

ATHENS WATER AND SEWERAGE COMPANY S.A.
(E.Y.D.A.P)

***INTERIM FINANCIAL STATEMENT FOR THE 6 MONTH
PERIOD ENDED 30 JUNE 2006
ACCORDING TO IAS***

***DOMICILIATION
OROPOU 156
GALATSI***

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The Condensed Financial Statements, page 3 to 16, were approved by the Board of Directors on 30 August 2006. Under the permission of the Board of Directors the following officers named below sign the Financial Statements:

Athens 30 August 2006,

The Chairman of the Board of Directors Kostoulas Konstantinos	The Chief Executive Officer Vartholomeos Antonios	The Chief Financial Officer Kakou Evagelia	The Chief Accounting Officer Leventi Maria
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1. GENERAL INFORMATION FOR THE COMPANY

Name:	EYDAP SA
Domiciliation:	Oropou 156 – Galatsi
Date of Establishment:	25/10/1999
Duration:	100 years
Main Activity:	Water Supply - Sewerage
Registration Number of S.A.:	44724/06/B/99/52
Prefecture:	Athens
Tax Number:	094079101
Members of the Board of Directors:	K.Kostoulas, A.Vartholomeos, Th.Georgakelos, E.Baltas, A.Manouris, G.Zafiroopoulos, A.Spiropoulos, N.Sigalas, A.Giannouli, G.Mastragelopoulos, A.Protonotarios, K.Galanis, E.Moutafis
Ending Day of the Period:	30 June 2006
Period:	6 months
Form of Financial Statements:	Condensed Interim for the 6 months
Date of Approval of Financial Statements:	30 August 2006
Chartered Public Accountants:	M. Hatzipavlou and E. Giouroukos
Auditing Company:	Deloitte Hatzipavlou, Sofianos & Kampanis Public Accountants and Business Consultants SA
Type of Auditor’s Report	Unqualified opinion – Emphasis of matter
Internet address where the Financial Statements are registered:	www.eydap.gr

All amounts in Financial Statements and Notes are in euro thousands unless otherwise stated

2. CONDENSED INCOME STATEMENT FOR THE PERIODS ENDED 30 JUNE 2006 & 2005

NOTES	30.06.2006	30.06.2005	01.04- 30.06.06	01.04- 30.06.05
	<i>Amounts in thousands of Euro</i>			
Revenue from services rendered	167.287	168.202	90.100	93.020
Cost of Services	(99.956)	(94.892)	(52.334)	(48.493)
Gross Profit	67.331	73.310	37.766	44.527
Other Operating Income	1.396	1.055	899	716
General and administration expenses	(38.947)	(36.191)	(20.015)	(17.862)
Distribution and selling expenses	(14.599)	(14.608)	(7.276)	(7.473)
Profit from operating activities	15.181	23.566	11.374	19.908
Other operating expenses	(1.743)	(2.081)	(1.201)	(1.893)
Finance income net	1.184	1.284	701	537
Finance costs net	(2.010)	(2.312)	(1.201)	(1.616)
Profit from ordinary activities before income taxes	12.612	20.457	9.673	16.936
Income tax expense	(3.839)	(11.800)	(2.671)	(9.674)
Net profit for the year	8.773	8.657	7.002	7.262
Earnings per share (in €)	0,08	0,08	0,07	0,07

The accompanying notes on pages 7-16 form an integral part of these condensed interim income statements

