fair value of the consideration received or receivable net of discounts.

Revenue from services is recognized as the service is provided and only when the result can be reliably estimated. Revenue is recognized when persuasive evidence exists with respect to the measurement of the amount of revenue, recovery of the consideration is probable and associated costs can be estimated reliably.

Revenue from the sale of goods, net of discounts and subsidies, is recognized when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Specifically, the criterion followed by the Company for recognizing revenue in its consolidated profit or loss is as follows:

- Revenue arising from the post-paid traffic, interconnection and roaming is recognized based on usage made by each subscriber and telephone operator. Such revenue includes amounts paid for access to and usage of the group network by customers and other domestic and international telephone operators.
- Revenues from monthly service fees are billed in advance and are recognized ratably over the month when the services are provided.
- Value-added services are recognized in the period when services are rendered.
- Revenue from the sale of prepaid (scratch) cards and recharging is recorded based on the prepaid traffic actually used by subscribers during the year. All prepaid cards have a contractual life of one year or less. Upon the expiration of the prepaid cards, any unused airtime is recognized in the consolidated profit or loss. The unused portion of traffic is recorded as “Prepaid traffic to be realized” in the consolidated statement of financial position caption “Trade and other payables”.
- Revenue from the sale of handsets and accessories is recorded when the products are delivered to and accepted by the customer.

Customer loyalty programs

The Company grants loyalty award credits to its customers as incentives for them to buy goods or services in the future for free or at discounted amounts. The Company recognizes the credits that it awards to its customers as a separately identifiable component of revenue and measures these credits at fair value at the date of the initial sales transaction. The amount allocated to the credits is estimated by reference to the fair value of the services or goods for which they could be redeemed, since the fair value of the credits themselves is not directly observable. The fair value is estimated taking into

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account the expected redemption rate. Such an amount is deferred and recognized as revenue only when the credits are redeemed and the Company has fulfilled its obligations to supply the free or discounted goods or services. The amount of revenue recognized is based on the number of credits that have been redeemed in exchange for free or discounted goods or services relative to the total number of credits that is expected to be redeemed.

(r) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

(s) Finance income and finance costs

Finance income comprises interest income on funds invested, changes in fair value of financial assets at fair value through consolidated profit or loss and gains on hedging instruments that are recognized in the consolidated profit or loss. Interest income is recognized as it accrues in the consolidated profit or loss using the effective interest method.

Finance costs comprise interest expense on debt, unwinding of the discount on provisions, change in the fair value of financial assets at fair value through consolidated profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

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(t) Leases

Payments made under operating leases are recognized in the consolidated profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease: At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specific asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 March 2010, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Company, except for the following:

Amendment to IAS 32 "Financial Instruments: Presentation – Classification of Rights Issue" (endorsed by the EU): This standard has been amended to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are effective retrospectively for annual periods beginning on or after 1 February 2010. The Company is in the process of assessing its impact on its consolidated financial statements.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (not yet endorsed by the EU): This interpretation provides guidance on the accounting by an entity for debt for equity swaps, where the terms of the financial liability are renegotiated and result in the entity issuing equity instruments to the creditor of the entity to extinguish all or part of the financial liability. This interpretation is not applicable when the creditor is a direct or indirect shareholder, the creditor and the entity are controlled by the same party before and after the transaction and the original terms of the transaction included a debt for equity swap. This interpretation is applicable retroactively for annual periods beginning on or after 1 July 2010. The Company is in the process of assessing its impact on its consolidated financial statements.

Amendment to IAS 24 "Related Party Disclosures (revised 2009)" (not yet endorsed by the EU): This standard amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are applicable retrospectively for

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annual periods beginning on or after 1 January 2011. The Company will be assessing its impact on its consolidated financial statements.

IFRS 9 “Financial Instruments” (not yet endorsed by the EU): This standard is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. This standard is applicable retrospectively for annual periods beginning on or after 1 January 2013. The Company will be assessing its impact on its consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of interim financial statements 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Those judgments and estimations that could have the most significant effect on the consolidated financial statements of the Company are described below:

- a) *Employee benefits:* The cost of employee benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and staff turnover. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.
- b) *Asset retirement obligation provision:* The cost of the asset retirement obligation provision involves making assumptions about discount rates, future inflation rates and future restoration costs, and, hence it is subject to uncertainty.
- c) *Indefinite useful life for Q-Telecom and Tellas brands and related impairment:* Company management has determined that the Q-Telecom and Tellas brands have indefinite useful lives which are based on studies for brand positioning, imaging and brand awareness. Furthermore the Company annually tests (at the reporting date) whether these brands have suffered any impairment, in accordance with the accounting policy stated below. These brands are allocated to the Company’s CGU and are tested annually for impairment.
- d) *Utilization of tax losses:* The Company has recognized unrecognized tax losses carried forward as the Company’s management considers it probable that future taxable profits will be available against which they can be utilized. Future taxable profits are subject to estimates made by management with respect to the profitability of the Company and are subject to uncertainty.
- e) *Valuation of financial instruments and assets:* The Company determines impairment losses on financial instruments and assets based on estimates of discounted future cash flows, which include assumptions about discount rates, and based on estimate of incurred losses for trade receivables, which

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are derived from historical data of payment statistics for similar financial assets. Both factors are subject to uncertainty.

5. REVENUE:

	Three months ended 31 March, 2010 (unaudited)
Telephony services	166,618
Interconnection traffic	34,402
Revenues from sales of handsets and accessories	9,333
International roaming	1,277
Other revenues	916
Total	212,546

6. OTHER INCOME:

	Three months ended 31 March, 2010 (unaudited)
Income from various charges to customers	1,861
Reversal of unused provision	950
Other	849
Government grants	729
Total	4,389

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7. PURCHASES AND SERVICES:

	Three months ended 31 March, 2010 (unaudited)
Interconnection traffic	36,368
Customer acquisition costs	20,359
Purchase of materials & merchandise for re-sale	18,738
Advertising and promotional services	13,890
Rental of circuits	12,302
Rental of civil and technical sites	9,502
Maintenance costs	9,472
Consulting and professional services	7,426
Other service expenses	5,548
International roaming	1,988
Utilities	1,799
Outsourced services	1,494
Change in inventories	1,438
Other leases and rentals	434
Transport and storage costs	388
Total	141,146

