ANNUAL ECONOMIC REPORT

2010

According to the Law 3556/2007

March 2011

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STATEMENTS OF THE MANAGEMENT BOARD MEMBERS
(according to the article 4 par.2 of the Law 3556/2007)

The Following Members :

1.Lekas Themistoklis ,Chairman of the Management Board

2.Bardis Nikolaos ,Managing Director

3.Antonopoulos Antonios , member of the Management Board specially designated for this.

According to what is specified in the paragraph 2 of the article 4 of the Law 3556/2007 we hereby declare that from what we know :

a.The Annual Financial Statements of 2010 which conducted according to the valid International Financial Reporting Standards , trully illustrate Assets and Liabilities figures , Net Worth and Income Statement of E.YD.A.P S.A.

b.The Annual Report of the Management Board ,trully illustrates the position and performance of E.YD.A.P S.A.together with all risks and uncertainties.

Athens , 29 March 2011

The Chairman of the Management Board	The Managing Director	The Member of the Management Board
Lekas Themistoklis ID no. AE 144774	Bardis Nikolaos ID no. Φ 472635	Antonopoulos Antonios ID no.N329504

BOARD OF DIRECTORS' REPORT
For the Financial Year 2010

Dear Shareholders,

In accordance with article 4 of Law 3556/2007, we hereby submit the annual Board of Directors' Report for the financial year ended at 31 December 2010. The same report has been uploaded and is publicly available on the Company's website at www.eydap.gr.

The present report provides an overview of the business operations carried out in 2010, financial highlights, potential risks and uncertainties, the Corporate Governance Statement and significant transactions between the Company and related parties, as well as significant events after the end of financial year 2010.

EYDAP posted gains for 2010, despite the adverse financial environment. The Company has reinforced further its growth, reassuring its dominant position in the Greek water supply and sewerage market.

A. STRATEGIC GOALS AND ACTIONS

Pursuant the inauguration meeting of the new Board of Directors in May, the new strategic frame was established. The new corporate strategy is characterized by extroversion and domestic and international growth orientation. More specifically, the strategic priorities set are:

- Upgrade of services, by taking advantage of economies of scale, in order to maintain low tariffs (water production, processing, distribution, wastewater collection and sewerage treatment).
- Added-value generation by further exploitation of existing infrastructure in Attica, including wastewater effluent reuse projects for the benefit of our customers - citizens and the environment.
- Expansion of added value services towards public and private funds leverage, in order to resolve definitely the issues of water supply and sanitation in the islands and mainland of Greece, under the scope of sustainability and good environmental practices.
- Expansion of services abroad with the aim of establishing the Company as a key international player in the field of water and sanitation.

Moreover, the Company continued the effort to enhance and strengthen the activities for the protection of the environment, the upgrade of water and sanitation services, and business modernization in order to improve the level of customer service.

B. FINANCIAL HIGHLIGHTS FOR THE PERIOD

I. Review of Operations – Water Consumption Progress

In 2010 total water consumption (billed or not) increased by 0.4% compared to last year, in relation to the 3.4% decrease, from 2008 to 2009. Indeed, total water consumption in the years 2008, 2009 and 2010 was 440,022,286 m^3, 425,020,693 m^3 and 426,710,030 m^3, respectively. The compound annual growth rate (CAGR) of total water consumption during the period 2001 to 2010 is positive and equal to 0.9% per year. During the period 2005 - 2010 CAGR is positive and equal to 1.3% per year. Finally, during the period 2007 - 2010 CAGR is negative and equal to -0.4% annually.

In 2010, billed consumption decreased by 2.6% over the previous year, compared with a 0.8% decline, which occurred in 2009 compared to 2008. Indeed, billed water consumption for the years 2008, 2009 and 2010 was 342,518,893 m^3, 339,921,205 m^3 and 331.206.443 m^3, respectively. The compound annual growth rate (CAGR) of billed water consumption during the period 2001 to 2010 is positive and equal to 1.0% per year. During the period 2005 - 2010 CAGR is positive and equal to 0.8% per year. Finally, during the period 2007 - 2010 CAGR is negative and equal to -1.5% annually.

The combination of the increase in total consumption and the decrease in billed consumption resulted in a rise of the non-billed consumption by 12.2% over the previous year, compared to a 12.7% drop, which occurred in 2009 in relation to 2008.

During the years 2008, 2009 and 2010, non-billed consumption reached 97,468,570 m^3, 85,082,486 m^3 and 95,487,860 m^3, respectively.

Additionally, the non-billed to total consumption ratio increased, and was shaped at 22.4% in 2010, increased by 2.4% compared to 2009. More specifically, in 2008, 2009 and 2010 the non-billed to total consumption ratio was formed at 22.2%, 20.0% and 22.4%, respectively.

It should be noted however, that billed consumption in 2009 includes extraordinary water supply to Cyprus, which is equal to 3,872,616 m^3. If we do not take into account this extraordinary event, billed consumption for 2009 would have shaped at 336,048,589 m^3. Therefore, billed consumption in 2010 compared to the year 2009 would have been down by 1.4%, instead of the reported fall by 2.6%.

With respect to the main consumer classes, the class of common consumers - which represents the overwhelming majority of customers - fell by 2.3% compared to 2009, versus 1.7% rise in 2009 compared to 2008.

Water consumption of common consumers in the years 2008, 2009 and 2010 reached 210,076,261 m^3, 213,737,447 m^3 and 208,812,663 m^3, respectively. The compound annual growth rate (CAGR) of consumption in the common consumers' class in the period 2000 to 2010 is positive and equal to 0.7% per year. During the period 2005 - 2010 CAGR is positive and equal to 0.3% per year. Finally, during the period 2007 - 2010 CAGR is negative and equal to -1.3% annually.

Bulk Water Supply to municipal networks, which represents the second biggest class, fell by 3.8% compared to 2009, versus 2.5% drop in 2009 compared to 2008. Bulk water supply to municipal networks in the years 2008, 2009 and 2010 was 72,219,397 m^3, 70,413,473 m^3 and 67,741,121 m^3, respectively.

The compound annual growth rate (CAGR) of bulk water supply to municipal networks within the period 2000 to 2010 is positive and equal to 2.1% per year. During the period 2005 - 2010 CAGR is positive and equal to 2.6% per year. Finally, during the period 2007 - 2010 CAGR is positive and equal to 0.2% per year.

It should be noted that in the Bulk Water Supply to municipal networks class, is included the extraordinary water supply to Cyprus, which is equal to 3,872,616 m^3. If we do not take into account this extraordinary event, billed consumption for Bulk Water Supply to municipal networks in 2009 would have reached 67,741,121 m^3. Therefore, consumption in 2010 compared to 2009, would have increased by 1.8% instead of the reported decline by 3.8%.

The industrial consumers' class fell by 5.6% compared to 2009, versus 7.0% decline, in 2009 compared to 2008.

Water consumption in the industrial consumers' class in 2008, 2009 and 2010 was 22,457,393 m^3, 20,874,872 m^3 and 19,703,412 m^3, respectively. The compound annual growth rate (CAGR) in industrial consumers' consumption for the period 2000 to 2010 is negative and equal to -0.7% annually. During the period 2005 - 2010 CAGR is positive and equal to 0.1% per year. Finally, during the period 2007 - 2010 CAGR is negative and equal to -2.5% annually.

The class of State-Local Authorities grew by 5.6% compared to 2009, versus a 13.2% fall in 2009 compared to 2008.

Water consumption in the State-Local Authorities class in 2008, 2009 and 2010 was 22,468,152 m^3, 19,510,561 m^3 and 20,600,941 m^3, respectively. The compound annual percentage change (CAGR) of consumption in the State- Local Authorities class in the period 2000 to 2010 is negative and equal to -1.0% annually. During the period 2005 - 2010 CAGR is negative and equal to -0.8% annually. Finally, during the period 2007 - 2010 CAGR is negative and equal to -5.0% annually.

The impact of the consumption change in each consumer class to the decreased total billed consumption, which is shaped at 8,714,762 m^3, is summarized in the following table:

CHANGE IN BILLED CONSUMPTION FROM 2009 TO 2010	
CONSUMER CLASS	**CHANGE(IN CM)**

RESIDENTIAL CUSTOMERS	**-4,924,784**
BULK WATER SUPPLY TO LOCAL NETWORKS	**-2,672,352**
INDUSTRIES – CORPORATE CUSTOMERS	**-1,171,460**
OTHER	**-897,583**
WATER SUPPLY TO SHIPS	**-68,410**
PUBLIC VALVES- OLP	**-58,921**
CHARITY	**-11,632**
STATE – LOCAL AUTHORITIES	**1,090,380**
TOTAL CHANGE IN BILLED CONSUMPTION	**-8,714,762**

During 2008, 2009 and 2010, the consumption classes' breakdown is shown below:

ΤΙΜΟΛΟΓΙΟ	2010	2009	2008
RESIDENTIAL CUSTOMERS	63.05%	62.88%	61.33%
INDUSTRIES – CORPORATE CUSTOMERS	5.95%	6.14%	6.56%
BULK WATER SUPPLY TO LOCAL NETWORKS	20.45%	20.71%	21.08%
STATE – LOCAL AUTHORITIES	6.22%	5.74%	6.56%
WATER SUPPLY TO SHIPS	0.27%	0.28%	0.33%
PUBLIC VALVES – OLP	0.44%	0.45%	0.41%
CHARITY	0.09%	0.09%	0.10%
OTHER	3.53%	3.71%	3.63%

According to the applicable billing method, for 2010, the tariff breakdown for the residential customer class consumption is shown in the following table:

BILLING SCALE (RESIDENTIAL CUSTOMERS)	2010	2009	CHANGE

1st BILLING SCALE (1-15 m^3 / QUARTER)	**46.67%**	**46.35%**	**0.32%**
2nd BILLING SCALE (15-60 m^3 / QUARTER)	**45.08%**	**45.27%**	**-0.19%**
3rd BILLING SCALE (60-81 m^3 / QUARTER)	**3.06%**	**3.10%**	**-0.04%**
4th BILLING SCALE (81-105 m^3 / QUARTER)	**1.43%**	**1.45%**	**-0.02%**
5th BILLING SCALE (>105 m^3 / QUARTER)	**3.76%**	**3.84%**	**-0.08%**

The above table shows that only the share of the first billing scale increased marginally. The shares of all other billing scales fell marginally. Therefore the consumption share of residential customers billed at the minimum billing scale was increased, while the consumption share billed at other billing scales, higher than the first one, were decreased. Consequently, the change in the composition of billed domestic consumption, combined with reduced consumption in the residential customer class, led to decrease in the revenue from residential customers class.

The following table presents the annual water sales revenue and the change for the main customer classes:

WATER SALES INCOME (€)				
CUSTOMER CLASS	**2010**	**2009**	**ΜΕΤΑΒΟΛΗ ΑΠΟΛΥΤΗ**	**ΣΧΕΤΙΚΗ ΜΕΤΑΒΟΛΗ**
RESIDENTIAL CUSTOMERS	165,319,519	170,079,840	-4,760,321	-2.80%
INDUSTRIES – CORPORATE CUSTOMERS	18,286,161	19,430,333	-1,144,172	-5.89%
BULK WATER SUPPLY TO LOCAL NETWORKS	33,209,073	34,981,929	-1,772,856	-5.07%
STATE – LOCAL AUTHORITIES	21,138,001	19,827,719	1,310,282	6.61%
WATER SUPPLY TO SHIPS	2,205,370	2,374,302	-168,932	-7.12%
PUBLIC VALVES – OLP	1,030,396	1,072,069	-41,673	-3.89%
CHARITY	89,667	93,064	-3,397	-3.65%
OTHER	2,396,168	2,557,230	-161,062	-6.30%
TOTAL	**243,674,355**	**250,416,486**	**-6,742,131**	**-2.69%**

In the following table, the annual revenue from sewerage usage and the respective change for the main customer classes is presented:

INCOME FROM SEWERAGE SERVICES (€)				
CUSTOMER CLASS	**2010**	**2009**	**CHANGE**	**RELATIVE CHANGE**
RESIDENTIAL CUSTOMERS	**99,602,566**	**100,111,824**	**-509,258**	**-0.51%**
INDUSTRIES – CORPORATE CUSTOMERS	**7,784,887**	**8,470,587**	**-685,700**	**-8.10%**
STATE – LOCAL AUTHORITIES	**7,606,377**	**7,194,748**	**411,629**	**5.72%**
WATER SUPPLY TO SHIPS	**28,089**	**30,366**	**-2,277**	**-7.50%**
PUBLIC VALVES – OLP	**55,110**	**53,112**	**1,998**	**3.76%**
CHARITY	**56,473**	**57,344**	**-871**	**-1.52%**
OTHER	**5,285**	**44**	**5,241**	**11911.36%**
TOTAL	**115,138,787**	**115,918,025**	**-779,238**	**-0.67%**