3. CONDENSED BALANCE SHEETS AT 30 JUNE 2006 AND AT 31 DECEMBER 2005

	NOTES	30.06.2006	31.12.2005
ASSETS			
<i>Amounts in thousands of Euro</i>			
Non-current assets			
Goodwill		1.676	1.676
Other Intangible assets		2.281	1.949
Property, plant and equipment, net		975.305	978.314
Investment in associates		267	144
Available-for-sale Investments		686	644
Long-term receivables		98.444	98.468
Deferred tax assets		48.999	46.452
Total non-current assets		1.127.658	1.127.647
Current assets			
Materials and spare parts, net		17.280	17.676
Trade receivables, net		210.146	187.895
Other receivables, net		25.331	26.075
Cash and cash equivalents		11.329	12.221
Total Current assets		264.086	243.867
Total Assets		1.391.744	1.371.514
LIABILITIES AND SHAREHOLDER'S EQUITY			
Equity			
Share Capital		63.900	63.900
Share Premium		40.502	40.502
Reserves		373.117	373.117
Retained Earnings		279.079	277.719
Total Equity		756.598	755.238
Non-current liabilities			
Long term loans and borrowings		11.667	17.500
Reserve for employees benefits		165.452	160.702
Deferred tax liabilities		2.787	2.147
Provisions		39.170	36.947
Deferred subsidies and customer contributions		206.408	208.270
Consumers' guarantees		14.428	14.034
Total non-current liabilities		439.912	439.600
Current Liabilities			
Operating Current Liabilities		38.841	51.332
Current tax liabilities		9.274	9.788
Short term loans and borrowings		102.509	83.576
Other current liabilities		44.610	31.980
Total Current Liabilities		195.234	176.676
Liabilities and Shareholder's Equity		1.391.744	1.371.514

The accompanying notes on pages 7-16 form an integral part of these condensed balance sheets

4. CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 JUNE 2006 & 2005

2005	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Revaluation Surplus	Retained Earnings	Total Equity
Equity Balance at 31/12/2004	63.900	40.502	13.308	358.283	155.101	110.392	741.486
Profit / (Losses) of the year, after tax						8.657	8.657
Dividends						(6.390)	(6.390)
Net Profit from revaluation of available-for-sale investments						123	123
Others							
Equity Balance at the end of 30 June 2005	63.900	40.502	13.308	358.283	155.101	112.782	743.876

2006	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Revaluation Surplus	Retained Earnings	Total Equity
Equity Balance at 31/12/2005	63.900	40.502	14.834	358.283	155.101	122.618	755.238
Profit / (Losses) of the year, after tax						8.773	8.773
Dividends						(7.455)	(7.455)
Net Profit from revaluation of available-for-sale investments						42	42
Others							
Equity Balance at the end of 30 June 2006	63.900	40.502	14.834	358.283	155.101	123.978	756.598

The accompanying notes on pages 7-16 form an integral part of these Condensed Statements of Changes in Shareholders' Equity

5. CONDENSED CASH FLOW STATEMENT FOR THE PERIODS ENDED 30 JUNE 2006 & 2005

	<u>1.01-30.06- 2006</u>	<u>1.01-30.06- 2005</u>
<u>Cash Flows from operating activities</u>		
Profit before tax	12.612	20.457
Adjustments for:		
Provisions	3.765	821
Depreciation and amortization	14.714	16.020
Amortization of customers' contributions and subsidies	(4.139)	(3.698)
Interest and related income	(1.184)	(1.284)
Interest and related expense	2.010	2.312
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(23.439)	(23.421)
Other receivables	(7.274)	(5.271)
Long-term receivables	24	(1.631)
Materials and spare parts	41	856
Increase in (Decrease in)		
Operating Current Liabilities	(8.326)	(7.985)
Other current liabilities	12.630	(1.622)
Consumers' guarantees	394	413
Reserve for employees benefits	4.750	2.802
Minus:		
Interest and related expenses paid	1.739	1.429
Income Tax paid	<u>5.802</u>	<u>4.885</u>
Net cash from operating activities (a)	(963)	(7.545)
<u>Cash Flows from investing activities</u>		
Interest and related income received	852	1.268
Purchases of property, plant, and equipment	(11.183)	(16.984)
Purchases of intangible assets	(853)	(804)
Proceeds from customers' contributions and subsidies	2.277	1.929
Investments in associates	<u>(123)</u>	<u>0</u>
Net cash from investing activities (b)	<u>(9.030)</u>	<u>(14.591)</u>
<u>Cash Flows from financing activities</u>		
Proceeds from borrowings	53.700	34.000
Repayments of borrowings	(40.600)	(16.500)
Dividends paid	(3.999)	(79)
Net cash from investing activities (c)	<u>9.101</u>	<u>17.421</u>
Net (decrease) increase in cash and cash equivalents		
(a) + (b) + (c)	<u>(892)</u>	<u>(4.715)</u>
Cash and cash equivalents, beginning of period	12.221	13.321
Cash and cash equivalents, end of period	<u>11.329</u>	<u>8.606</u>

The accompanying notes on pages 7-16 form an integral part of these condensed cash flows

Notes to the condensed consolidated financial statements for the period ended 30 June 2006

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

3. RESULTS FOR THE PERIOD

REVENUES

The company's revenues decreased by €915 mainly due to the income decrease from water supply and relevant services by €0.3m and the income decrease from works for third parties by €0.6 m.