8. OTHER EXPENSES:

	Three months ended 31 March, 2010 (unaudited)
Impairment of trade receivables (note 15)	4,700
Taxes and duties	2,859
Annual contributions for licenses	613
Other operating expenses	579
Total	8,751

9. PERSONNEL EXPENSES:

	Three months ended 31 March, 2010 (unaudited)
Wages and salaries	13,871
Social security	2,849
Other personnel costs	331
Defined benefit pension costs	205
Total	17,256

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10. DEPRECIATION AND AMORTIZATION:

	Three months ended 31 March, 2010 (unaudited)
Depreciation of property, plant & equipment	
-Plant and machinery	21,933
-Other tangible assets	3,733
-Buildings	1,479
Amortization of intangible assets	
-Other intangible assets	20,528
-Licenses and software	16,103
Total	63,776

11. FINANCE INCOME AND FINANCE COSTS:

	Three months ended 31 March, 2010 (unaudited)
Cash flow hedges, transfer from equity	1,147
Interest income on bank deposits	179
Others	16
Finance income	1,342
Foreign exchange loss	(267)
Other financial expenses	(4,430)
Fair value losses on derivative instruments	(4,784)
Derivatives related accrued interest	(7,371)
Interest expense on bonds and bank borrowings (note 17)	(33,384)
Finance costs	(50,236)
Net finance costs	(48,894)

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12. PROPERTY, PLANT AND EQUIPMENT:

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

	31 March 2010 (unaudited)	31 December 2009
Cost:		
Land	14,432	14,432
Buildings	64,252	64,621
Plant and machinery	844,259	838,254
Commercial and industrial equipment	5,972	6,056
Other tangible assets	96,862	92,930
Tangible assets in progress	24,652	29,090
	1,050,429	1,045,383
Accumulated depreciation	(409,831)	(383,299)
Net book value	640,598	662,084

Additions in the normal course of operations for the three months ended 31 March 2010 amounted to approximately €5.7 million. Write-offs of fully depreciated property, plant and equipment and other movements for the three months ended 31 March 2010 amounted to approximately €0.6 million.

Depreciation for the three months ended 31 March 2010 amounted to approximately €7.1 million. Write-offs of fully depreciated assets and other movements for the three months ended 31 March 2010 amounted to approximately €0.6 million.

13. INTANGIBLE ASSETS:

	31 March 2010 (unaudited)	31 December 2009
Cost:		
Licenses and software	551,976	549,289
Other Intangible assets	742,508	740,789
Prepayments for purchase of software	2,614	1,334
	1,297,098	1,291,412
Accumulated amortization	(632,658)	(596,028)
Net book value	664,440	695,384
Goodwill	913,268	913,268
Total	1,577,708	1,608,652

Additions in the normal course of operations for the three months ended 31 March 2010 amounted to approximately €5.7 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 three months ended 31 March 2010 amounted to nil.

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Amortization for the three months ended 31 March 2010 amounted to approximately €36.6 million.

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

	Useful life	31 March 2010 (unaudited)	31 December 2009
Cost:			
Q Telecom brand name	Indefinite	67,100	67,100
Tellas brand name	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	20,180	18,461
		742,508	740,789
Accumulated amortization		(335,667)	(322,540)
Net book value		406,841	418,249

14. DEFERRED TAX ASSETS AND LIABILITIES:

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 Mar 2010 (unaudited)	31 Dec 2009	31 Mar 2010 (unaudited)	31 Dec 2009	31 Mar 2010 (unaudited)	31 Dec 2009
Provision for liabilities and charges	(2,663)	(2,640)	-	-	(2,663)	(2,640)
Deferred airtime revenue	(4,421)	(4,934)	-	-	(4,421)	(4,934)
Derivative financial instruments	(8,454)	(7,305)	-	-	(8,454)	(7,305)
Roaming discounts	(4,365)	(4,160)	-	-	(4,365)	(4,160)
Tax loss carry-forward	(31,130)	(23,387)	-	-	(31,130)	(23,387)
Property, plant and equipment, intangible assets	-	-	137,017	141,474	137,017	141,474
Deferred charges for financial liabilities (debt)	-	-	3,879	4,210	3,879	4,210
Other	(2,789)	(3,074)	16,822	15,739	14,033	12,665
Tax (assets) liabilities	(53,822)	(45,500)	157,718	161,423	103,896	115,923

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Movement in temporary differences during the period

	Balance 1 Jan 2010	Recognized in profit or loss (unaudited)	Recognized in other comprehensive income(unaudited)	Balance 31 Mar 2010 (unaudited)
Provision for liabilities and charges	(2,640)	(23)	-	(2,663)
Deferred airtime revenue	(4,934)	513	-	(4,421)
Derivative financial instruments	(7,305)	(863)	(286)	(8,454)
Roaming discounts	(4,160)	(205)	-	(4,365)
Tax loss carry-forward	(23,387)	(7,743)	-	(31,130)
Property, plant and equipment, intangible assets	141,474	(4,457)	-	137,017
Deferred charges for financial liabilities (debt)	4,210	(331)	-	3,879
Other	12,665	1,368	-	14,033
Tax liabilities (assets)	115,923	(11,741)	(286)	103,896

15. TRADE AND OTHER RECEIVABLES :

	31 March 2010 (unaudited)	31 December 2009
Customers for services rendered	149,835	146,456
Unbilled customer revenues	13,357	16,276
Interconnection and roaming fees receivable	37,256	46,150
Receivable due from dealers	10,075	14,968
Income tax advance	14,932	14,932
Other receivables due from tax authority	1,072	1,054
Receivable from Post Office	992	1,165
Prepaid rental expenses	27,502	23,397
Advance paid to Hellas II (in administration)	10,000	10,000
Other	35,501	35,155
Less: Allowance for impairment	(64,561)	(61,655)
Total	235,961	247,898

The movement in the provision for doubtful debts is as follows:

	31 March 2010 (unaudited)
Balance at 1 January 2010	61,655
Charge for the period (note 8)	4,700
Write off receivable	(1,794)
Balance at 31 March 2010	64,561

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16. EQUITY:

Share Capital

As at 31 March 2010, 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 favor of J.P. Morgan Europe Limited with an effective date of 27 November 2009.

Reserve

The reserve reflected in the consolidated statement of changes in equity amounting to €44,871 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.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to forecasted transactions that have not yet occurred.