Similarly, the following table presents the total annual income from water sales and sewerage use, as well as the respective change for the main customer classes:

TOTAL WATER SUPPLY AND SEWERAGE SERVICES INCOME (€)				
CUSTOMER CLASS	**2010**	**2009**	**CHANGE**	**RELATIVE CHANGE**
RESIDENTIAL CUSTOMERS	**264,922,085**	**270,191,664**	**-5,269,579**	**-1.95%**
INDUSTRIES – CORPORATE CUSTOMERS	**26,071,048**	**27,900,920**	**-1,829,872**	**-6.56%**
BULK WATER SUPPLY TO LOCAL NETWORKS	**33,209,073**	**34,981,929**	**-1,772,856**	**-5.07%**
STATE – LOCAL AUTHORITIES	**28,744,378**	**27,022,467**	**1,721,911**	**6.37%**
WATER SUPPLY TO SHIPS	**2,233,459**	**2,404,668**	**-171,209**	**-7.12%**
PUBLIC VALVES – OLP	**1,085,506**	**1,125,181**	**-39,675**	**-3.53%**
CHARITY	**146,140**	**150,408**	**-4,268**	**-2.84%**
OTHER	**2,401,453**	**2,557,274**	**-155,821**	**-6.09%**
TOTAL	**358,813,142**	**366,334,511**	**-7,521,369**	**-2.05%**

Finally, the following table presents the average revenue per cubic meter for the years 2009 and 2010, separately for water sales and water sales and sewerage usage for the main customer classes:

AVERAGE INCOME / CUBIC METER (€)				
CUSTOMER CLASS	**2010**		**2009**	
	WATER SALES	**WATER SALES & SEWERAGE SERVICES**	**WATER SALES**	**WATER SALES & SEWERAGE SERVICES**
RESIDENTIAL CUSTOMERS	**0.79**	**1.27**	**0.80**	**1.26**
INDUSTRIES – CORPORATE CUSTOMERS	**0.93**	**1.32**	**0.93**	**1.34**
BULK WATER SUPPLY TO LOCAL NETWORKS	**0.49**	**0.49**	**0.50**	**0.50**
STATE – LOCAL AUTHORITIES	**1.03**	**1.40**	**1.02**	**1.39**
WATER SUPPLY TO SHIPS	**2.45**	**2.48**	**2.45**	**2.48**
PUBLIC VALVES – OLP	**0.71**	**0.75**	**0.71**	**0.74**
CHARITY	**0.31**	**0.50**	**0.31**	**0.50**
TOTAL AVERAGE INCOME	**0.74**	**1.08**	**0.74**	**1.08**

As we can see, the average revenue from water sales remained stable at the level of 0.74 € per cubic meter. Also remained stable the average revenue from water sales and sewer usage at the level of 1.08 € per cubic meter. However, individual customer classes show marginal changes in average income. Besides charity customer class, the lowest average income among the major customer classes is the Bulk Water Supply to Local Networks class (0.49 € per cubic meter), which represents 62% of the average income of the common consumers. However, the Bulk Water Supply to Local Networks customer class continues to generate disproportionately low income in relation to the quantity of water sold. Specifically, while it accounts for 20.5% of billed consumption, it merely corresponds to 13.6% of revenues from water supply, let alone their slow collection rate.

II. Key Financial Data

Turnover amounted to €379 mn from €386.2 mn in 2009, down 1.9% (-€7.2 mn). This drop was mainly due to decreased revenues from water supply services by €6.8mn (- 6.7%), as well as from constructions for third parties (Ministry of Infrastructure, Transport and Networks, and ''EYDAP Fixed Assets'') by €3.5 mn (-73.6%). On the contrary, there has been an increase in the sewerage revenues by €2.4 mn (+1.9%) and in the revenues from electric power generation by € 0.6 mn (+38.9%).

As far as revenues from water supply and related services is concerned, a decrease by €6.8 mn, resulted primarily from a decline in revenues from water supply related services (new water connections, water-pipeline extensions, water supply disruptions - reconnections, etc.) at € 4.4 mn (-27.3%) and secondarily by the fall in revenues from water consumption by € 2.4 mn € (-1%).

The decline in revenues from water consumption is mainly due to water sales abroad (Cyprus) which in 2009 amounted to € 2.3 mn but were not repeated in 2010.

It should also be noted that revenues from water consumption (as well as the revenues from sewer usage rights) includes apart from the billed revenues that are reflected in water bills issued, their prediction on accrual basis, and other adjustments under IFRS.

Thousands of €	***2009***	***2010***
Revenues from water consumption	240,213	237,804
New water supply connections	10,095	7,660
Connection Fees and contributions	762	579
Restoration Works	2,493	1,867
Others	2,736	1,582
Revenues from water supply and related services	256,300	249,492

Revenues from sewerage services on the contrary, surged with increases in all categories except that of revenues from sanitation operations.

Thousands of €	***2009***	***2010***
Revenues from sewer usage	119,480	120,822
Connection fees	1,355	2,671
Sewage charges (from septic tank trucks)	1,626	1,650
Sewerage works	970	669
Revenue from sewerage services	123,431	125,812

The main category of sewerage revenue, which is the sewer usage, grew by €1.3 mn (+1.1%) while significant increase was presented to the connection fees that increased by € 1.3 mn.

The reduction in labor cost brought about by laws 3833/2010 and 3845/2010 had a positive impact on total operating costs which fell by €21.2 mn (-5.8%) compared to 2009. In particular, the cost of sales in 2010 dropped by € 10.3 mn (-4.3%) and was shaped at € 230.1 mn from € 240.4 mn in 2009, while to the same direction the administration costs decreased by €15.3 mn € (-19.5%).

On the contrary, distribution and selling expenses increased by € 9.6 mn € (-4.3) as a result of significant growth in the provisions for bad debt (annual provision of € 12.2 mn in 2010 versus € 3.1 mn in 2009, annual difference of € +9.1 mn or +293%).

In thousands €	*Allowance for Bad Debt (ending balance)*	*Trade Receivables before the Allowance for Bad Debt (ending balance)*	*Percentage*
	(1)	(2)	(3)=(1)/(2)
2004	18,181	184,179	10%
2005	23,288	211,183	11%
2006	25,977	256,043	10%
2007	29,397	275,831	11%
2008	33,900	308,748	11%
2009	35,834	313,800	11%
2010	48,049	339,939	14%

The provisions of € 12.2 mn for 2010 have boosted the balance of allowance for bad debt at € 48 mn, representing a rate equal to 14% of the gross trade receivables balance. Historically this percentage during the years 2004 to 2009 was between 10-11%.

The result of these developments was to increase the Gross Profit Margin by € 3.1 mn (+2.1%), reaching the € 148.9 mn from € 145.8 mn in 2009. Gross Profit margin as a percentage of turnover amounted to 39.3% from 37.8% in 2009.

With regards the operating expenses according to their category, the largest decrease occurred in the category of salaries and staff expenses by € 32.6 mn (-14.3%). The most of this drop is due to reductions in regular wages, holiday pays, overtime and to the establishment of a ceiling, that resulted from the application of the law 3833/10 and 3845/10 and which as a whole in 2010 amounted to € 22,1 mn. Additional decrease by € 7.4 mn resulted from the reduction of staff in 2010 by 413 employees, as the headcount decreased from 3,320 employees on 31.12.2009 to 2,911 employees on 31.12.2010. Additionally, social security costs declined by € 4.8mn.

Significant reduction also occurred in the category of third party expenses and fees (mainly contractors, consultants and advisors). The third party expenses and fees from € 53.1 mn in 2009 fell to € 42.8 mn in 2010 showing a decrease of €10.4 mn (-19.5%).

In thousands €	*2010*	*2009*
Contractor Fees Psyttalia WWTP	22,221	26,818
Contractor Fees Metamorfosi WWTP	2,686	4,000
Contractor Fees Water Supply Network	10,973	13,049
Other third party fees (engineering, consultants, etc.)	6,887	9,389
Total	42,766	53,256

Fall by €4.6 mn (-17.1%) occurred at the Wastewater Treatment Plant at Psyttalia), corresponding to 52% of all third party fees. Decline was noted also at water supply contractors by € 2 mn (-15.9%) while other third party fees for engineering, consultancy, etc decreased by € 2.5 mn.

Utility expenses decreased by € 3.6 mn (-7.7%) and amounted to € 43.1 mn from € 46.6 mn, in 2010.

In thousands €	*2010*	*2009*
Electric power expenses	16,357	19,570
Gas expenses	6,767	4,538
Post / Telecommunications	5,582	5,402
Rents	8,884	9,058
Insurance	599	606
Water for production process	174	910
Repairs and Maintenance	3,989	5,864
Other expenses	702	676
Total of Utility Expenses	43,054	46,625

Significant reduction was noted at the category electric power expenses by 3.2 mn € (-16.4%). The decrease was due to reduced needs for water pumping from Lake Yliki which generated savings of almost € 2.5 mn compared to 2009. On the contrary, at the installations of the Wastewater Treatment Plant at Psyttalia the electric power expenses remained relatively constant at € 6.4 mn. Notably, reduction in electric power expenses was the case for the other installations by € 2.5 mn.

In thousands €	*2010*	*2009*
Psyttalia WWTP	6,356	6,406
Yliki Pumping Stations	335	2,814
Other installations	9,666	10,350
Electric Power Expenses	16,357	19,570

The expense to gas purchase for exclusive use on premises of Psyttalia WWTP rose by € 2.2 mn (+49.1%) resulting to a total energy cost (gas and electricity) for Psyttalia facilities of €13.1 mn from €10.9 mn in 2009, an increase of 20%.

In the other expenses categories for utility expenses, significant reduction of € 1.9 mn was noted in the category of expenses for repairs and maintenance (-32%).

Particularly important in shaping the financial performance of 2010 was the growth of various provisions by 500% or €17 mn over those of 2009. These provisions mainly include provisions for bad debt and provisions for litigation cases.

In thousands €	*Provisions for Bad Debt*	*Provisions for Litigation cases*
2005	5,107	8,699
2006	2,689	2,033
2007	3,420	1,218
2008	4,504	-329
2009	3,108	426
2010	12,215	8,103

It is worth mentioning that provisions for bad debt in 2010 exceeded the sum of the corresponding provisions for the three last years, 2007-2009, which amounted € 11 mn.

Important growth was noted at provisions for litigation cases, which in 2010 exceeded the sum of the corresponding provisions for the past four years, 2006-2009, and amounted € 3.3

mn.

Provisions for litigation cases cover 42% of the total claims. With regard to labor cases, the coverage rate is 75% (compared with coverage in 2009, 65%) and with regard to civil cases, 22% (17% the coverage rate in 2009).

	Provisions Percentage of litigation cases on the total amount of claims		
	Labor Cases	***Civil Cases***	***Total Cases***
2005	100%	44%	63%
2006	100%	35%	57%
2007	82%	27%	47%
2008	65%	23%	41%
2009	65%	17%	37%
2010	75%	22%	42%

The average coverage ratio of provisions for litigation cases in the total amount of lawsuits during the five years 2005-2009 was 49% (82% for Labor and 29% for civil).

Increase by 30.7% or € 14.9 mn was noted to earnings before interest, taxes, depreciation and amortization (EBITDA), which was shaped to € 63.2 mn from € 48.3 mn in 2009, while EBITDA margin was formed at 16.7% from 12.5% in 2009.

Increase was noted in earnings before interest, taxes and depreciation (EBIT) which amounted to 34.7 from € 23.5 mn in 2009. The EBIT margin climbed to 9.2% from 6.1% in 2009.

Financial expenses increased by 19.9% reaching € 10.8 mn from € 9 mn in 2009 while the financial income increased by € 2.4 mn and reached € 5.9 mn from € 3.5 mn in 2009. Short term borrowing on 31.12.2010 amounted to € 204.2 mn from € 192.8 mn on 31.12.2009, an increase of € 11.4 mn (+5.9%). However, the major part of this increase occurred in the first quarter of 2010 as on 31.03.2010 amounted to € 207.3 mn and since then decreased by €3mn until 31.12.2010.