COST OF GOODS SOLD

The cost of goods sold increased by €5.063. This increase was caused mainly by:

The increase:

- in payroll costs by €4.9m due to Collective Bargaining Agreement (3% increase), due to the payment of retrospective benefit for underground work spaces and due to the increase in medical and healthcare plan costs that came up from the actuarial report conducted on 31/12/2005
- in the expenditures for the transportation and disposal of dehydrated sludge by €1.7 m
- in the provision for pending litigations by €1.3m

The decrease:

- of bad debt allowances by €1.4m
- of costs for third party works by €0.6m
- of depreciation expenses by €0.8m, because of the reevaluation of the water supply and sewerage networks useful life.

ADMINISTRATIVE COSTS

The administrative costs increased by €2.755 mainly due to the increase:

- in payroll costs by €1.5m (because of the payroll increase by 3% according to the Collective Bargaining Agreement) and in the medical and healthcare plan costs that came up from the cost evaluation for 2006 of the actuarial report conducted on 31/12/2005
- in the software programs installation and maintenance costs and other relevant fees by €1.2m

4. INCOME TAX

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 45 per cent.

It must be noted that according to the existing Tax law the official tax rate for the year 2006 is 29%.

The tax for the current period was calculated as follows:

	30.06.2006	30.06.2005
Profit before tax	12.612	20.457
Income tax calculated with the current tax rate (29% and 32% respectively)	3.657	6.546
Tax of unaudited by tax authorities fiscal years	456	1.619
Tax over non-deductible tax expenses	(274)	3.635
	<hr/>	<hr/>
	3.839	11.800

5. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings per share is based on the following data:

	30.06.2006	30.06.2005
Earnings	8.773	8.657
Number of shares	106.500	106.500
Earnings per share	0,08	0,08

6. DIVIDENDS

During the interim 6 months period, the Annual Shareholders Meeting approved the distribution of €0.07 per share dividend for the year 2005 (year 2004: €0.06 per share)

7. INTANGIBLE ASSETS

During the period 01/01/2006-30/06/2006, the company spent €11.2m, in order to improve and expand the water supply and sewerage networks.

It is noted that at the current period management reevaluated the water supply and sewerage networks useful life, which caused the period depreciation to be less by €2.302 approximately in relevance to the depreciation based on the previous useful life.

8. CUSTOMERS

The customers balance increased in the current period by €22.252 approximately. This increase is caused by:

- the increase in claims from the Greek State and Municipalities by €8.8m approximately
- the increase in metered but unaccounted for water consumptions 30/6/2006 by €13,2m approximately.

9. OPERATING CURRENT LIABILITIES

The operating current liabilities decreased by €12.491 in relation with the outstanding balances at 31/12/2005 and are analyzed as follows:

- Decrease in payable dividends by €4.9m caused by the increase in payable dividends for fiscal year 2005 by €7.4m according to the approval by the General Assembly, and by the payment and offset of part of dividends of an amount of €12.3m.
- The social insurance contributions decreased by €3.2m because in fiscal year 2005 the Christmas bonus contributions were included, which are due to be paid next year.
- The suppliers decreased by €1.2m, because of the pricing and adjustments that suppliers do at the end of the period, which are payable in the next fiscal year.
- Income tax decreased by €2.3m due to payments of installments.