17. FINANCIAL LIABILITIES:

This note provides information about the contractual terms of the Company's financial liabilities, which are measured at amortised cost.

Borrowing and derivative financial liabilities

The following table provides details of financial liabilities as at 31 March 2010:

	31 March 2010 (unaudited)			31 December 2009		
	Current	Non Current	Total	Current	Non Current	Total
Bonds and bank financing	38,312	1,783,342	1,821,654	38,312	1,778,774	1,817,086
Derivative financial liabilities	35,225	-	35,225	30,442	-	30,442
Total	73,537	1,783,342	1,856,879	68,754	1,778,774	1,847,528

The following table provides details of the maturity dates of financial liabilities as at 31 March 2010:

	31 March 2010 (unaudited)			31 December 2009		
	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years	Total
Bonds and bank financing	38,312	1,783,342	1,821,654	38,312	1,778,774	1,817,086
Derivative financial liabilities	35,225	-	35,225	30,442	-	30,442
Total	73,537	1,783,342	1,856,879	68,754	1,778,774	1,847,528

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The following table provides an analysis of financial liabilities, excluding derivative financial instruments, by currency of issuance and effective interest rate as at 31 March 2010 (unaudited):

	< 5%	5% - 7.5%	10% - 12.5%	Total
Euro	254,675	1,217,693	349,286	1,821,654

Current maturities of long term debt consist principally of the portions of principal on bonds and bank facilities, which are contractually due within twelve months of the consolidated statement of financial position date.

(a) Third party borrowings

Terms and conditions of outstanding financial liabilities were as follows:

	Currency	Nominal interest rate	Year of Maturity	31 March 2010 (unaudited)		31 December 2009	
				Face value	Carrying amount	Face value	Carrying amount
Current							
Bond Loan	€	3M Euribor + 1.75%	2010	3,312	3,312	3,312	3,312
Revolving Credit Facility	€	Euribor + 3.25%	2010	35,000	35,000	35,000	35,000
				38,312	38,312	38,312	38,312
Non Current							
Senior Secured Notes - €25 million issue	€	3M Euribor + 6%	2012	927,518	922,496	925,000	919,538
Senior Secured Notes - €200 million issue	€	3M Euribor + 6%	2012	200,544	197,350	200,000	196,528
Senior Secured Notes - €7.3 million issue	€	3M Euribor + 6%	2012	97,515	97,847	97,250	97,611
Senior Notes - €55 million issue	€	9.50%	2013	355,000	349,285	355,000	348,958
Revolving Credit Facility	€	Euribor + 3.25%	2011	45,000	45,000	45,000	45,000
Revolving Credit Facility	€	Euribor + 3.25%	2012	170,000	168,052	170,000	167,827
Bond Loan	€	3M Euribor + 1.75%	2011	3,312	3,312	3,312	3,312
				1,798,889	1,783,342	1,795,562	1,778,774
Total				1,837,201	1,821,654	1,833,874	1,817,086

- (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

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issued additional Senior Secured Notes with principal amounts of €200.0 million and €97.25 million, respectively under the Senior Secured Indenture. As at 31 March 2010, total principal outstanding for the Senior Secured Notes was €1,226. 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%. The interest rate spread was increased in November 2009 by 2.5% as part of the restructuring transaction.

- (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 9.50%. 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% 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 secured Notes Indenture) J.P. Morgan Europe Limited as security agent and the Bank of New York, as trustee.
- (iii) A senior subscription agreement (the “Revolving Credit Facility” or the “Super Priority 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 million in the form of a revolving facility which has been fully drawn down as at 31 December 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%. As part of the restructuring transaction in November 2009, this margin was increased by 1%. Furthermore, principal repayments have been scheduled to take place within the next two years.
- (iv) A bond loan was obtained by WIND Hellas in 2007 totalling €13.25 million from a local Greek financial institution for the expansion of its network infrastructure. This bond loan matures on 31 December 2011 and bears interest at Euribor plus 1.75% and the principal amount is payable over a four year period in equal annual instalments. As of 31 March 2010, the amount outstanding is €6.62 million.

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

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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.

On 27 November 2009, a Hellas II Insolvency sale, as contemplated in the Consent Solicitation Statement, occurred where 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, pursuant to the terms of a fourth supplemental indenture between Hellas III, WFIII, the guarantors (under the Senior Notes Indenture) and The Bank of New York Mellon, as Trustee, and a fourth supplemental indenture between Hellas V, WFIII, the guarantors (under the Senior Secured Notes Indenture) and The Bank of New York Mellon, as trustee, 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.

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.

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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. Further to the abovementioned covenants, the Revolving Credit Facility contains various covenants substantially similar to the covenants in the indentures governing the Senior Secured Notes and the Senior Notes. In addition, the Revolving Credit Facility contains the following four financial covenants: (a) minimum liquidity levels of WFIII, (b) the level of capital expenditure of WFIII, (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. As at 31 March 2010, the Company is in compliance with all its covenants.

For the finance costs incurred for the period ended 31 March 2010 for the Company's financial liabilities, refer to note 11.

(b) Related party borrowing

Long term debt due to related companies represents an interest bearing intercompany loan from WFII to WFIII. The accrued interest on the intercompany loan is determined with fixed rate per annum of 12.7% and matures on 16 October 2014.

Interest expense incurred for the above intercompany loan for the three month period ending 31 March 2010 amounted to €3,872 and is included in other financial expenses (note 19).

The amounts included under current liabilities - amounts due to related companies, include interest expense incurred for the loan from WFII of €5.3 million cash advances and payments made on behalf of the Company by related parties amounting to €1.6 million as of 31 March 2010 (note 19).

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(c) Derivatives

As at 31 March 2010, the Company had interest rate swap contracts outstanding amounting to €35,225 which are described as follows:

- i. Three interest rate swap contracts with notional amounts of €1,125 million. The notional amounts indicated are effective to 14 October 2010. These amounts are subsequently reduced to €50 million, effective from 15 October 2010 to 15 October 2012. These contracts were entered into in October 2005 by the subsidiary WIND Hellas. These interest rate swap contracts were used as cash flow hedges by WIND Hellas up to August 2006 and the resulting gains, net of tax, of €16.5 million from the valuation of the derivatives up to that date were reflected directly in equity. Starting September 2006, WIND Hellas revoked this designation and any changes in their fair value have been recognized in finance income in the consolidated profit or loss (note 11).
- ii. Two interest rate swap contracts with notional amounts of €7.25 million. The notional amounts indicated are effective to 15 October 2009. These amounts are subsequently reduced to €50 million effective 15 October 2009 to 15 October 2012. These contracts were initially entered into by the subsidiary WIND Hellas in December 2006 with a total notional amount of €100 million and in January 2007, the notional amounts were amended from €100 million to €7.25 million, while the other terms remained unchanged.