The financial expenses coverage ratio from earnings before interest, tax and financial results (EBIT) rose to 3.21 in 2010 from 2.61 in 2009. Net debt represents 21% of equity and is equal to 2.8 times operating profit (EBITDA).

	2004	***2005***	***2006***	***2007***	***2008***	***2009***	***2010***
EBIT to Financial Expenses	14.31	9.11	11.88	8.31	5.70	2.61	3.21
Net Debt to Equity	0.11	0.12	0.14	0.12	0.17	0.21	0.21
Net Debt to EBITDA	1.39	1.42	1.43	1.20	1.82	3.52	2.79

Earnings before tax amounted to € 29.8 mn from € 18 mn in 2009, increase by 66%.

Income tax for fiscal year 2010 amounted to € 18.5 mn from € 12.3 mn in 2009. Under Article 5 of L.3845/2010 an extraordinary contribution to the total net income for the year 2010 (2009 fiscal year) was imposed to legal entities, if net income exceeded the amount of € 100,000. Under this law, a special levy was imposed on our Company which amounted € 2.3 mn (against € 5.3 mn in 2009) to be paid in 12 equal monthly installments in 2011.

After-tax profits rose to € 11.3 mn from € 5.7 mn in 2009, representing an increase of 98%. The net profit margin stood at 3% from 1.5% in 2009.

Operating Cash flow amounted to € 27.8 mn from € 12.1 mn in 2009. The investment cash flows amounted to € -32.5 mn in 2010 from € -35.7 mn in 2009. Significant increases occurred in the purchases of tangible fixed assets that amounted to € 49.8 mn in 2010 versus € 42.7 mn in 2009. There was also an increase in grants collection that amounted to € 14.2 mn in 2010 versus € 3.6 mn in 2009.

Free Cash Flow (the difference between operating and investment cash flows) fell at low negative levels of € -4.7 mn from the high negative levels of € -23.5 mn in 2009.

	2004	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*
ROC	2.7%	3.1%	4.2%	5.2%	4.3%	1.8%	2.6%
ROA	1.6%	1.9%	2.7%	3.3%	2.8%	1.1%	1.6%
ROE	0.7%	2.6%	4.3%	5.3%	3.8%	0.7%	1.4%

ROC=EBIT(1-t) / Equity + Net Debt*

ROA = EBIT(1-t) / Total Assets*

ROE = Earnings after Taxes/ Equity

The return on capital (ROC) rose and stood at 2.6% versus 1.8% in 2009. Similarly, improvement was noted at the Return on Assets (ROA) and Return on Equity (ROE).

C. BUSINESS HIGHLIGHTS FOR THE PERIOD

Application of the Law regarding the "Protection of the Greek economy – Urgent measures against the financial crisis"

Following the voting of Law 3833/2010 regarding the "Protection of the Greek economy – Urgent measures against the financial crisis", the Company has applied the clauses referring to the employees' salaries cut, since the Company is excluded from the provisions of par. 8, article 1 of the Law, according to which the regulations set are not applied to those Companies where the Greek State possesses less than the 50 per cent of their share capital. Additionally, the Company has further applied art. 3 of Law 3845/2010, since June 1st 2010, according to which an additional 3% cut is effective in the Company's payroll.

Repeat Extraordinary Meeting of Shareholders

On May 4th 2010, was held the Repeat Extraordinary Meeting of Shareholders, during which, the new top management of the Company was appointed. During its inaugural meeting, the BoD elected Prof. Themistoklis Lekkas as Chairman and Mr. Nikolaos Bardis as Chief Executive Officer.

Annual General Meeting of Shareholders

The Annual General Meeting approved dividend distribution to the Shareholders of the Company for the fiscal year 2009, amounting € 2,131,000.00, namely € 0.02 per share.

Modernizing Business Functions

In 2010, the company continued the implementation of concrete actions in the course of modernizing its business functions, so as to boost performance and upgrade customer service. These actions per business function had as follows:

With respect to **New Operations**, EYDAP is negotiating the acquisition and integration of parts of the water supply network of the municipality of Maroussi and of the Magoula Municipal Community at Eleusis. Additionally, the Company is considering acquiring the water supply network management of Salamis, Spata, Artemis, Markopoulos and Lavreotiki municipalities.

It also under discussion the potential of reuse of treated wastewater effluent from Psyttalia and the new Thriasion Wastewater Treatment Plant, for industrial and agricultural uses and reforestation, irrigation of urban green areas, aquifer recharge, etc.

Another issue of crucial importance is the debt of municipal authorities to EYDAP (currently €164mn – excluding surcharges), which is hampering the Company's growth. In order to solve this issue, the Company is working constantly to the direction of contract signing with the Municipalities for the arrangement of respective debts.

With respect to **IT & Technology**, in 2010, EYDAP:

- Launched a pilot operation of the new ERP «SAP - Business One». The new system, combining the new philosophy and modern development tools, contributes to the modernization of the Company's resources management.
  Additionally, the new system is about to replace the existing ERP - ORAMA in the following fields:
  - General and Cost Accounting.
  - Warehouse (accounting function).
  - Asset Management
  - Costing function
  - Suppliers Management
  - Customers Management - Pricing (for those not included in the customer service system-BCC)
  - Banks – Loans – Securities Management.

Since the beginning of 2011 "SAP-Business One" has been in operation alongside the existing ORAMA-ERP. At the same time initiated the forecasted interfaces with the following production systems of the Company: SAS-FM (Budgeting), SAS-ABM (Costing), SAP/R3 (Health Management), BCC (Customer Relations Management), ORAMA-HR (Personnel, Payroll Management), SAP-MM (Warehouse Management).

- Installed at Menidi, the largest warehouse in the Company, the new ''Warehouse Management'' system SAP-MM which has been put into productive use. The system supports the following functions:
  - Material Requirements Planning (MRP)
  - Inventory Management
  - Invoice Monitoring and Registration
  - Materials valuation
  - Data entry wireless technology (RF)

SAP-MM was connected to the existing ERP - ORAMA and is already in the process of interconnection with the new ERP SAP - Business One.

- Launched the pilot operation of the new SAP-HR system on Human Resources management. This system covers a part of the functions of the existing HR-ORAMA and is connected to the system SAP/R3, operating in the Health Services Department of the Company.
- Set-up the productive operation of the water supplied to residential consumers log system.
- Installed and activated a Distance Learning Platform for the needs of the Customer Service Division.
- Installed the GIS to new servers.
- Installed the GIS at the Departments of the Water Supply Division.
- Implemented the connection of GIS with the database of the HELLENIC CADASTRE SA and the BING MAPS, for the use of orthophotomaps and 3D views of the city.
- Upgraded the central servers of the active directory and e-mail services.
- Launched the pilot Online Payment application by contracted partners.
- Enriched the corporate website with new features designed to deliver better, faster and more efficient customer service. The customer now has the possibility to be notified by email and SMS when the bill is issued and when water consumption is unusually increased.
- Completed the central antivirus installation in all desktops, while integrating users into centralized security and management policies.
- Installed monitoring and central management software for the Company's wide area data network.
- Replaced the core firewalls and IDS systems.
- Expanded the Voice Network in remote facilities of Mornos, Evinos and Marathon and launched a gradual integration of voice and data networks.
- Launched the gradual replacement of leased circuits of OTE, used to execute remote control / management of pumping stations and water tanks at the Water Supply Division, by the TETRA wireless network.
- Installed and put in operation in all District Centers, automated telephone operators function under a single telephone number for each District Center, routing the call through a small scale IVR.

With regard to **Human Resource Management,** the Company fostered further the implementation of projects that were launched the previous years and aimed to the improvement of the functions of the Human Resources Department, by placing emphasis on procedures, tools and systems and at the development and utilization of the Company's

human resources through training, skill-building, and enhancement of internal communications.
More specifically, as regards the development and utilization of the Company's human resources, in 2010 EYDAP began to work on establishing an Academy in order to develop and provide targeted expertise to the employees of the Company. This knowledge will be harmonized with the development process in a highly demanding environment within and outside Greece.

With regard to **Customer Service,** along the lines of a customer-centered approach and philosophy, the Company continued the efforts to enhance its services. More specifically:

- Following the processes standardization philosophy, an integrated electronic system for customer correspondence was implemented and is fully operational.
- ISO 9001:2008 certification was completed by the Inspection & Certification Body TUV HELLAS SA at the following procedures of the Customer Service Division:
    - Customer Service Management
    - Water Meters allowance
    - Water Consumption metering
    - Water and sewerage bills collection
- The constantly developing Billing and Customer Care system continued its successful operations in all District Centers. This system ensures interconnection and optimal collaboration between all corporate departments involved in customer service, reducing time and costs for the processing of customer requests.
- In pace with technological advances, the Company's website was upgraded and enriched with options that allow email and sms notifications upon the bill issuing and in case of unusually large consumptions.
- In order to better meet the needs of customers, the Company continued its cooperation with Citizen Service Centers (KEP) and at the same time similar partnerships with other independent authorities such as the Greek Ombudsman and other were established aiming to the benefit of the Company's customers.

Finally, it is worth mentioning that the Company was awarded the Prize for the "Best Use of Technology in Customer Service" by the Greek Institute of Customer Service (EIEP).

D. RISKS AND UNCERTAINTIES

As a result of its operations the Company is not exposed to any particular financial risks such as Market risk (changes in exchange rate parities, interest rates or market prices), Credit risk and Liquidity risk. The Company's financial risk management plan is focused on the minimization of their probable negative effects over the Company's financial position.

Risk management is processed by the Company's Central Economic Department which operates under certain rules approved by the Board of Directors. The Board of Directors provides guidance and directions for general and specific risk management problems such as exchange risk, interest rates risk and credit risk.

(a) Market Risk

Exchange rate risk
The main part of the Company's operations is processed in the Eurozone under Euro. As a result exchange rate risk is immaterial.

Interest rates variability risk
The Company doesn't possess any substantial interest financial items .Thus its operating revenues and cashflows are independent from changes in interest rates. Loan liabilities are based on variable interest rates which are in accordance with market conditions. Thus could be either remain variable or it may convert in fixed.

The Company doesn't use financial derivatives. As a result interest rates risk concerns loans. Loans under variable rate result in cash flow risk for the Company.

Sensitivity Analysis of loans under cash flow risk in Interest rate changes		
Amounts in €	**Interest rates Variability**	**Impact in EAT**
	+1%	(2,028)
2010	-1%	2,028
2009	+1%	(1,760)
	-1%	1,760

Note : The table doesn't involve the positive impact of the collected deposit interests.

(b) Credit Risk

The Company's exposition in credit risk is confined on its financial Assets which can be analyzed as follows:

Categories of financial items	**31.12.2010**	**31.12.2009**
Financial items in disposal	1,057	1,266
Cash flows and cash equivalents	27,842	22,624
Commercial and other claims	361,479	319,030
Long term claims	135,304	129,566
Investments in associates	207	383
Total	**525,889**	**472,869**

The Company checks its claims on an ongoing basis either separately or by grouping the respective items and incorporates these data in credit control procedures. The Company's long term claims are concern with the State Municipalities .As a result credit risk is immaterial.

Cash flows and cash equivalents do not involve credit risk because they mainly concern with deposits in banks with adequate credit rating. Commercial and other claims involve receivables from private customers which have the lowest degree of loss mainly because of the extensive dispersion of claims; while for Municipalities the Company examines the potential collection of the respective due debt through contract agreements. The approximate amount of these claims is € 164 mil.

None of the Company's financial assets is insured by mortgage or any other form of credit insurance. The available for sale financial items are assessed in their fair value that is their stock market value .As a result they are attributed in the level 1, according to IFRS 7, par.27b

The timetable of **claims on maturity** is analysed as follows:

2010	**Not due**		**0-1 Months**	**1-6 Months**	**6Months-2 Years**	**2Years-5 Years**	**>5 Years**	**Total**
Private customers	22,062		11,596	19,271	20,531	16,029	3,746	93,235
Public	5,812		1,013	3,900	7,508	9,702	21,732	49,668
Municipalities	9,820		4,491	19,998	41,998	53,896	33,429	163,631
Total	**37,694**		**17,100**	**43,169**	**70,037**	**79,627**	**58,907**	**306,534**
2009								
Private customers	19,846		11,242	17,066	19,668	11,705	3,476	83,003
Public	3,913		1,009	3,873	7,391	9,416	21,731	47,333
Municipalities	7,607		4,523	20,054	43,051	55,823	34,721	165,779
Total	**31,366**		**16,774**	**40,993**	**70,110**	**76,944**	**59,928**	**296,115**

The accounting value of claims which have been renegotiated was on 31 December 2010 €45.3 and on 31 December 2009 € 37.7.