10. OTHER CURRENT LIABILITIES

The other current liabilities increased by €12.630 mainly due to :

- The provision for transportation and disposal of dehydrated sludge from Psytallia Island by €3.9m
- The provision for Christmas and leave benefits for the employees by 6.5 m€
- Increase in payable checks by €1.0m

11. INVESTMENTS IN ASSOCIATES

Investments in associates of €267 include:

a) Participation of the Company at the "Gas Company of the Suburbs S.A." (E.A.P.). On February 2003 the joint-venture of EYDAP S.A., ELLINIKI TECHNODOMIKI-TEV S.A. and AKTOR S.A. was awarded, in an international tender offer by EPA Attikis, the project of the promotion of natural gas connections for domestic and small professional customers in the north-eastern part of Attica, as well as a part of the Athens Municipality. For this reason the "Gas Company of the Suburbs S.A." was established and EYDAP participates with a share of 35%. At the current period the Company participated in EAP'S share capital increase of EAP with an amount of €122,5. As at the 30 June 2006 the acquisition cost of E.A.P. was €437.5 and the impairment losses at €171.

b) Participation of the Company at Alternatives Telecommunication Networks S.A. (ETIDI) with a share of 25%. ETIDI was established on August 2001 and is under liquidation. The acquisition cost has been totally impaired.

Because there is participation only in an associate enterprise, and the Company has no obligation to prepare consolidated financial statements - because has no participation in a subsidiary - the financial statements under IFRS are them where the associate is accounted with the equity method. In this case the preparation of individual financial statements, where information about the impact of the method of cost or fair value on the accounts of the balance sheet and the income statement, is in abeyance.

The information provided is that the accounts of the balance sheet and the statement of income will not be materially differentiated if individual financial statements were prepared, as far as the there is no significant difference between the acquisition cost of the equity of the associate. It must be noted that the acquisition cost (with the impairments included) is not different by the equity of the associate as at the balance sheet date.

12. DEFERRED TAXATION

Below are the main assets and liabilities from deferred taxation recorded by the Company and their movements for the period ended at 30.06.2006 and the year ended at 31.12.2005.

Deferred Assets

	2005			06/2006	
	Opening Balance	Credit to profit/loss of the period	Ending Balance	Credit to profit/loss of the period	Ending Balance
Expensing of intangible assets	1.057	(528)	529	(172)	357
Slow moving Inventory	375	38	413	89	502
Employee Benefits liabilities	15.152	1.575	16.727	1.188	17.915
Provisions for Bad Debt	4.029	(581)	3.448	0	3.448
Other Provisions	4.604	2.175	6.779	556	7.335
Customer Contributions	13.317	680	13.997	300	14.297
Other Deferred tax assets	2.218	2.341	4.559	586	5.145
	40.752	5.700	46.452	2.547	48.999

Deferred Liabilities

	2005			06/2006	
	Opening Balance	Credit to profit/loss of the period	Ending Balance	Credit to profit/loss of the period	Ending Balance
Accrual revenues	2.311	(164)	2.147	65	2.212
Revaluation of useful life of networks			0	575	575
	2.311	(164)	2.147	640	2.787

Final amount of deferred taxation
as at the 30 June of 2006

46.211

The charge for deferred income taxes (deferred tax liability) in the accompanying income statements include the temporary tax differences arising from recorded revenues-profits that will be taxed in future time. The credit for deferred taxes (deferred tax assets) includes mainly temporary

tax differences arising from specific provisions that are tax deductible at the time of the realization of the corresponding expenditure.

13. BORROWINGS

The account on the accompanying financial statements is analyzed as follows:

	30 June 2006	31 December 2005
Bank Loans	111.034	97.934
Greek State Loans	3.142	3.142
	114.176	101.076
The borrowings are repayable as follows:		
On demand or within on year	102.509	83.576
In the second year	11.667	11.667
Between the third and the fifth year		5.833
After five years		
	114.176	101.076
Less: Amount due for settlement within 12 months (shown under current liabilities)	102.509	83.576
Amount due to settlement after 12 months	<u>11.667</u>	<u>17.500</u>

During the last period the Company increased short-term borrowings by €18.933, according to the disclosed bank agreements in order to face the shortage of liquidity. Repayments of both long-term and short-term bank loans were made in line with previous disclosed repayment terms.

14. RESERVES FOR EMPLOYEES BENEFITS

The account in the accompanying financial statements is analyzed as follows

	30 June 2006	31 December 2005
Employees' end-of-service indemnities	26.667	26.562
Employees healthcare scheme	138.302	133.767
Special Employees' end-of-service indemnity	483	373
	165.452	160.702

Income charges are based on estimation of costs mentioned in the actuarial study of 31/12/2005 for each reserve.