The above contracts were entered into by the Company in order to mitigate its exposure to interest and exchange rate fluctuations associated with its variable rate financial liabilities.

18. TRADE AND OTHER PAYABLES:

	31 March 2010 (unaudited)	31 December 2009
Trade payables due to telephone operators	57,599	61,919
Trade payables due to dealers	23,681	24,016
Other suppliers and accrued liabilities	148,766	186,538
Accrued interest	40,636	30,030
Deferred income	33,531	41,766
Social security payables	1,994	2,958
License fee to National Telecommunications and Postal Committee ("NTPC")	3,251	2,639
Personnel payables	5,385	3,631
Other	22,251	22,031
Total	337,094	375,528

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19. 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.

Amounts owed by related parties included in non current assets	31 March 2010 (unaudited)	31 December 2009
Subsidiary of ultimate parent company - Hellas	22	22
Total	22	22

Amounts owed by related parties included in current assets	31 March 2010 (unaudited)	31 December 2009
Ultimate parent company - Weather Investments S.p.A.	-	10
Subsidiary of ultimate parent company - WIND International Services	2,190	2,354
Subsidiary of ultimate parent company - WIND Telecomunicazioni S.p.A.	505	504
Subsidiary of ultimate parent company - Mobinil	35	28
Subsidiary of ultimate parent company - Orascom Algeria	19	13
Subsidiary of ultimate parent company - Orascom Tunisia	1	1
Subsidiary of ultimate parent company - Hellas	4	3
Subsidiary of ultimate parent company - Hellas UK (i)	138	138
Total	2,892	3,051

(i) Hellas Telecommunications (UK) Limited

Amounts owed to related parties included in current liabilities	31 March 2010 (unaudited)	31 December 2009
Subsidiary of ultimate parent company -Weather Capital S.à r.l	43	-
Ultimate parent company - Weather Investments S.p.A.	2,116	139
Subsidiary of ultimate parent company - WIND Telecomunicazioni S.p.A.	98	485
Subsidiary of ultimate parent company - WIND International Services	532	315
Subsidiary of ultimate parent company - Mobinil	44	35
Subsidiary of ultimate parent company - Orascom Algeria	3	2
Subsidiary of ultimate parent company - Orascom Tunisia	5	6
Subsidiary of ultimate parent company - Hellas	70	70
Subsidiary of ultimate parent company - Hellas I (i)	25	25
Parent company – WFII	5,356	1,485
Total	8,292	2,562

(i) Hellas Telecommunications I S.à r.l

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	Three months ended 31 March 2010 (unaudited)
Services to related parties (i)	
Subsidiary of ultimate parent company - WIND Telecomunicazioni S.p.A.	15
Subsidiary of ultimate parent company - WIND International Services	2,055
Subsidiary of ultimate parent company - Mobinil	35
Subsidiary of ultimate parent company - Orascom Algeria	6
Subsidiary of ultimate parent company - Orascom Tunisia	2
Total	2,113

(i) the transactions relate to telecommunication and other services

	Three months ended 31 March 2010 (unaudited)
Services from related parties	
Subsidiary of ultimate parent company -Weather Capital S.à r.l (i)	43
Ultimate parent company - Weather Investments S.p.A. (i)	522
Subsidiary of ultimate parent company - WIND Telecomunicazioni S.p.A.(ii)	42
Subsidiary of ultimate parent company - WIND International Services (ii)	532
Subsidiary of ultimate parent company - Mobinil (ii)	44
Subsidiary of ultimate parent company - Orascom Algeria (ii)	1
Subsidiary of ultimate parent company - Orascom Tunisia (ii)	8
Total	1,192

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

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

	31 March 2010 (unaudited)	31 December 2009
Amounts owed to related parties included in non current liabilities		
Parent company – WFII	120,566	120,452
Total	120,566	120,452

	Three months ended 31 March 2010 (unaudited)
Other financial income from related parties	
Subsidiary of ultimate parent company - Hellas I (i)	16
Total	16

(i) Hellas Telecommunications I S.à r.l

	Three months ended 31 March 2010 (unaudited)
Other financial expenses to related parties	
Parent company – WFII	3,872
Subsidiary of ultimate parent company - Hellas I (i)	16
Total	3,888

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(i) Hellas Telecommunications I S.à r.l

	Three months ended 31 March 2010 (unaudited)
Compensation of key management personnel of the Company	
Salaries and short term employee benefits (salaries, employers' contributions, bonuses)	2,114
Termination benefits	205
Total compensation to key management personnel	2,319

20. COMMITMENTS AND CONTINGENCIES:

Commitments

Capital commitments: The Company has a number of outstanding capital commitments on supplier contracts which at 31 March 2010 amounted to approximately €34.5 million.

Contingent Liabilities

The Company is a party to various litigations and claims, the major of which are:

DELAN Arbitration / Carothers Litigation

WIND Hellas is involved in a dispute with Cyprus-based Carothers Ltd. (“Carothers”) relating to a September 1996 agreement between Stet Hellas Telecommunications SA (“Stet Hellas”) (the corporate predecessor of WIND Hellas) and Delan Cellular Services SA (“Delan”) pursuant to which Delan agreed to develop and market pre-paid telecommunications services using WIND Hellas’ network (the “Delan Agreement”). WIND Hellas terminated the Delan Agreement in January 1997 because of Delan’s failure to adequately develop a platform for the pre-paid product in accordance with the contractual timetable. WIND Hellas subsequently developed the product. Pursuant to the arbitration clause in the Delan Agreement, Delan filed an arbitration seated in Athens against WIND Hellas in February 1998, alleging wrongful termination of the Delan Agreement and seeking direct damages of approximately €0.3 million and lost profits of approximately €79.5 million, plus accrued interest (the “Delan Arbitration”). On 4 July 2006, an award was issued in the Delan Arbitration ordering WIND Hellas to pay Delan €30.7 million plus interest. WIND Hellas requested the annulment of the award before the Athens Court of Appeal, and the Court annulled the award on procedural grounds. WIND Hellas notified Delan of this decision on 6 September 2007 by sending a letter to Delan’s registered office, as required by the Greek Rules of Civil Procedure, and Delan failed to file an appeal within the applicable deadline (one month from service of the decision). On 29 October 2007, WIND Hellas’ lawyers applied for and obtained a certificate from the Court of Appeal that no appeal had been filed within the applicable deadline, and the matter was therefore considered closed by company management. On 29 February 2008, WIND Hellas was notified by Alpha Satellite Television SA (“Alfa Satellite”) of a petition filed by it with the Greek Supreme Court in November 2007 with respect to the Delan case. According to the petition, Alpha Satellite had merged with Delan in February 2007 and thereby become a full successor to Delan. WIND Hellas had not been notified of the merger between Alpha Satellite and Delan or Delan’s change of address. Alpha Satellite claimed that, due to its merger with Delan, a three-year period was available to it for appeal against the Court of Appeal’s ruling. The hearing before the Supreme Court took place on 5 May 2008, and in October 2008 the Supreme Court ruled in favour of WIND Hellas and confirmed the annulment of the award rendered in the Delan Arbitration. Alpha Satellite subsequently

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apparently transferred the Delan claim to a third party, the Cyprus-based Carothers. On 15 April 2009, Carothers sent WIND Hellas a letter seeking to reinstate the Delan claim. WIND Hellas responded to the letter, rejecting Carothers' arguments. Carothers replied insisting on its arguments. On 14 October 2009, Carothers filed a new claim before the Athens Court of First Instance. The claim is based on the same facts and raises the same legal arguments as the Delan Arbitration, but Carothers claims a total of €271.3 million (the same €0.3 million in direct damages claimed in the Delan Arbitration, plus increased lost profits and increased interest) plus interest from the commencement of proceedings. The hearing of this new claim was initially scheduled for 20 January 2010, but was postponed until October 2010. On 1 December 2009, Carothers filed an application for an interim injunction in order to safeguard Carothers' position in the event the Court rules in Carothers' favour. The hearing on Carothers' 1 December 2009 application for an interim injunction was heard on 20 January 2010 before the Athens (Multi-seated) Court of First Instance. The Court denied Carothers' application on 5 February 2010. On 10 February 2010, Carothers notified WIND Hellas of a second application for an interim injunction against WIND Hellas before the Athens (Single-seated) Court of First Instance. Carothers' second application was based on the same grounds as the first application. The hearing date for the second application was initially scheduled for 26 February 2010 but, by agreement of WIND Hellas and Carothers, was rescheduled on 26 February 2010 for 16 June 2010. Also on 26 February 2010, further to Carothers' oral request, the Court issued a provisional order prohibiting a change in the legal and actual status of WIND Hellas' property up to an amount of €35 million until the rescheduled hearing date of 16 June 2010. On 16 March 2010 WIND Hellas filed an application for the reform of the said provisional order. The hearing took place on 23 March 2010 and the competent Judge accepted WIND Hellas petition and amended the provisional order restricting it only to the tangible assets of the Company excluding the real estate assets. As of 31 March 2010, no provision for this litigation is recorded in the consolidated reporting package.

WIND Hellas considers that:

- these proceedings are without foundation; and
- even if any claim were to be successful, WIND Hellas should be entitled to recover the bulk of any losses it might suffer from a former owner of WIND Hellas under a contractual indemnity.

Vasilias Enterprises S.A. Litigation

In March 2001, Vasilias Communications SA ("Vasilias"), one of WIND Hellas' master dealers, filed suit against WIND Hellas claiming damages of over €9.2 million for breach of contract. Following the bankruptcy of Vasilias, WIND Hellas filed a counterclaim totalling €1.8 million for damages resulting from Vasilias' closure of its stores after receiving financial support from WIND Hellas. A decision of the Athens Court of First Instance ruled in favour of Vasilias and awarded Vasilias €1 million in damages for lost profits. This decision was appealed by both parties. Subsequently, the Court of Appeal issued a ruling in September 2004 and awarded Vasilias €1.1 million in damages for lost profits plus accrued interest and €50 thousand for legal expenses. Both WIND Hellas and Vasilias filed petitions for the amendment of this ruling before the Supreme Court (Arios Pagos). The hearing for the petitions took place on 26 February 2007. The Supreme Court partially accepted WIND Hellas' arguments and ordered WIND Hellas to pay Vasilias the sum of €0.4 million plus legal interest. The amount WIND Hellas paid Vasilias, following the Supreme Court's decision, therefore totals €0.7 million. Vasilias filed a second claim against WIND Hellas in February 2005 related to claims similar to those described above, but for the period following the filing of the first claim, running from the first quarter of 2001 to the end of 2001. In this claim, Vasilias is seeking damages of approximately €1.9 million for lost profits plus accrued interest. The hearing on this matter, originally scheduled for October 2006, was held on 24 January 2008. The Court of First Instance issued its decision which required the Company to pay Vasilias an amount of approximately €260 thousand. In October 2009, Vasilias' appeal against the Decision of the Court of First Instance was notified to WIND Hellas. The appeal is scheduled to be heard on 20 October 2010, before Athens Court of Appeals.

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Lantec Communications S.A. Litigation

Lantec Communications SA (“Lantec”), one of the Company’s former master dealers filed a suit against WIND Hellas in March 2002 claiming damages of approximately €52.7 million in lost profits relating to the termination by WIND Hellas of its exclusive agreement with Lantec due to Lantec’s failure to meet the targets of WIND Hellas’ commercial policy as stipulated in the agreement, as well as for breach of contract. The claim was dismissed by the Multi-seated First Instance Court of Athens following a hearing in March 2004 and WIND Hellas was awarded €1.1 million in legal fees. Lantec appealed this ruling and its appeal was heard on 10 November 2005. On 27 March 2006, the Court of Appeal issued its decision rejecting Lantec's appeal. Lantec, which in the meantime had merged with Lannet, filed a petition for an annulment of this ruling with the Supreme Court (Arios Pagos). The hearing took place on 23 March 2009. The Supreme Court rejected Lantec’s petition, so the case is finally closed in favour of the Company. Consequently in 2009 the provision related to Lantec case of €2.5 million was reversed.