(c) Liquidity Risk

Liquidity risk is confronted by the preservation of sufficient cash for the reassurance of bank credits. The existing available and approved to the Company bank credits are enough for the purpose of confronting any probable shortage of cash.

The following table analyses the Company's financial liabilities which are classified in groups according to their expiration date and calculated according to the time balance arising at the balance sheet date to the contractual arrangement ending date in non discounted figures.

The timetable of the **Company's liabilities on maturity** date is analysed as follows:

2010	**0-1 Months**	**2-3 Months**	**3Months -6 Months**	**6 Months-12 Months**	**1-5 Years**	**>5 Years**	**Total**
Loans	16,016	71,600	69,548	47,000	0	0	204,164
Creditors & others	58,471	18,960	12,202	21,543	92,646	175,954	379,776
Total	**74,487**	**90,560**	**81,750**	**68,543**	**92,646**	**175,954**	**583,940**
2009	**0-1 Months**	**2-3 Months**	**3Months -6 Months**	**6 Months-12 Months**	**1-5 Years**	**>5 Years**	**Total**
Loans	2,052	0	0	187,610	3,143	0	192,805

Creditors & others	44,063	19,601	10,475	26,011	149,096	99,338	348,584
Total	**46,115**	**19,601**	**10,475**	**213,621**	**152,239**	**99,338**	**541,389**

E. CORPORATE GOVERNANCE STATEMENT

This Statement covers all of the principles and practices adopted by the Company in order to ensure its efficiency, the interests of shareholders and all other interested parties.

The structure of this Statement of Corporate Governance focuses on the following topics:

(a) Code of Corporate Governance
(b) Board of Directors and Audit Committee
(c) Shareholders' Meeting and Rights
(d) Internal Audit and Risk Management
(e) Other managerial, supervisory bodies or Committees of the Company

(a) Code of Corporate Governance

EYDAP has compiled a Corporate Governance Code, customised to the needs and obligations of the Company. This Code can be found at the corporate website: www.eydap.gr.

Apart from the website, the Code is also available to all staff via the company's intranet (THALASSA INTRANET).

Practices of Corporate Governance that the Company implements over the provisions of the law

The Company within the framework of implementing a structured and adequate corporate governance system has implemented specific practices of good corporate governance as provided by relevant laws CL 2190/1920, 3016/2002, 3693/2008 and 3873/2010, 3884/2010 and the Corporate Governance Code of the Hellenic Federation of Enterprises - SEV (www.sev.org.gr/Uploads/pdf/KED_TELIKO_JAN2011.pdf).

(b) Board of Directors & Audit Committee

Constitution and operation of the Board of Directors

The Company is managed by the Board of Directors, having an odd number of members which may not exceed thirteen (13) members or be less than seven (7) members. The Board of Directors comprises executive, non executive and independent non executive members as per the provisions of articles 3 and 4 of Law 3016/2002 as applicable from time to time.

The General Meeting of Shareholders has authority to determine the number of members of the Board of Directors as well as to increase or decrease such number, always within the limits specified in the Company’s Articles of Association. The Board of Directors is composed of:

(a) Two (2) representatives of Company employees elected (along with an equal number of alternate representatives) by direct and universal vote;

(b) Two (2) members representing minority shareholders, elected as provided for in article 36 of the Company’s Articles of Association;

(c) Shareholder representatives, elected by the General Meeting.

The Board of Directors is composed of:
(a) Two (2) representatives of Company employees elected (along with an equal number of alternate representatives) by direct and universal vote.
(b) Two (2) members representing minority shareholders, elected as provided for in article 36 of the Articles of Association;
(c) Shareholder representatives, elected by the General Meeting.

The term of office of the Board of Directors' members is five years and is extended until the nomination or election of new directors. Such term extension may not be longer than one year. The members of the Board of Directors can be freely recalled. Such recall and substitution is done by those having the right to elect or nominate. The General Meeting may substitute any of the members of the Board of Directors elected before the end of their term of office. The members of the Board of Directors may be appointed anew or reelected without limitation and may be recalled without limitation. The members of the Board of Directors may not be related by blood or marriage, up to the third degree of relation, and may not be contractors or suppliers of the Company or members of the Board of Directors or employees of an undertaking doing business with the Company. The members of the Board of Directors may, however, be members of the Board of Directors or employees of an undertaking associated with the Company, as per the provisions of article 42e of C.L. 2190/1920.

Convocation of the Board of Directors

The Board of Directors is called by its Chairman or the Chairman's legal deputy, pursuant to the provisions of the Company’s Articles of Association, and holds its meetings at the registered office of the Company. The agenda is presented to the Board of Directors by the Managing Director.

The Board of Directors holds ordinary meetings once each calendar month, and also holds extraordinary meetings if so deemed necessary by the Chairman. The agenda of the Board of Directors' meetings is established by the Chairman and the agenda items are included in the notice to the meeting sent to the directors.

The notice to the meeting is advised to the members of the Board of Directors at least two (2) business days prior to the day of the meeting and shall clearly indicate the agenda items; otherwise, decisions may be adopted only if all members are present or represented at the meeting and no one objects to the passing of decisions. As to the rest, the provisions of article 20 of C.L. 2190/1920, as applicable, shall apply.

The Board of Directors may be convened upon the request of two (2) of its members, by applying to the Chairman of the Board of Directors, who is required to convene the Board of Directors within a time period of ten (10) days as of the submission of their application. In case of refusal by the Chairman to convene the Board of Directors within the said time period or in case of late convocation, the requesting members may themselves call a meeting of the Board of Directors within five (5) days as of the expiration of the said ten-day period, advising the relevant notice to the other members of the Board of Directors. The application of such requesting members must clearly indicate the agenda of the meeting, otherwise such application shall be dismissed.

The Board of Directors may also hold its meetings outside the registered office of the Company, at another place, in Greece or abroad, if all its members are present or represented at the meeting and no one objects to the holding of the meeting and the passing of decisions.

Quorum - Majority – Representation of Members

The Board of Directors is in quorum and may validly transact its business when one half plus one director are present, subject to the provisions of paragraphs 4, 4a and 5 of article 11 of the Company's Articles of Association. To find the number constituting a quorum, any resulting fraction is omitted. At no time can the number of directors attending in person be less than three. The decisions of the Board of Directors are passed by absolute majority of the members present. In case of a tie, the Chairman of the Board of Directors does not have a casting vote. In case the Chairman is absent or prevented from acting, the meeting is presided over by the Chairman's deputy. The meetings of the Board of Directors may be attended by scientific advisors, legal or otherwise, and experts, without the right to vote, as well as by the Director of the Legal Department of the Company, if invited to attend by the Chairman or the Board of Directors, and if the Director of the Legal Department is absent or prevented from acting by another lawyer as instructed by the Chairman of the Board of Directors. All the directors have the right to be advised in writing, by the Chairman and the Managing Director, on the management of the Company and the course of the corporate affairs in general. A director who is absent may be represented by another director, by means of written authorization to this effect. Each director may represent only one absent director.

Minutes are kept for each meeting of the Board of Directors; such minutes are ratified at the same or the next meeting. Copies or extracts of the Minutes are attested by the Chairman or his deputy or by another member of the Board of Directors authorized to this effect under a decision of the Board of Directors. The Minutes of the Board of Directors are entered in a dedicated book kept in a manual or computerized system and are signed by the Chairman and the directors who attended the meeting. Any refusal by a director to sign the Minutes is entered in the minutes. All directors have the right to have their opinion entered in the Minutes.

Authority and powers of the Board of Directors

The Board of Directors is the supreme administrative body of the Company that primarily formulates the corporate growth policy and strategy while supervising and overseeing the management of the corporate property.

The Board of Directors has authority to decide on all matters with respect to the management of the corporate property, the administration and representation of the Company and the corporate business in general, and proceeds with all action and decisions aimed at the fulfillment of the Corporate object; the Board of Directors also monitors the course of the Company and the implementation of its activities. Excepted are those issues and matters which, under the provisions of the Law or the present Articles of Association, fall within the exclusive authority of the General Meeting.

Delegation of power by the Board of Directors

The Board of Directors, under the restrictions stipulated by Law and the Articles of Association, may decide to delegate the exercise of its powers or authorities in part to the Chairman or the Managing Director or a member or members of the Board of Directors or Company Managers or employees or third parties.

Information concerning the members of the Board of Directors

The members of the Board of Directors for the period from 01/01/2010 to 31/12/2010 were as follows:

From January 1st until the 4th of May 2010, the Board of Directors comprised the following members:

NAME	POSITION
Antony M. Vartholomeos	**Chairman of the BoD & CEO –Executive Member**
Alexios N. Spyropoulos	**Non - executive Member**
Georgios Mitsioulis	**Non - executive Member**
Georgios D. Mastragelopoulos	**Non - executive Member**
Christos Mistriotis	**Non - executive Member**
Emmanuel Parlis	**Non - executive Member**
Nikolaos Perdiou	**Non - executive Member**
Konstantinos Zivopoulos	**Non - executive Member**
Emmanuel Aggelakis	**Non - executive Member**
Evangelos Moutafis	**Non - executive Member**

On the 4th of May 2010, after the Repeat Extraordinary General Meeting the new Board of Directors was appointed, as follows:

NAME	POSITION
Themistoklis Lekkas	Chairman of the BoD- Executive Member
Nikolaos Bardis	Chief Executive Officer – Executive Member
Vasileios Avgerinos	Non - executive Member
Georgios Kontoroupis	Non - executive Member

Panagiotis Beis	Non - executive Member
Dionysios Assimakopoulos	Non - executive Member
Antonios Kotsonis	Μη εκτελεστικό Μέλος Δ.Σ.
Nikolaos Tzikas	Independent Non - executive Member
Nikolaos Kogioumtsis	Non - executive Member
Christos Mistriotis	Non - executive Member
Georgios Mastraggelopoulos	Non - executive Member
Emmanuel Aggelakis	Non - executive Member
Evangelos Moutafis	Non - executive Member

After the resignation of Mr. Vasileios Avgerinos, at 12.05.2010, his position was taken by Mr. Antonios Antonopoulos.

Following the resignation of Mr. Georgios Mastraggelopoulos, representative of minority shareholders, at 8.06.2010, Minority Shareholders Meeting was convened at July 13th 2010, in order to vote for the new representative. Mr. Skoularikis Panagiotis was elected for this position. After the new members undertook their duties, the Board of Directors was formed as follows:

NAME	POSITION
Themistoklis Lekkas	Chairman of the BoD- Executive Member
Nikolaos Bardis	Chief Executive Officer – Executive Member
Antonios Antonopoulos	Non - executive Member
Georgios Kontoroupis	Non - executive Member
Panagiotis Beis	Non - executive Member
Dionysios Assimakopoulos	Non - executive Member
Antonios Kotsonis	Non - executive Member
Nikolaos Tzikas	Independent Non - executive Member
Nikolaos Kogioumtsis	Non - executive Member
Christos Mistriotis	Non - executive Member
Panagiotis Skoularikis	Non - executive Member
Emmanuel Aggelakis	Non - executive Member
Evangelos Moutafis	Non - executive Member

The tenure of the Board of Directors for the representatives of the Minority Shareholders is until 2.06.2013 and for the rest of the Board until 25.06.2013.
The CVs of the members of the Board of Directors are listed on the Company's website http://www.eydap.gr/index.asp?a_id=60.

During 2010 the Board of Directors convened 27 times.

Audit Committee
The Company in compliance with the provision of article 37 of Law 3693/2008 has established and Audit Committee.

Within 2010, the Audit Committee was comprised of the following members:
From 23.02.2010 until 4.05.2010, the members were:

1) Mr. Alexios Spyropoulos, Chairman(non-executive member)
2) Mr. Georgios Mastraggelopoulos (non-executive member) and
3) Mr. Christos Mistriotis, Secretary.

During the Repeat Extraordinary General Meeting which took place on the 4th of May 2010, the new Audit Committee was elected as follows:

1) Mr. Nikolaos Tzikas, Chairman (independent, non-executive member)
2) Mr. Vasileios Avgerinos (non-executive member) and
3) Mr. Dionysios Assimakopoulos (non-executive member)

Following the resignation of Mr. Avgerinos on the 12.05.2010 from the Board of Directors and the resignation of Mr. Nikolaos Tzikas, from the position of the Audit Committee Chairman, the Board of Directors decided to reorganize the Committee as follows:

1) Mr. Antonios Antonopoulos, Chairman (non-executive member)
2) Mr. Dionysios Assimakopoulos (non-executive member) and
3) Mr. Christos Mistriotis, Secretary (non-executive member).