15. SHARE CAPITAL

The share capital of the Company at 30 June 2006 was equal to €63.900 consisting of 106.500.000 ordinary shares of €0,60 par value. There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

16. RETAINED EARNINGS

Balance at 01.01.2005	265.493
Dividends	(6.390)
Profit for the period	8.657
Others	<u>123</u>
Balance at 30.06.2005	267.883
Balance at 01.01.2006	277.719
Dividends	(7.455)
Καθαρά κέρδη περιόδου	8.773
Others	<u>42</u>
Balance at 30.06.2006	279.079

17. COMMITMENTS AND CONTINGENT LIABILITIES –ASSETS

LIABILITIES

Contingent liabilities are not recorded in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is minimal.

Litigations and claims

Lawsuits for civil law cases with claims of an amount of €40.3 millions have been raised against the Company as at 30 June 2006. These lawsuits are mainly related with damages caused by floods (either because of broken

mains of from rainfalls) or they are lawsuits of various trade creditors and subcontractors for violation of contractual terms. There are also pending litigations with employees of around €22.5 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of €39.17 millions as at 30 June 2006 and of € 36.9 millions as at 31 December 2005, which are considered as sufficient.

Insurance coverage

The Company's property, plant and equipment are dispersed in many locations, mainly at the Attica region, and therefore risk of a major loss is reduced. The Company does not carry any form of insurance coverage on its assets.

Unaudited by tax authorities fiscal years

The tax authorities had not audited the Company, until the fiscal period ended as at 31 December 2004. The accompanying financial statements include a related provision for the additional taxes and fees that are probable to be levied until the 30 June of 2006.

ASSETS

Investment program:

(a) The Company according to its establishment Law 2744/99, has signed a contract with the Greek State, according to which the Greek State undertakes the commitment for the subsidization of EYDAP either from the Community Funds or from the Program of Public Investments for the coverage of the 60% of the capital expenditure, which EYDAP pays for the maintenance, restoration, improvement or the expansion of the water supply and sewerage network system for the 8 years period 2000-2008. Against the aforementioned investment program of around €1,22 billion, that includes, as already mentioned, also the maintenances, the Company has spent for capital expenditures as at 30 June 2006 an amount of € 336,39 millions, for which it has the right to receive a subsidy of around €201.83 millions ($336.39 \times 60\%$), while for the maintenance expenditures the Company claims the corresponding subsidy. The Company against the subsidy that has the right to receive has received as at 30 June 2006 an amount of €9,08 millions. On the basis of the above the claim of the Company from the Greek State is raised to at least €192.75 millions ($201.83 - 9,08$). Therefore this amount has not recorded in the accounts receivables with an equal debit of the long-term liabilities accounts, the carrying amount of which is gradually transferred in the profit/loss of the period in proportion to the depreciation rate of the subsidized water supply and sewerage network system. If the aforementioned journals were carried out then the profit/loss of the current 6 months period will be improved by around €2.9 millions and the previous 6 months period by €2.5 millions and the net equity will be improved by around €23.40 millions as at 30 June 2006..

(b) In addition to these claims the Company has a claim for a subsidy for the maintenance expenditures according to the contract with the Greek State. However it is not feasible to extract the amount that corresponds to maintenance only from the amount of expenditures that are related with the operation and maintenance of installations that amounts to €423.86 millions. The corresponding subsidy that amounts to €254.32 millions it must be finalized after an arrangement with the Greek State.

18. EVENTS AFTER THE BALANCE SHEET DATE

In the framework of its strategic expansion in the power energy production, a call tender will be issued for the construction of a combined thermo-electric power station of 14MW using biogas at the Wastewater Treatment Plant of Psytallia. Another call tender will be issued for the construction of a new combined thermo-electric power station of 0,6MW using biogas at the Wastewater Treatment Plant of Metamorphosis.

The company has already signed three construction contracts for three Small Hydroelectric Plants (SHP).