TCS Capital Management

In November 2006, TCS Capital Management (“TCS”), the largest minority shareholder of WIND Hellas prior to the Cash-out Merger, filed a lawsuit with the United States District Court of New York against the Sponsors (“Sponsors” refers to a consortium of private equity investment funds affiliated with, or managed by, Apax and Texas Pacific Group), WIND Hellas, Telecom Italia, the former board of directors of WIND Hellas and others alleging that these entities engaged in market manipulation activities in connection with the Cash-out Merger. TCS claimed that it suffered damages because the price paid in the Cash-out Merger to the minority shareholders of WIND Hellas for the shares they held in WIND Hellas had been artificially depressed as a result of these activities and did not reflect the full value of the minority interests. In March 2008, the District Court of New York granted the motion to dismiss the TCS claims against all defendants. TCS did not exercise its right of appeal and the case is therefore considered closed.

Benroubis S.A.

Benroubis SA (“Benroubis”) is a company which, inter alia, manages retail stores and produces household appliances. Former legal entity Tellas had requested the approval of the trademark “IZI” for a group of new services. Benroubis filed an injunction request before the civil courts claiming that former legal entity Tellas should refrain from using this trademark as Benroubis had already registered the trademark “IZZY” for equipment it produces itself, including fixed telephone sets. The court granted an injunction prohibiting the use of the trademark “IZI” by Tellas, and Tellas immediately withdrew the products bearing this trademark from the market. The Administrative Trademark Committee (in charge of the registration of trademarks) accepted the request of Tellas for the registration of “IZI”, despite the fact that Benroubis SA had intervened and requested the rejection of Tellas’ application. Consequently, Benroubis filed a law suit claiming €1 million from former legal entity Tellas on the grounds of unfair competition for use of the trademark. Independently of the outcome of the judicial dispute, Tellas has fully covered the risk arising from this case, as the advertising agency used by Tellas (DDB) has undertaken to reimburse Tellas any amount that Tellas may be required to pay Benroubis. The next hearing was originally scheduled for October 2009 and postponed for the second quarter of 2010.

Municipality of Evosmos

In 2005, the Municipality of Evosmos sent formal notice to former legal entity Tellas asserting that the company was under the obligation to pay to the Municipality €62 thousand in regard to rights of way and demanding immediate compensation. WIND Hellas filed several appeals at the competent courts and the case is still pending. In 2009, the Municipality of Evosmos sent again notices to WIND Hellas, claiming

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rights of way for the years 2005 to 2009 up to €1.2 million. The company has once more appealed to courts, in order to defend its case. As a result, the total amount claimed by the Municipality is around €1.5 million. As of 31 March 2010, a provision of €488 thousand was recorded.

Customer complaints

In 2006 and 2007 a large number of customers filed complaints against former legal entity Tellas with the telecommunications regulator. These complaints and the replies of Tellas in this connection were reviewed by the regulator, resulting in a series of fines. The fines inflicted in 2007 amounted to a total of €1.85 million. Tellas has appealed against all the decisions of the regulator regarding such fines. Out of this amount, €1.05 million has been suspended by relevant court injunction. For the rest of the amount and until the issuance of a final decision, Tellas has paid the fines. However, Tellas believes that the appeals are based on sound legal arguments which are likely to result in a significant reduction of the fines. Until now, the administrative court of appeal has ruled on four appeals. All rulings issued until now have resulted to the reduction of the fines imposed. Namely, a fine of €50 thousand was reduced to €15 thousand, a fine of €500 thousand was reduced to €250 thousand, two fines of €400 thousand each were reduced to €350 thousand and €300 thousand respectively. Tellas has also appealed against the court decisions in an effort to further reduce the fines imposed. In addition, on 27 June 2008 two additional fines were inflicted by NTPC amounting to €0.3 million, both referring to customer complaints filed in 2007. A further fine of €0.5 million was inflicted on 4 July 2008. Finally, three other fines amounting to a total of €0.1 million were imposed by the Ministry of Development (Consumer Secretariat) for customer complaints filed in 2007. The Company has appealed against these decisions, but the court has not ruled on any of these appeals. An estimate of the cost of these fines was made in determining provisions for the period of approximately €0.7 million.

As at 31 March 2010 the Company has recorded a provision of €2.7 million which is its best estimate of the possible outcomes of the legal cases.

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 months ended 31 March 2010 and WIND Hellas Group and Hellas IV on a pro-forma basis for the three months ended 31 March 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 months ended 31 March 2009.

(In thousands of Euro)	Three months ended 31 March 2010	Three months ended 31 March 2009 (pro-forma)
Revenues	212,546	263,542
Other income	4,389	2,513
Total Revenue	216,935	266,055
Purchases and services	(141,146)	(162,943)
Other expenses	(8,751)	(8,664)
Wages and employees benefit expenses	(17,256)	(19,416)
Depreciation and amortization	(63,776)	(62,349)
Losses on disposal of non current assets	(14)	(75)
Operating (Loss) Income	(14,008)	12,608
Finance income	1,342	1,475
Finance costs	(50,236)	(68,341)
Loss Before Tax	(62,902)	(54,258)
Income tax benefit	11,610	10,416
Loss for the period	(51,292)	(43,842)

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 option for "WIND F2G" users. 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, combined services of fixed telephony and internet 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 4.6 million customers at 31 March 2010 at WIND Hellas, out of which 1.5 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	Three months ended 31 March 2010	Three months ended 31 March 2009
Mobile		
<u>Contract Customers:</u>		
Beginning of period	1,059.4	1,080.7
Churn rate	34.7%	29.3%
Net Additions	7.9	(12.2)
End of period	1,067.3	1,068.5
<u>Pre-paid Customers:</u>		
Beginning of period	3,926.2	4,112.7
Churn rate	73.3%	42.4%
Net Additions	(398.8)	85.5
End of period	3,527.4	4,198.1
<u>Total Mobile customers</u>		
Beginning of period	4,985.6	5,193.3
Churn rate	64.8%	39.7%
Net Additions	(390.9)	73.3
End of period	4,594.8	5,266.6