The confirmation of the status of Mr. Antonopoulos as an independent non-executive member will be assured at the 29th Annual General Meeting, scheduled for June 10, 2011.

The authorities and obligation of the Audit Committee are:
a) the observation of the procedure of financial information,
b) the observation of the efficient operation of the system of internal audit and the system of risk management, as well as the observation of the correct operation of the internal auditors of the company
c) the observation of the course of the obligatory check of the financial statements company
d) the observation of issues contingent to the existence and preservation of the independence of the auditor especially on what concerns the providing of other services from the auditor.
Mission of the Audit Committee is the insurance of efficiency of the company's proceedings affairs, the control of the credibility of the financial information that is provided to the investing community and the shareholders of the company, the compliance of the company with the laws, the safeguard of investments and assets of the company and the detection and confrontation of the most important risks.
The operating framework and powers of the Committee has been determined by the Board of Directors Resolution (BoD Res. 14995/2004).

The audit committee during 2010 (01/01/2010-31/12/2010) convened four times.
It is also clarified that the Auditor of the company who audits the annual and interim financial statements, does not offer any other auditing or other service to the company, or is connected to the company so his objectivity, impartiality and independence is secured.

(c) Shareholders' General Meeting & Rights

Operation and Powers of the General Meeting

The General Meeting of shareholders of the Company is the supreme body of the Company, being entitled to decide on any matter in connection with the Company; its resolutions, passed as prescribed by law, are binding on all shareholders, even absent or dissenting ones. Sole the General Meeting has authority to decide on the following:

a) On any amendment of the Articles of Association; the increase of decrease of the capital of the Company is considered to be an amendment subject to para. 4 of article 8 and para. 5 of article 9 of the Articles of Association;
b) On the election of the members of the Board of Directors and the auditors subject to articles 11 and 13 of the Articles of Association;
c) On the approval of the annual financial statements of the Company;
d) On the appropriation of the annual profits and the approval of the emoluments to members of the Board of Directors;
e) On the discharge of the members of the Board of Directors and Auditors from any personal liability;
f) On the issue of bond loans of any type, subject to para. 4 of article 9 of the Articles of Association;
g) On the merger, division, conversion, revival, extension of the term and dissolution of the Company;
h) On the appointment of liquidators.
As to the rest, the provisions of article 34, para. 2, of C.L. 2190/20, as applicable, shall apply.

Convocation of the General Meeting

The General Meeting of shareholders, convened by the Board of Directors, holds its ordinary sessions at the place where the registered office of the Company is located, once every year, within six months at the latest after the end of each business year.
Exceptionally, the General Meeting may be held at another place located in Greece, upon authorization to this effect by the supervising Authority specifying also the conditions under which such authorization is granted. Such authorization is not required when shareholders representing the entire share capital are present or represented at the Meeting and no one objects to the holding of the General Meeting session and the adoption of resolutions.

The Board of Directors may also call an extraordinary session of the General Meeting of shareholders if it so deems advisable.

The Board of Directors is required to convene the General Meeting upon the requisition of the auditors, within ten (10) days as of the day the requisition was delivered to the Chairman of the Board of Directors, its agenda being as specified in the requisition. The Board of Directors is also required to convene the General Meeting upon the requisition of the (Hellenic) State. In case of refusal by the Board of Directors, the State can convene the General Meeting via the supervising Minister, by a written statement communicated to the Company.

When no Board of Directors exists, the General Meeting a) is called by an interim Board of Directors appointed by the competent Court pursuant to article 69 of the Civil Code, or b) is self-called provided all shareholders representing the entire share capital of the Company are present or represented at the relevant session of the General Meeting.

The Company does not provide for shareholders' participation and voting in the General Assembly via electronic or long-distance means.

General Meeting Notice - Agenda

The notice to the General Meeting shall specify as a minimum the date and time and the building where the meeting is to be held, as well as the agenda items clearly defined. The General Meeting shall be convened by publication of the relevant notice to the shareholders of the Company, pursuant to the provisions of the Articles of Association and pursuant to the provisions on publication contained in articles 26, para. 2, and 26a of Codified Law 2190/1920 as currently applicable. The notice shall be posted at a conspicuous place in the Company's office, and shall be published as imposed by any applicable provision:

The said notice is published ten (10) clear days in advance in Government Gazette, Bulletin of Corporations and Companies with Limited Liability and twenty (20) clear days in advance in the said daily or weekly political and financial newspapers. In the case of a repeat General Meeting the above time periods set for the publication of the notice are shortened by half and the notice is to be published as above specified. It is noted that non business days are counted in the above stipulated time periods, however the day of publication of the notice to the General Meeting and the day on which the General Meeting session is held are not counted.

Within the same twenty-day (20-day) period the notice is communicated to the Ministry of Finance and the Ministry of Infrastructure, Transport and Networks. Ten (10) days before the date set for the Ordinary General Meeting, any shareholder may obtain from the Company the annual financial statements, as well as the relevant reports by the Board of Directors and the Auditors.

Shareholders Participation at the General Meeting

Each share affords its owner the right to one vote at the General Meeting.

In the Shareholders General Meeting anyone who appears as a shareholder in the Dematerialized Securities System which is managed by Athens Stock Exchange S.A. has a right to participate. The proof of shareholders identity is established by the relevant written assurance of the above mentioned organization or by direct electronic connection of the Company with the organization. The person must be a shareholder five (5) days before the General Assembly (record date), and the relevant receipts or the electronic receipts concerning the shareholding capacity must come to the company at the latest the third (3) day before the General Assembly.

The shareholder participates in the General Meeting and votes either in person or via proxies. Each shareholder may appoint up to three (3) proxies. Legal entities may participate in the General Meeting appointing as proxies up to three natural entities. However, if the shareholder owns shares of the company that appear in more than one accounts, he may appoint different proxies. A proxy that acts on behalf of different shareholders may vote differently for each shareholder. The proxy holder is obliged to disclose to the Company, before the commencement of the General Meeting, any fact which might be useful to the shareholders in assessing whether the proxy holder might pursue any interest other than the interest of the represented shareholder. A conflict of interest within this context may in particular arise where the proxy holder:

a. Is a controlling shareholder of the Company, or is another entity controlled by such shareholder;
b. Is a member of the Board of Directors or the management of the Company, or of a controlling shareholder or an entity controlled by such shareholder;
c. Is an employee or an auditor of the company, or of a Controlling shareholder or an entity controlled by such shareholder;
d. Is a spouse or close relative (of 1st degree) with a natural person referred to in points (a) to (c).
The appointment and reverse of a proxy takes place in writing and is announced to the company at least three (3) days before the date of the General Meeting.
The forms for the appointment and revocation of a proxy holder are available on the Company's website. The appointment form of a proxy holder, completed and signed by the shareholder must be submitted to the Company at least 3 days before the date of the General Meeting. The shareholders are requested to ensure the successful dispatch of the form and receipt thereof by the Company.

The (Hellenic) State attends the General Meeting represented by the Minister of Finance or his representative authorized in writing by the Minister of Finance. The General Meeting may also be attended, without voting right, by the Minister supervising the Company or his representative authorized in writing by the said supervising Minister. Specifically for the election of the members of the Board of Directors, the State, as a shareholder, is represented at the General Meeting by the Ministers of Economy and the supervising Minister or the official authorized by them.

The fulfilling of the above mentioned rights (attendance and voting) does not require the prior bound of the shareholders´ shares or any other procedure that limits the possibility of selling or transferring shares in the time between the record date and the date of the General Meeting.

In the General Meeting only those who are shareholders in the said date have a right to participate in the General Meeting. In case of non compliance to article 28a of the law 2190/1920, the said shareholder participates in the General Meeting only after its license.

Ordinary quorum and majority vote at the General Meeting
A quorum shall be present and the General Meeting may validly transact the business contained in its agenda, when at least fifty one per cent (51%) of the paid-in share capital is represented thereat.

If no such quorum is present at the first meeting, a reiterative meeting shall be held within twenty (20) days as of the day of the cancelled meeting, upon a prior notice of at least ten (10) days, whatever the part of the paid-in share capital represented thereat.

All resolutions of the General Meeting are passed by absolute majority of the votes represented at the Meeting.

Qualified quorum and majority vote at the General Meeting
Exceptionally, a quorum shall be present and the General Meeting may validly transact the business contained in the following agenda when two thirds (2/3) of the paid-in share capital are represented thereat:
a) Change of the nationality of the Company;
b) Change of the object of the corporate business;
c) Increase of the shareholders' obligations;
d) Share capital increase, except for increases under article 8, paragraphs 2 and 3, of the Articles of Association or those imposed under provisions of Law or effected by means of capitalization of reserves;
e) Share capital reduction;
f) Issuance of a bond loan, subject to the provisions of article 9, para. 4, of the Articles of Association;
g) Change of the manner of appropriation of profits;
h) Merger, division, conversion, revival, term extension or dissolution of the Company;
i) Delegation or renewal of power to the Board of Directors for Share Capital increase or issuance of a bond loan pursuant to article 8, para. 2 and 3, and article 9, para. 4, of the Articles of Association;
j) In any other case for which the Law and the present Articles of Association stipulate that, for the adoption of a certain resolution by the General Meeting the special qualified quorum provided for in this paragraph is required.

If the quorum specified in the preceding paragraph is not present in the first meeting, a first reiterative meeting shall be held within twenty (20) days as of such first meeting, upon a notice of a minimum of ten (10) days in advance; such meeting shall form a quorum and may validly transact the business contained in the original agenda if at least one half (1/2) of the paid-in share capital is represented thereat.

If again no such quorum is present, then a second reiterative Meeting shall be held within twenty (20) days as per the above; such meeting shall form a quorum and may validly transact the business of the original agenda if at least one third (1/3) of the paid-in share capital is represented thereat.

All resolutions under paragraph 1 of this article are passed by a majority of two thirds (2/3) of the paid-in share capital.

Minority Rights
On the requisition of shareholders representing one twentieth (1/20) of the paid-in share capital, the Board of Directors is required to call an Extraordinary General Meeting of shareholders and set a date for it not being more than thirty (30) days from the date such requisition was submitted to the Chairman of the Board of Directors. The requisition must accurately specify the agenda items.

On the requisition of shareholders representing one twentieth (1/20) of the paid-in share capital, the Chairman of the General Meeting shall adjourn, but only once, the adoption of a resolution by the Ordinary or Extraordinary General Meeting on all or some agenda items, and fix a new session for deciding on such resolution, on the date mentioned in the requisition of the shareholders, which may not, however, be later than thirty (30) days from the day of such adjournment. Such adjourned General Meeting is a continuation of the previous one and the publication formalities need not be observed anew; this Meeting may also be attended by new shareholders, subject to the provisions of articles 27, para. 8, and 28 of C.L. 2190/1920, as applicable, and of the present Articles of Association.

On the requisition of shareholders representing one twentieth (1/20) of the paid-in share capital, submitted to the Company five (5) clear days before the Ordinary General Meeting, the Board of Directors is required to:

a) Inform the General Meeting of the amounts which were paid during the last two-year period by the Company for whatever reason to members of the Board of Directors or to the Managers or other employees of the Company as well as of any benefit by the Company to the above persons or any agreement whatsoever existing between the Company and such persons;

b) Supply any requested information regarding the affairs of the Company insofar as such information is useful for an actual evaluation of the agenda items. The Board of Directors may refuse to supply the requested information for sufficient reasons which shall be entered in the Minutes.

On the requisition of shareholders representing one third (1/3) of the paid-in share capital, submitted to the Company within the period specified in the preceding paragraph, and provided such shareholders are not represented in the Board of Directors, the Board of Directors is required to give to them during the General Meeting or to their representative before such meeting, information with regard to the course of the corporate affairs and the status of its property. The Board of Directors may refuse to provide such information, for sufficient and substantial reasons which shall be entered in the Minutes.

In the cases mentioned in the second subparagraph of paragraph 3 and in paragraph 4 of article 35 of the Articles of Association, any dispute as to the soundness of the reasons for refusal shall be resolved by the competent One-Member Court of First Instance of the district where the company's registered office is located, in accordance with the injunction procedure. In its judgment the Court may instruct the Company to provide the denied information.

On the requisition of shareholders representing one twentieth (1/20) of the paid-in share capital, the passing of a resolution by the General Meeting on any given item of the agenda of the General Meeting shall be effected by roll call.