19. RELATED PARTY TRANSACTIONS

A) Transactions and amounts outstanding with the Members of the Board

	30 June 2006	30 June 2005
- Salaries (Chairman & CEO and Executive Directors)	129	205
- Salaries & participation fees of the Members of the Board of Directors	69	66
	<u>198</u>	<u>271</u>

B) Transactions and amounts outstanding with the Greek State and the Municipalities

1) Transactions	30 June 2006	30 June 2005
- Revenues	24.302	24.586
- Cost of sales (construction contracts)	1.179	1.773
- Provisions	1.140	2.514
2) Outstanding amounts	30 June 2006	31 December 2005
- Long term receivables (construction contracts)	90.912	89.663
- Long term receivables (Arrangements of Municipalities)	5.196	6.342
- Trade receivables	109.923	90.894
- Other receivables (coverage of Employees' end-of-service indemnity)	4.343	8.350

REVIEW REPORT

To the Shareholders of
“ATHENS WATER SUPPLY AND SEWERAGE SA (E.YD.A.P. S.A.)”

We have reviewed the accompanying condensed interim balance sheet of “ATHENS WATER SUPPLY AND SEWERAGE SA (E.YD.A.P. S.A.)” (the “Company”) as of 30 June, 2006 and the related condensed interim income statement, cash flows and changes in shareholders equity for the six months ended 30 June, 2006 for the Company. Our review was performed for the six month period as a whole, and did not include the review of the financial information for the three month period from 1 April to 30 June 2006 and 2005 separately, which are presented in the income statement of the accompanying condensed interim financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400, as required by the Greek Standards on Auditing. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed Company interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the six months ended 30 June, 2006 for the Company are not presented fairly, in all material respects, in accordance with International Accounting Standards 34 – Interim Financial Reporting.

Without qualifying our report, we draw your attention to the following:

1. The Company according to its establishment Law 2744/99, signed a Contract with the Greek State whereby the State committed to granting E.YD.A.P. S.A. either from European Union's financial resources or from the State's Programme of Public Investments amounts to cover 60% of the capital expenditure that E.YD.A.P. S.A. will spend for the maintenance, renovation, improvement and or the expansion of the water supply and sewerage system for the eight year period from 2000 to 2008. Against the above mentioned Investment Programme, amounting to approximately Euro 1,22 billion, which includes maintenance expenses, the Company as of 30.06.2006 has made expenses for capital expenditure amounting to Euro 336 million approximately for which it should receive a subsidy amounting to Euro 202 million approximately (i.e. $336 * 60\%$) while in accordance with the aforementioned contract it is also due a subsidy for maintenance expenses. The Company against the subsidy to which it is entitled to, has received as of 30.06.2006 the amount of Euro 9 million approximately. In accordance with the principle of conservatism, the above receivable of the Company from the Greek State amounting to Euro 193 million approximately (202 million – 9 million) has not been accounted for as a receivable and as a long term liability, from which it would be gradually transferred to the income statement in accordance with the depreciation rate of the subsidised water supply and sewerage system. If the aforementioned accounting entries had been included, then the current period's financial results would have been improved (profit) by approximately Euro

2,9 million, the previous period's results by approximately 2,5 million and Shareholders Equity increased by Euro 23,4 million approximately.

2. As already mentioned in our above matter of emphasis number 1, the amount of approximately Euro 193 million does not include the receivable arising from the subsidisation of maintenance expenses, because from the total expenses relating to operations and maintenance amounting to Euro 424 million approximately, it was not possible to isolate the amount related to maintenance expenses. Even though in the contract signed by the Company and the Greek State (Appendix 4 – Financial commitments under the title “Subsidies for capital expenditure guaranteed by the State”) it is mentioned that the State guarantees the granting to E.YD.AP S.A. a subsidy amount 60% of the capital expenditure incurred by the Company relating to maintenance, renovation, improvement or expansion of the water supply and sewerage system for any year from 2000 to 2008, as of the date of completion of our audit, the amount due by the State relating to the subsidy for maintenance expenses had not been agreed upon between the Company and the State.
3. As of the date of the issue of this audit report, the legal transfer of the ownership of the assets to the Company “Fixed Assets E.YD.A.P S.A.”, amounting to Euro 657 million approximately, had not been completed.

Athens, August 30, 2006

The Certified Public Accountants

Michael Hadjipavlou

I.C.P.A Reg. No. 12511

Epaminondas Giouroukos

I.C.P.A Reg. No. 10351

Deloitte.

Hadjipavlou Sofianos &
Cambanis S.A..

Chartered Accountants &
Consultants

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Athens,

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