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	three months ended 31 March 2010	three months ended 31 March 2009
Mobile Traffic Volume		
Total mobile traffic	1,403,428	1,629,348
Total mobile outgoing traffic	994,165	1,151,186
Total Contract traffic	816,629	900,560
Total Contract Outgoing traffic	545,578	601,603
Total Prepaid Traffic	582,264	723,399
Total Prepaid Outgoing traffic	446,237	546,648
 in minutes		
AMOU		
Contract customers	256.7	278.7
Outgoing Contract customers	171.5	186.2
Prepaid customers	51.0	57.9
Outgoing Prepaid customers	39.1	43.7
Blended	96.1	103.6
Outgoing Blended	68.1	73.2

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 telephony services, internet access services, combined services of fixed telephony and internet as well as broadband services. The Company's fixed and internet customers were

approximately 0.7 million as at 31 March 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	Three months ended 31 March 2010	Three months ended 31 March 2009
Fixed		
<u>Voice Direct</u>		
Beginning of period	147.6	150.5
Churn rate	14.9%	27.9%
Net Additions	8.5	(2.1)
End of period	156.0	148.4
<u>Voice Indirect</u>		
Beginning of period	613.3	680.6
Churn rate	176.2%	17.8%
Net Additions	(239.2)	(15.9)
End of period	374.0	664.7
<u>Internet Direct</u>		
Beginning of period	0.7	2.0
Churn rate	76.5%	188.3%
Net Additions	(0.1)	(0.8)
End of period	0.6	1.3
<u>Internet Indirect</u>		
Beginning of period	3.0	7.3
Churn rate	65.2%	140.1%
Net Additions	(0.2)	(1.7)
End of period	2.8	5.5
<u>Double Play</u>		
Beginning of period	131.1	82.1
Churn rate	15.3%	0.0%
Net Additions	13.8	14.8
End of period	144.9	96.9
<u>Total Fixed Customers</u>		
Beginning of period	895.7	922.5
Churn rate	121.3%	18.8%
Net Additions	(217.4)	(5.6)
End of period	678.3	916.9

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 31 March 2010 our GSM/GPRS network covered 98.40% and our UMTS network covered 68.30% 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 three months ended 31 March 2010 compared to the three months ended 31 March 2009

Financial Discussion on Weather Finance III Results

Total revenue for the first quarter of 2010 accounted for €216.9 million, down by 18.5% from €266.1 million in the pro-forma first quarter of 2009. Service revenues decreased by 19.0% year-on-year to €203.2 million in the first quarter of 2010, from €251.0 million in the pro-forma first quarter of 2009, while revenue from sales decreased by 25.6% to €9.3 million, from €12.5 million in the pro-forma first quarter of 2009.

The main reasons for the year-on-year decrease in the first quarter of 2010 in service revenues were the lower mobile interconnection revenues, lower mobile contract and prepaid outgoing revenues, as well as lower WIND roamers revenues. More specifically, mobile-to-mobile (including revenues from SMS interconnection) and fixed-to-mobile interconnection revenues decreased by 32.3% year-on-year to €27.9 million in the first 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. Furthermore, mobile outgoing revenues (including monthly fee, outgoing and VAS revenues) decreased by 19.6% year-on-year to €32.4 million in the first quarter of 2010 mainly due to lower contract and prepaid outgoing traffic volume and lower customer base. On the contrary, fixed outgoing service revenues (including monthly fee, outgoing and VAS revenues) increased in the first quarter of 2010 by 3.3% compared to the pro-forma first quarter of 2009 as a result of increased LLU customer base.

Operating costs decreased by 12.5% in the first quarter of 2010 to €167.2 million compared to €191.0 million in the pro-forma first quarter of 2009. The year-on-year decrease in the first quarter was primarily driven by lower mobile-to-mobile and mobile-to-fixed interconnection cost by 30.3% to €28.0 million in the first 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 first quarter of 2010 was lower by 23.0% to €8.3 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 average cost per equipment sold in first quarter of 2010 compared to the pro-forma first quarter of 2009, lower personnel cost as a result of lower number of employees and lower maintenance cost.

Depreciation and amortization reached €63.8 million in the first quarter of 2010, higher by 2.3% than the pro-forma first quarter of 2009.

Due to the above factors operating loss in the first quarter of 2010 reached at €14.0 million versus €12.6 million of operating income in the pro-forma first quarter of 2009.

Net finance costs decreased year-on-year to €48.9 million in the first quarter of 2010 from €66.9 million in pro-forma first quarter of 2009 mainly due to the positive variance in the change of derivatives' fair value.

The Company's loss before taxes for the first quarter of 2010 was €62.9 million versus €54.3 million in the pro-forma first quarter of 2009.

In the first quarter of 2010, the Company incurred loss of €51.3 million, compared to €43.8 million in the pro-forma first quarter of 2009.

Non-GAAP measures

The Company's unaudited EBITDA (operating income before depreciation and amortization) for the first quarter of 2010 reached €49.8 million and it is attributed to mobile telephony by €47.1 million and by €2.7 million to fixed telephony, compared to €75.0 million in the pro-forma first quarter of 2009. The decrease for the first quarter of 2010 was primarily due to lower revenues of 2010 compared to 2009. Accordingly, the EBITDA margin on total revenues came in at 22.9% in the first quarter of 2010, versus 28.2% in the pro-forma first quarter of 2009.

Excluding, restructuring costs, redemption costs, management fees to Weather Investments S.p.A. and other non recurring expenses, adjusted EBITDA for the first quarter of 2010 would have been €52.3 million, compared to €76.2 million in the pro-forma first quarter of 2009, resulting in an adjusted EBITDA margin for the first quarter of 2010 of 24.1% on total revenue versus 28.6% on total revenue in the pro-forma first quarter 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 31 March 2010	Three months ended 31 March 2009 (pro-forma)
Operating (Loss) Income	(14,008)	12,608
Depreciation and amortization	63,776	62,349
EBITDA	49,768	74,957
Management fees to Weather Investments S.p.A.	500	1,000
Redemption costs	282	-
Restructuring costs	1,503	-
Other non recurring expenses	218	236
Adjusted EBITDA	52,271	76,193