Shareholders of the Company representing at least 1/20 of the paid-in share capital have the right to demand an inspection of the Company by applying to the competent Court of the district where the registered office of the Company is located. In case the Company engages Certified Chartered Accountants registered with the Chartered Accountants Association pursuant to article 75 of Law 1969/1991, Presidential Decree 226/1992 and Presidential Decree 227/1992 for carrying out the audit of the Company, this right shall be reserved to shareholders representing at least 1/10 of the share capital. Such inspection shall be ordered if by the alleged acts it seems probable that the provisions of Law or the Articles of Association or the resolutions of the General Meeting have been violated and provided the alleged acts were committed within a period of time not exceeding two years from the date of approval of the annual financial statements of the year in which such acts were committed.

Shareholders of the Company representing one third (1/3) of the paid-in share capital may apply to the competent Court, as per the provisions of the preceding paragraph, for the issuance of an inspection order if from the whole course of the corporate affairs it can be assumed that the management of these affairs is not exercised as required by the principles of sound and wise administration. This provision shall not apply if the requesting minority is represented in the Board of Directors of the Company.

By application of the shareholders that represent one twentieth (1/20) of the share capital, the BoD is obliged to add additional matters in the agenda that has already convene, if the relevant application comes to the BoD at least fifteen (15) days before the General Meeting. The additional matters have to be published, under the responsibility of the BoD, according to art. 26 of the law 2190/1920, seven (7) days at least before the General Meeting. If these matters are not published, the applicants are entitled to ask the postponement of the General Meeting in accordance with paragraph 3 of Article 39 of the cl 2190/1920 and to engage themselves in the publication, as defined in the preceding paragraph, at the expense of the Company.

Upon application of the shareholders that represent one twentieth (1/20) of the share capital, the BoD gives out at least six (6) days before the date of the General Meeting, plans of decisions for matters that have been included in the initial or the revised agenda, if the relevant application has come to the BoD seven (7) days before the date of the General Meeting.

Following the request of any shareholder, communicated to the Company at least 5 full days before the General Assembly, the Board of Directors must provide to the General Assembly, the requested, specific information with respect to matters of the Company, to the extend this information is useful for the actual assessment of the items on the agenda.

In the aforementioned cases, the shareholders who are communicating a request must provide proof of their qualification as shareholders as well as the number of shares held by them at the moment of the exercise of the relevant right. The presentation of a certification of the Hellenic Exchanges S.A. or the verification of a shareholder's qualification through the direct electronic link of the Hellenic Exchanges S.A. and the Company, may be recognized as such proofs.

In line with article 27 paragraph 3, cases c, d, e of C.L. 2190/1920, all the documents, related to the exercise of voting rights, will also be available in hard copy at the Company's competent department.

Shareholders Rights and Obligations
Shareholders exercise their rights in connection with the management of the Company only through their participation at the General Meeting; outside this, only in the cases stipulated by Law. The rights and obligations under each share follow such share's legal owner and holder. Ownership of a share certificate entails the acceptance of the Articles of Association of the Company and of the resolutions of the General Meeting of shareholders, as well as the

decisions of the BoD passed within the scope of their authority. The shares of the Company are indivisible as concerns the Company, with the Company recognizing only the owner for each share. Any ab indiviso co-owners of a share as well as its possessor or bare owners shall be represented at the General Meeting by only one person unanimously appointed by them. In case of failure to appoint a person who shall be the common representative of all beneficiaries, the BoD is required to suspend all rights deriving from such share. Each share affords the right to one (1) vote at the General Meeting and a right of sharing in the profits of the Company and its property in the case of liquidation.

Other Information
The information of article 27 paragraph 3 of C.L. 2190/1920 including the invitation, the forms of appointment and revocation of a proxy holder, the procedure of voting by proxy, the draft resolutions for the agenda items, as well as further information regarding the exercise of minority rights of article 39, paragraphs 2, 2a, 4 and 5 of C.L. 2190/1920 are available in electronic form on the Company's website (ww.eydap.gr).

(d) Internal Audit & Risk Management

Main characteristics of Internal Audit
The Internal Audit of the Company is conducted by the Internal Audit Division, according to the annual programme of audits.

It is noted that the control on the base of which the relevant report is drawn up within the law 3016/2002, as it stands (art. 7 & 8) as well as the Decision 5/204/2000 of the Hellenic Market Committee, as it stands after its alteration by the Decision of the BoD of the Hellenic Market Committee no 3/348/19.7.2005.

During the audit, the Internal Audit Division takes into account all the necessary books, files, bank accounts and portfolios of the company and asks for the complete and constant cooperation of the management, so that all the necessary information and data will be gathered, with the purpose to compile a Report that will include conclusions that do not entail substantial inaccuracies. This audit does not include any evaluation of the appropriateness of the accounting principles that were adopted, as well as of the estimations made from the management, as these are a matter of the legal auditor.
The scope of the audit is the evaluation of the general level and the procedures of the internal audit system. In any controlled period, several areas of audit are chosen, while the organization and operation of the BoD is constantly controlled as well as the Shareholders and Investor Relations Department and the Corporate Communications Department that operate under the law 3016/2002.

Risk Management related to the Financial Statements.
The Company has invested in the development and maintenance of MIS infrastructure that ensure the correct display of figures. At the same time, an analysis of the results is made on a daily basis covering all the important fields of business activity. The actual, historical and budgeted figures are compared with adequate explaining of all the important deviations.

(e) Other Managerial or Supervisory Committees of the Company

No other committees exist at the time.

F. OUTLOOK

The water market attracts in recent years the interest of water management authorities, water supply corporations, and investors worldwide.
According to estimates published by international agencies, the outlook of water market is extremely positive. Many call water the “transparent gold”, since its consumption grows twice as fast world population, while its resources steadily decline.

Current reports indicate that demand expressed by almost one-third of world population is marginally covered due to restricted reserves, while 64% of world population is expected to face water shortage, to a bigger or smaller degree, by 2025.

Climate change and increasing demand for drinking water are parameters that render water as a valuable good for society and a promising commodity for corporations, setting new challenges and opportunities for further business initiatives. Nevertheless, one should also consider the adverse effects imposed by the dire financial context wherein EYDAP operates, the high amount of receivables from State and Municipal Authorities, and the absence of a tariff policy regime that would serve the company’s business plan.

It is obvious that in such a volatile financial and business context, it is hard to forecast long-term business developments. It is certain, though, that the company’s strategic choices and actions ensure its sustainable development and set the ground for further profitability and growth, upholding the interests of its customers and shareholders.

G. RELATED PARTY TRANSACTIONS

The following tables provide an overview of related-party transactions:

(a) Transactions and amounts outstanding with the Members of the Board

		31 December		**31 December**
		2010		**2009**
– Salaries (Chairman & CEO and Executive Directors)		127		194
– Salaries & participation fees of the Members of the Board of Directors		68		159
		195		**353**

(b) Transactions and amounts outstanding with the Greek State and the Municipalities

		31 December		**31 December**
		2010		**2009**
1) Transactions				
– Revenues		68.590		69.656
– Cost of sales (construction contracts)		(1.192)		(4.523)
– Provisions		(10.573)		(1.521)

2) Outstanding amounts				
– Long term receivables (construction contracts)		107.329		106.067
– Long term receivables (Arrangements of Municipalities)		25.264		20.284
– Trade receivables		154.709		153.839
– Other receivables (coverage of Employees' end-of-service indemnity)		51.383		22.625

H. DISCLOSURES PURSUANT TO ARTICLE 4, PARAGRAPH 7 OF LAW 3556/2007 – SUPPLEMENTARY REPORT

Pursuant to article 4, par. 7 of Law 3556/2007, the company is obliged to disclose in the Board of Directors' Report information on the following matters:

a) Share Capital Structure

Pursuant to article 5 paragraph 3 of the Company's Codified Articles of Incorporation, as approved by the 24th General Shareholders' Meeting of 30 June 2006, the Share Capital of the Company currently amounts to sixty-three million nine-hundred thousand euros (63,900,000) and is divided into 106,500,000 shares with a nominal value of sixty eurocents each (0,60).

Pursuant to article 7 paragraph 1 of the Articles of Incorporation the company's shares are registered and liability thereof is several. Each share affords its owner the right to one (1) vote in the General Meeting and pro-rata entitlement to the company's profits, as well as to the company's assets in case of liquidation.

b) Restrictions on the Transfer of the Company's Shares

The transfer of the Company's shares is carried out as provided by the Law without restrictions imposed by the articles of incorporation, save for article 1 paragraph 10 of Law 2744/1999 as per which, the Greek State may offer to investors and the public up to 49% of the company's share capital, as at the time of offer.

c) Major Direct or Indirect Shareholders, as Provided in Articles 9 to 11 of Law 3556/2007

Major direct or indirect shareholders, as provided in articles 9 to 11 of Law 3556/2007, whose stake exceeds directly or indirectly 5% of the total number of the company's shares are the following:

Shareholders > 5%	**Number of Shares**	**% of Total**
Greek State	65,000,000	61.033 %
Agricultural Bank of Greece	10,648,800	9.999 %
Other Shareholders < 5%	**30,851,200**	**28.968 %**
TOTAL	**106,500,000**	**100.000 %**

d) Shares Conferring Special Control Rights

There are no shares that confer to their holders special control rights.

e) Restrictions on Voting Rights

The Company's Articles of Incorporation do not include restrictions on voting rights. Voting rights are regulated by articles 28 and 29 of the Company's Articles of Incorporation.

f) Agreements between Shareholders Entailing Restrictions on Share Transfer or Voting Rights

The Company is not aware of any agreements between its shareholders, which entail restrictions on the transfer of its shares or on the exercise of voting rights associated with its shares.

g) Provisions Concerning the Appointment and Replacement of the Members of the Board of Directors and the Amendment of the Articles of Incorporation

The provisions concerning the appointment and replacement of the Members of the Board of Directors are set forth in article 11 of the Company's Articles of Incorporation, which states the following:

Article 11: Composition and Term of the Board of Directors

1. The Company is managed by the Board of Directors; the number of members (Directors) is an odd number which may not exceed thirteen (13) or be less than seven (7). The General Meeting of shareholders has the authority to specify the number of Directors, as well as to increase or reduce such number, always in accordance with the provisions set forth in this paragraph.

2. The Board of Directors consists of:

(a) Two (2) representatives of the Company's employees, elected (along with their alternate members) by direct universal suffrage, in accordance with article 17, par.1, of Law 2469/ (Government Gazette A' 38), as in force from time to time.

(b) Two (2) members representing minority shareholders, in accordance with the provisions of article 18, paragraphs 3 and 5 of Codified Law 2190/1920, elected as per the provisions of article 36 hereof.

(c) Representatives of the shareholders, elected by the General Meeting; shareholders who participated in the Special Meeting provided for in article 36 hereof (concerning the election of the remaining members of the Board) may not participate in the said General Meeting.

3. The Board of Directors consists of executive, non-executive and independent non-executive members, in accordance with the provisions of articles 3 and 4 of Law 3016/2002, as in force from time to time.

4. The two (2) members elected by the Company's employees are appointed within two months of their election. Until their appointment, the Board of Directors convenes and resolves validly without these members. As of their appointment, the said members are included ipso jure in the Board of Directors; if the Board of Directors has already held its inaugural meeting, it convenes again to include the said members.

4. (a) Non-election, non-appointment or neglect on behalf of minority shareholders, for any reason whatsoever, to nominate their representatives may not prevent the Board of Directors from holding its inaugural meeting, nor from validly convening and resolving; the number of the said representatives is not taken into account in the calculation of majority and quorum.

5. In any event, the Board of Directors may convene and resolve validly without the representatives of employees, if the deadline specified in article 11, par. 4 hereof expires. In such case, their number is not taken into account in the calculation of majority and quorum.

6. Members of the Board of Directors are elected to a five-year term; this term is extended ipso jure until the nomination or election of new members (Directors), in accordance with the provisions of paragraph 2 of this article. Such extension may not exceed one (1) year.
7. Members of the Board of Directors may be freely recalled. Recall and replacement procedures are carried out by those who had the right to elect or nominate the members, in accordance with the provisions of paragraph 2 of this article. The General Meeting may replace any of the members (Directors) it had elected, as per paragraph 2, sub-paragraph (c) of this article, before their term expires.
8. The Directors may be re-appointed, re-elected or recalled for an unlimited amount of times.
9. The members of the Board of Directors may not be related with each other, by blood or marriage, up to the third degree, and may not be contractors or suppliers of the Company under any form, nor members of other Boards of Directors or employees of other companies that do business with the Company. Nevertheless, members of the Board of Directors or employees of an affiliate to the Company, as defined in article 42e of Codified Law 2190/1920, may be members of the Board of Directors of the Company.

According to article 25 hereof, the amendment of the Articles of Incorporation lies with the responsibilities of the General Meeting of shareholders.

h) Authority of the Board of Directors or Designated Members with Regard to the Issuance of New Shares or Share Repurchase

The authority of the Board of Directors with regard to the issuance of new shares is laid down in article 8 of the Articles of Incorporation, which provides for the increase, reduction and amortization of share capital. Paragraphs 1 to 4 of article 8 state the following:
1. In order for the Company to increase its share capital, a resolution of the General Meeting of shareholders which provides for the amendment of the relevant article of the Company's Articles of Incorporation is required; such resolution may only be passed by qualified quorum and majority vote, as per article 31 hereof.
2. (a) Without prejudice to par. 4 of this article, it is expressly stated that by resolution of the General Meeting, subject to the publication formalities stipulated in article 7b of Law 2190/1920, as currently in force, the Board of Directors may be authorized to decide by majority of at least 2/3 of its entire membership, to increase the Company's share capital in whole or in part, through the issuance of new shares, up to the amount of the paid-up capital at the date on which such authority was granted to the Board of Directors.
(b) The General Meeting may renew such authority to the Board of Directors for a period that does not exceed five years per renewal; every renewal is effected upon completion of the previous renewal. Such resolution of the General Meeting is subject to the publication formalities stipulated in article 7b of Law 2190/1920, as currently in force.
3. A share capital increase resolved as per the provisions of paragraph 2 of this article shall not constitute an amendment of the Articles of Incorporation.
4. As an exception to the provisions of paragraph 2 of this article, when the Company's reserves exceed 1/4 of the paid-up capital, in order for the Company to increase its share capital, a resolution of the General Meeting reached in accordance with the provisions of article 31 hereof ("Special Quorum and Majority Vote in General Meetings") is always required, pursuant to which the relevant article of the Company's Articles of Incorporation is amended.
With regard to share repurchase, the provisions of Law 2190/1920 apply without modifications.

i) Important Agreements Effected, Amended or Terminated in Case of Change of Management

There are no important Agreements effected, amended or terminated in case of change of management, pursuant to public offering.

j) Agreements with Members of the Board of Directors or with Employees

There are no agreements between the Company and members of the Board of Directors or employees concerning severance pay in case of resignation, unjustified dismissal or termination of tenure or employment due to public offering.

I. DIVIDEND POLICY

The Board of Directors intends to declare in the 29th General Meeting of Shareholders, scheduled for the 10th of June 2011, dividends for 2010 that amount to €4,260,000.00 (€0.04 per share).

J. SIGNIFICANT EVENTS AFTER YEAR END

No matters or circumstances which may affect the Company's operations or financial structure have arisen since the end of the financial year (31 December 2010) and until this report was compiled.

K. BRANCH OFFICES

The Company does not have independent branch offices from an operational and accounting point of view.

L. RESEARCH & DEVELOPMENT

The Company has no significant activity in Research & Development.

Galatsi, 29 March 2011

THE MEMBERS OF THE BOARD OF DIRECTORS

Name	*Position*
Lekkas Themistoklis	**Chairman – Executive Member**
Bardis Nikolaos	**Chief Executive Officer – Executive Member**
Antonopoulos Antonios	**Member**
Kotsonis Antonios	**Member**
Asimakopoulos Dionysios	**Member**
Beis Panagiotis	**Member**
Kogioumtsis Nikolaos	**Member**
Kontoroupis Georgios	**Member**
Skoularikis Panagiotis	**Member**
Mistriotis Christos	**Member**
Aggelakis Emmanouel	**Member**
Moutafis Evangelos	**Member**

Exact Copy of No 1041
Minutes of the Board of Directors
of 29th March 2011

The Chief Executive Officer

Nikolaos Bardis

ATHENS WATER SUPPLY AND SEWERAGE COPMANY S.A.

FINANCIAL STATEMENTS FOR THE ANNUAL PERIOD
1ST JANUARY TO 31ST DECEMBER 2010

ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS
DOMICILIATION :
OROPOU 156, GALATSI

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The Financial Statements were approved by the Board of Directors on 29 March 2011 and are under the approval of the Annual Shareholders Meeting.
The following officers signed the Financial Statements under the permission of the Board of Directors :

Athens 29 March 2011

The Chairman of the Management Board	The Managing Director	The Director of the Economic Department	The Accounting Department Supervisor
Lekkas Themistoklis ID.No AE 144774	Bardis Nikolaos ID No Φ 472635	Leventi Maria ID No Σ 099991 Economic Chamber of Greece Accounting License Reg.No A/15253	Spiropoulou Eleni ID No AI 060168 Economic Chamber of Greece Accounting License Reg.No A/22806

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:	Th. Lekkas , N.Bardis , G.Kontoroupis , P .Beis, D.Asimakopoulos A.Kotsonis , N. Kogioumtsis E.Agelakis, , Ch. Mistriotis, E.Moutafis, P.Skoularikis , A.Antonopoulos
Ending Day of the Period:	31 December 2010
Period:	12 months
Form of Financial Statements:	Annual
Date of Approval of Financial Statements:	29 March 2011
Chartered Public Accountants:	Vasilios Papageorgakopoulos (Reg.no. soel 11681) George Spanoudakis (Reg.no.soel 14721)
Auditing Company:	<<SOL >> S.A.CERTIFIED AUDITORS –ACCOUNTANTS.SOEL ID No 125
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. STATEMENT OF INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2010 & 2009

	Notes	31.12.2010	31.12.2009
		Amounts in thousands of Euro	
Turnover	**10**	378.965	386.174
Cost of services	**11**	(230.100)	(240.382)
Gross Profit		**148.865**	**145.792**
Other Operating Income	**10**	2.755	3.105
General and administration expenses	**11**	(62.995)	(78.259)
Distribution and selling expenses	**11**	(49.078)	(44.781)
Profit from operating activities		**39.547**	**25.857**
Other operating expenses		(4.847)	(2.318)
Finance income net	**14**	5.922	3.480
Finance costs net	**15**	(10.794)	(9.003)
Profit from ordinary activities before income taxes		**29.828**	**18.016**
Income tax expense	**16**	(18.487)	(12.276)
Net profit for the year		**11.341**	**5.740**
Earnings per share (in €)	**17**	**0,11**	**0,05**
Proposed divident (in €)	**17**	**0,04**	**0,02**

STATEMENT OF TOTAL INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2010 & 2009

Amounts in € th.	31.12.2010	31.12.2009
EAT	11.341	5.740
Portfolio's available for sale valuation	(210)	127
Accumulated total revenues after taxes	11.131	5.867

The notes are an integral part of the Annual Financial Statements.

3. STATEMENT OF ECONOMIC POSITION FOR THE YEARS ENDED ON 31 DECEMBER 2010 & 2009

	Notes	31.12.2010	31.12.2009
ASSETS			
		Amounts in thousands of Euro	
Non-current assets			
Goodwill	**18**	3.357	3.357
Other Intangible assets	**19**	5.389	6.254
Property, plant and equipment, net	**20**	1.021.193	1.004.440
Investment in associates	**21**	207	383
Available-for-sale Investments	**22**	1.057	1.266
Long-term receivables	**23**	135.304	129.566
Deferred tax assets	**24**	49.371	48.343
Total non-current assets		**1.215.878**	**1.193.609**
Current assets			
Materials and spare parts, net	**25**	18.731	20.528
Trade receivables, net	**26**	291.890	277.966
Other receivables, net	**27**	69.590	41.064
Cash and cash equivalents	**28**	27.842	22.624
Total Current assets		**408.053**	**362.182**
Total Assets		**1.623.931**	**1.555.791**
Equity			
Share Capital	**29**	63.900	63.900
Share Premium		40.502	40.502
Reserves	**30**	379.933	379.576
Retained Earnings	**31**	346.177	337.533
Total Equity		**830.512**	**821.511**
Liabilities			
Long Term liabilities			
Liabilities for employees benefits	**33**	216.124	204.702
Provisions	**34**	48.398	40.295
Deferred subsidies and customer contributions	**35**	209.479	201.192
Consumers' guarantees	**36**	17.523	17.132
Total long term liabilities		**491.524**	**463.321**
Current Liabilities			
Operating Current Liabilities	**37**	54.241	49.249
Income taxes payable	**16**	12.979	2.406
Short term loans and borrowings	**32**	204.164	192.804
Accrued and other current liabilities	**37**	30.511	26.500
Total Current Liabilities		**301.895**	**270.959**
Total Liabilities and Shareholder's Equity		**1.623.931**	**1.555.791**

The notes are an integral part of the Annual Financial Statements.

4. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED ON 31 DECEMBER 2010 & 2009

2010	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Other Reserves	Results profit/loss carried forward	**Total Equity**
Equity Balance at the beginning of the year 2010	63.900	40.502	20.513	358.283	780	337.533	821.511
Profit / (Losses) of the year, after tax			567			10.774	11.341
Dividends from participations						(2.130)	(2.130)
Net Profit from revaluation of available-for-sale investments					(210)		(210)
Equity Balance at the end of the year 2010	**63.900**	**40.502**	**21.080**	**358.283**	**570**	**346.177**	**830.512**

2009	Share Capital	Share Premium	Legal reserve	**Other non-taxable reserves**	Revaluation Surplus	Results profit/loss carried forward	**Total Equity**
Equity Balance at the beginning of the year 2009	63.900	40.502	20.226	358.283	653	345.925	829.489
Profit / (Losses) of the year, after tax			287			5.453	5.740
Dividends						(13.845)	(13.845)
Net Profit from revaluation of available-for-sale investments					127		127
Equity Balance at the end of the year 2009	**63.900**	**40.502**	**20.513**	**358.283**	**780**	**337.533**	**821.511**

The notes are an integral part of the Annual Financial Statements.

5. CASH FLOW STATEMENTS FOR THE YEARS ENDED ON 31 DECEMBER 2010 & 2009

	1.01-31.12-2010	**1.01-31.12-2009**
Cash Flows from operating activities	*Amounts in thousands of Euro*	
Profit before tax	29.828	18.016
Adjustments for:		
Provisions	20.505	2.367
Customers' Write-offs		
Depreciation and amortization	35.795	33.757
Amortization of customers' contributions and subsidies	(7.308)	(8.968)
Investment income	(35)	(37)
Impairment of investments	176	61
Interest and related income	(5.887)	(3.443)
Interest and related expense	10.617	8.942
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(26.138)	(5.052)
Other receivables	(26.529)	(10.610)
Long-term receivables	(5.738)	(8.956)
Materials and spare parts	1.610	(1.371)
Increase in (Decrease in)		
Operating Shortterm Liabilities	3.477	(10.445)
Other Shortterm liabilities	4.011	6.434
Consumers' guarantees	391	513
Obligations for employees benefits	11.422	13.568
Minus:		
Interest and related expenses paid	(10.411)	(8.087)
Income Tax paid	(7.979)	(14.547)
Net cash from operating activities (a)	**27.807**	**12.142**
Cash Flows from investing activities		
Dividends received	35	37
Interest and related income received	3.686	2.686
Purchases of property, plant, and equipment	(49.814)	(42.678)
Purchases of intangible assets	(2.025)	(2.568)
Proceeds from customers' contributions and subsidies	15.595	6.858
Net cash from investing activities (b)	**(32.523)**	**(35.665)**
Cash Flows from financing activities		
Proceeds from borrowings	64.800	67.500
Repayments of borrowings	(53.500)	(34.128)
Dividends paid	(1.366)	(5.005)
Net cash from investing activities (c)	**9.934**	**28.367**
Net (decrease) increase in cash and cash equivalents (a) + (b) + (c)	**5.218**	**4.844**
Cash and cash equivalents, beginning of period	**22.624**	**17.780**
Cash and cash equivalents, end of period	**27.842**	**22.624**

The notes are an inegral part of the Cash Flow Statements.

6.ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY

GENERAL INFORMATION

‘’Athens Water and Sewerage Company’’ (‘’EYDAP’’ or ‘’Company) was established in 1980 following the merge of the two water and sewerage utilities of Athens at that time, namely Hellenic Water Company and the Sewerage Organization of Athens. The Company’s Headquarters are located at 156 Oropou Street, Galatsi 111 46, Athens.