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)	Three months ended 31 March 2010	Three months ended 31 March 2009
Total Revenues net of discounts	216.9	266.1
Operating revenue from equipment sales	(9.3)	(12.5)
Discounts on Service Revenues	3.9	6.7
Other	(6.1)	(2.6)
Gross Service Revenues (for ARPU calculation)	205.5	257.6
of which Mobile business ⁽¹⁾	170.4	222.0
of which Contract	118.5	144.5
of which Prepaid	49.6	74.1
Fixed & Internet business ⁽²⁾	35.1	35.6
Voice	13.1	16.4
Internet	0.7	1.1
Double Play	15.7	10.8
(in thousands)		
Average mobile customers	4,866.0	5,242.5
Average contract mobile customers	1,060.3	1,077.0
Average prepaid mobile customers	3,805.7	4,165.5
Average fixed & internet customers	856.3	919.8
Average Voice customers	714.1	821.2
Average Internet customers	3.6	8.0
Average Double Play customers	138.6	90.6
Mobile business ARPU (in Euro)	11.7	14.1
Contract ARPU (in Euro)	37.3	44.7
Prepaid ARPU (in Euro)	4.3	5.9
Fixed business ARPU (in Euro)	13.7	12.9
Voice ARPU (in Euro)	6.1	6.7
Internet ARPU (in Euro)	61.8	45.5
Double Play ARPU (in Euro)	37.6	39.8

(1): Including foreign roamers revenues

(2): Including wholesale and VAS revenues

Comparison between the projected and actual numbers for the three months ended 31 March 2010.

The comparison of the Company's EBITDA performance for the three months ended 31 March 2010, as compared to the budget EBITDA performance for the three months ended 31 March 2010 is described below.

	Three months ended 31 March 2010	
(In thousands of Euro)		
	<u>Budget</u>	<u>Actual (unaudited)</u>
EBITDA Breakdown		
Net Loss	(49,457)	(51,292)
Income taxes expenses (benefit)	1,677	(11,610)
Net finance costs	39,503	48,894
Depreciation and Amortization	62,548	63,776
EBITDA	<u>54,271</u>	<u>49,768</u>
Adjustments*	1,438	2,503
Adjusted EBITDA	<u>55,709</u>	<u>52,271</u>

* Adjustments include management fees to Weather Investments S.p.A., other non recurring expenses, restructuring costs and redemption costs.

EBITDA (operating income before depreciation and amortization) came in at €49.8 million in the first quarter of 2010, versus €54.3 million of the projected figure. The main reasons for this negative trend during the first quarter of 2010 for the actual figure compared to the budget was the decline in revenues mainly in the contract mobile segment largely due to lower off-bundle outgoing usage than projected, lower VAS fixed revenues and the higher acquisition costs as a result of the higher number of gross additions for the first quarter of 2010 than projected. This negative trend was partially offset by lower interconnection cost and lower VAS content cost in the first quarter of 2010 than projected.

When adding back to EBITDA the management fees to Weather investments S.p.A., other non recurring expenses, restructuring costs and redemption costs then the adjusted EBITDA figure for the first quarter of 2010 reaches €52.3 million, 6.2% lower than the budgeted first quarter of 2010 EBITDA figure.

Item 3. Capital expenditures

The Company's capital expenditures, for the first quarter of 2010 reached €1.4 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 months ended 31 March 2010 and WIND Hellas Group and Hellas IV on a pro-forma basis for the three months ended 31 March 2009:

(In thousands of Euro)

	Three months ended 31 March 2010	Three months ended 31 March 2009 (pro-forma)
Adjusted EBITDA	52,271	76,193
Change in assets / liabilities	(28,346)	(13,107)
Cash flow from Operations	23,925	63,086
Capex	(11,365)	(16,110)
<i>Of which mobile Capex</i>	(5,953)	(11,741)
<i>Of which fixed Capex</i>	(5,412)	(4,369)
Unlevered pre tax cash flow	12,560	46,976
Cash Interest	(25,430)	(28,426)
Taxes paid	(1,624)	(1,403)
(Financial Need) / Free cash flow	(14,494)	17,147
Decrease in Debt	-	(31,405)
Change in cash	(14,494)	(14,258)
Cash BoP	85,176	36,732
Change in cash	(14,494)	(14,258)
Cash EoP	70,682	22,474

Liquidity

As depicted in the above table of cash flows, net cash received from operating activities for the first quarter of 2010 reached €23.9 million, while €(28.3) million was the change in assets and liabilities.

Capex was €1.4 million in the three-month period ended 31 March 2010.

Cash paid for interest was €25.4 million in the three-month period ended 31 March 2010, while cash paid for taxes was €1.6 million in the three-month period ended 31 March 2010.

Cash and cash equivalents as of 31 March 2010 amounted to €70.7 million, compared to €22.5 million as of 31 March 2009.

Capital Resources

Our principal source of liquidity has been 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 WFIII and its subsidiaries as of 31 March 2010:

Payments due by period, (in thousands of Euro)	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Operating lease obligations ⁽¹⁾	255,692	42,361	75,725	63,239	74,367
Long term debt ⁽²⁾	1,837,201	38,312	1,443,889	355,000	-
Total contractual obligations	2,092,893	80,673	1,519,614	418,239	74,367
Purchase obligations ⁽³⁾	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 and the Bond Loans issued in Greece.
- (3) Purchase obligations as of December 2009.

Item 6. Off-balance sheet arrangements

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 €1,837.2 million of third parties outstanding indebtedness (at principal value) as of 31 March 2010, consisting of amounts outstanding under the Senior Secured Notes, the Senior Notes and the amounts drawdown under the RCF and Bond Loans issued in Greece. Interest accrues on the €1,225.6 million outstanding amount of the Senior Secured Notes. We have mitigated the interest rate risk, and the related cash flow exposure, arising from this variable rate indebtedness by entering into interest rate swap agreements in February 2006 with a notional amount of €1,125.0 million up to 15 October 2010 and reducing to €50.0 million thereafter until the final instalment date of 15 October 2012. The swap effectively exchanges the Euribor-based variable component of the interest rate on €1,125.0 million or €50.0 million, as the case may be, of indebtedness outstanding under the Original Senior Secured Notes into a fixed interest rate of approximately 3.16% per annum, to which the applicable spread is applied. We have entered into

similar swap agreements with respect to the €7.25 million of the additional Senior Secured Notes offered on 21 December 2006, with original notional principal amount of €7.25 million up to 15 October 2009 and reducing to €50 million thereafter until the final instalment date of 15 October 2012.

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, (to the extent not mitigated by the swap arrangements described above) and
- any amounts that may be drawn under the Revolving Credit Facility, which will also bear interest at a variable rate based on a spread over Euribor. As of 31 March 2010, €250 million was drawn down 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 31 March 2010, €6.62 million was outstanding under the local bond loans.

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 17). 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.