The Company is involved in water supply and refinement plus sewerage services and waste treatment in Attica region, which comprises the broader area of Athens. In accordance with its Articles of Incorporation, EYDAP is responsible fro the survey, construction, establishment, operation, exploitation, maintenance, expansion and renewal of water supply and sewerage installation and networks, within its area of responsibility.

EYDAP provides its water supply services through its 8.438 kilometers water distribution network. The Company also operates four Water Treatment Plants (WTP) with a total daily capacity of 1,8 million cubic water meters.

The sewerage network has a total length of owner 6.000 kilometers and consists of the main collector mains and the secondary sewerage network.
The company owns also the Waste Water Treatment Plants (WWTP) in Psitalia island , Metamorphosi and Thriasio areas.

In Psitalia island two electrical and thermal energy co-production units of 7,14 MWe power and 4,25 MWe power are operate with the combustion of biogas together with one electrical and thermal energy co-production unit which operates with the combustion of natural gas (power 12,9 Mw).

EYDAP has also installed and operate four small hydroelectric plants (all with operations license) in Kirphi , Eliconas, Kithaironas & Mandra of Mornos Aquadect locations.
In addition the construction of the small hydroelectric power station in Evinos (820KW) has been completed. The operation license is expected to be given within 2011.

6.ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY

GENERAL INFORMATION (continued)

Operation of the waste treatment plant in Psytallia

From February 28 2009 when EYDAP signed a deliverance-acceptance protocol with the Ministry of Infrastructure ,Transportation and Networks concerning the management of the dehydrated sludge dessication unit , the company has under its juristiction the total facilities of Psitalia sewerage processing centre (Phase A Phase B,dessication and CETHE) .

The company has also the responsibility and operation costs (transportation plus energy development) of the dessicated product.

In Psitalia have been constructed and operate three Electrical and Thermal co-production units (CETHE) .One unit operates with the combustion of natural gas of Electrical and Thermal power of 12,9 MWe and 17,3 MWth respectively.

The other two units operate with the combustion of biogas of total Electrical and Thermal power of 11,4 MWe and 17,2 MWth respectively.

The Company operates under the supreme inspection of the Ministry of Infrastructure, Transportation and Networks and in accordance with the provisions of Corporate Law 2190/1920 as amended by Law 2744/1999.

Until the enactment of L 2744/1999 the Company operated as wholly state-owned utility. On 1999 the Hellenic Republic decided to partially privatize the Company through an Initially Public Offering in Athens Stock Exchange. In this respect L 2744/1999 was enacted, the main provisions of which have as follows:

The legal duration of EYDAP was set to 100 years commencing from the date the L 2744/1999 was published in the Government Gazette, which was the 25 October 1999. The period can be expanded by a special resolution of the General Assembly.

The Greek State is not permitted to hold less than the 51% of the Company's share capital, at any time.

EYDAP has the exclusive right of providing water supply and sewerage services in the Attica region for the 20 years commencing from the date L 2744/1999 was published in the Government Gazette. This exclusive right is not transferable and may be renewed following a written agreement between the Greek State and the Company.

For the period 2000 to 2010 the tariffs of water and sewerage services are defined through common decisions of the Ministers of Infrastructure,Transportation and Networks and Finance and National Economy, after considering the Company's Board of Directors opinion.

Under article 4 of the L 2744/1999 an independent public entity ''EYDAP Fixed Assets'' (''the Public Entity'' or ''PE'') was established with the purpose of carrying out the operation and maintenance of the dams and reservoirs which where transferred to it, at no consideration. The provisions of L 2744/1999 are as follows:

6.ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY

GENERAL INFORMATION (continued)

On October 1999 the dams and the reservoirs at Marathons lake and Mornos river which are the main infrastructure installations used for watering Attica region in view of the Company's privatization were transferred to the Public Entity, with a equal decrease in the Special Tax Free Reserve of Equity.

The Greek State through the Public Entity is obliged to provide adequate quantities of crude water to the Company to carry out its watering activities.

The Public Entity has the responsibility for the proper function and the maintenance of the dams and reservoirs, which were transferred to it. However, as allowed in the contract, the maintenance has been assigned and is carried out by EYDAP. Until 2004, the annual cost of the maintenance and the proper functioning of these installations will be offset against the crude water, which the Public Entity provides the company. There is no agreement on a new contract after the period where the aforementioned provision was in place.

According to the L 2939/2001, EYDAP continues to have - and after the enforcement date of L 2744/1999 - the authority to construct projects related with the water supply system of the broader area of Athens that were selected for refinancing from the European Cohesion Fund at that time and until their completion. EYDAP has the right to receive the investment grants from the ECF, in retrospect, for the amounts received or will be received after the enforcement day of L 2744/99.

The Company's revenues are cyclical (increased water consumption in summer months).As a result the reported revenues and income have significant variances from quarter to quarter.
For these reason, results of operations for interim periods are not necessarily indicative of the annual results . Results of operations for interim periods are indicative only if they are compared with the corresponding results of the previous periods.

7. NEW STANDARDS,AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

Specific new standards, amendments to existing standards and interpretations have been issued which are mandatory for accounting periods beginning during the present year or later periods. The Company's assessment of the impact from the application of these new standards, amendments and interpretations on its financial statements is set out below.

A. ***Standards and Interpretations mandatory for the current financial year 2010***

IAS 27 (Amended) "Consolidated and Separate Financial Statements"

Applicable for annual periods beginning on or after 1 July 2009 [REGULATION (EC) 494/3.6.2009, L 149/12.6.2009]

The amended IAS 27 requires transactions leading to a change of share in a subsidiary are recognised in equity. Moreover, the amended standard changes the accounting for losses incurred by a subsidiary as well as for the loss of a subsidiary's control.

The approval of the amendments to IAS 27 entails amendments to International Financial Reporting Standards: IFRS 1, IFRS 4, IFRS 5, IAS 1, IAS 7, IAS 14, IAS 21, IAS 28, IAS 31, IAS 32, IAS 33, IAS 39 and to Interpretation 7 of the Standing Interpretations Committee (SIC) in order consistency to be ensured between the International Accounting Standards.

This amendment does not affect the financial statements of the company.

IFRS 3 (Revised) "Business Combinations"

Applicable for annual periods beginning on or after 1 July 2009 [REGULATION (EC) 495/3.6.2009, L 149/12.6.2009]

The revised IFRS 3 introduces a series of changes in the accounting treatment of business combinations which will affect:

- **a)** The amount of recognised goodwill,
- **b)** The results of the reported period in which occurs the acquisition of entities and
- **c)** The future results.

These changes include:

- **a)** The possibility of choice at each business combination, the acquirer to measure any non-controlling interest in the acquiree either at fair value or at their proportional percentage on the non-controlling interest, of the net identifiable assets of the acquiree.
- **b)** The costs related to the acquisition shall be recognised in the income statement and
- **c)** Subsequent changes in the fair value of contingent consideration shall be recognised in the income statement.

The approval of the revised IFRS 3 entails amendments to the IFRSs: IFRS1, IFRS 2, IFRS 7, to the International Accounting Standards (IAS): IAS 12, IAS 16, IAS 28, IAS 32, IAS 33, IAS 34, IAS 36, IAS 37, IAS 38, IAS 39 and to the Interpretation 9 of the International Financial Reporting Interpretations Committee (IFRIC) in order consistency to be ensured between the International Accounting Standards.

This amendment does not affect the financial statements of the company.

IFRS 1 (Amendment) "First-time adoption of International Financial Reporting Standards"

Applicable no later than the opening date of the first financial year beginning after 31 December 2009 [REGULATION (EC) 1136/25.11.2009, L 311-6/ 26.11.2009]

The amendments to the standard, aim to facilitate its use and its amendment in the future. Also, are deleted from the standard some long past transitory guidance and included some less important restatements. The significant requirements remain unchanged.

7. NEW STANDARDS,AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS (CONTINUED)

IFRS 2 (Amendment) "Share-based payment"
Applicable no later than the opening date of the first financial year beginning after 31 December 2009 [REGULATION (EC) 244/23.3.2010, L 77-42/ 24.3.2010]

The amendment to IFRS 2 clarifies the accounting for all share-based payment transactions in which the supplier of goods or services is paid in cash and the liability is assumed by another group entity (Cash-settled Share-based Payment Transactions among group entities).

In addition to the above regulation the Interpretation 8 and the Interpretation 11 of the International Financial Reporting Interpretations Committee (IFRIC) that refer to IFRS 2 "Share-based Payment transactions" are deleted.

This amendment does not affect the financial statements of the company.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement"
Applicable no later than the opening date of the first financial year beginning after 30 June 2009 [REGULATION (EC) 839/15.9.2009, L 244-6/16.9.2009]

This amendment provides clarification as regards the application of hedge accounting. In particular its is clarified how should in certain circumstances, be applied the policies that determine to which extent a hedged risk or portion of the cash flows are eligible to be designated as hedged items in hedge accounting.

Since the company does not follow hedge accounting according to IAS 39 this amendment does not apply.

IFRIC 12 "Service Concession Arrangements"
Applicable no later than the opening date of the first financial year beginning after 30 March 2009 [REGULATION (EC) 254 /25.3.2009, L 80-5/26.3.2009]

The interpretation refers to entities participating in public-to-private service concession arrangements.

The International Financial Reporting Standard (IFRS) 1, the interpretation IFRIC 4 and the interpretation IFRIC 29 of the Standing Interpretations Committee (SIC) are amended according to attachment B of IFIRC 12 as referred to in the appendix to this regulation.

This interpretation does not apply to the company.

IFRIC 15 "Agreements for the Construction of Real Estate"
Applicable no later than the opening date of the first financial year beginning after 31 December 2009 [REGULATION (EU) 636 /22.7.2009, L 191-5/ 23.7.2009]

The interpretation clarifies and addresses when should revenue from the construction of real estate be recognised and specifically if the agreement is within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue".

This interpretation does not apply to the company.

7. NEW STANDARDS,AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS (CONTINUED)

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
Applicable no later than the opening date of the first finance year beginning after 30 June 2009 [REGULATION (EC) 460/4.6.2009, L 139-6/5.6.2009]
The interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The interpretation provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.
This interpretation does not apply to the Company.

IFRIC 17 "Distribution of Non-cash Assets to Owners"
Applicable later than the opening date of the first financial year beginning after 31 October 2009 [REGULATION (EC) 1142/26.11.2009 L. 312-8/27.11.2009]
The interpretation provides guidance for the accounting of the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: a) distributions of non-cash assets and b) distributions granting owners the choice to receive either non-cash assets or a cash alternative.
The International Financial Reporting Standard (IFRS) 5 and the International Accounting Standard (IAS) 10 are amended according to the appendix to this regulation.
This interpretation does not apply to the company.

IFRIC 18: "Transfers of Assets from Customers"
Applicable no later than the opening date of the first financial year beginning after 31 October 2009 [REGULATION (EC) 1164/27.11.2009, L. 314-15/ 1.12.2009]
The interpretation clarifies the accounting requirements of IFRSs for the agreements based on which an entity receives from a customer an item of property, plant and equipment that must then use in order to provide to the customer ongoing access to a supply of goods or services. In certain circumstances, an entity receives cash from a customer that shall be used only to construct or acquire an item of property, plant and equipment.
The International Financial Reporting Standard (IFRS) 1 is amended according to the appendix to this regulation.
This interpretation is applied by the company from 1 July 2009.

Amendments to standards and interpretations that constitute part of the annual improvements plan of the International Accounting Standards Board (IASB)
The amendments are applicable no later than the opening date of the first financial year beginning after 31 December 2009 [REGULATION (EC) 243/23.3.2010, L. 77-33/24.3.2010]
The amendments below describe the most significant changes entailed to IFRSs as consequence of the results of the annual improvements plan of IASB issued in April 2009. Unless otherwise stated, these amendments have no significant impact on the financial statements of the company.

IFRS 2 "Share-based payment transactions"
The amendment indicates that the contribution of a business on the formation of a joint-venture and the transactions under common control are not within the scope of IFRS 2.

IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations"
The amendment specifies the disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

7. NEW STANDARDS,AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS (CONTINUED)

IFRS 8 "Operating Segments"
The amendment provides clarification as regards the disclosure of information related to the assets and liabilities of the segment.

IAS 1 "Presentation of Financial Statements"
The amendment provides clarification that probable settlement of a liability by the issue of equity instruments does not affect its classification as current or non-current asset.

IAS 7 "Statement of Cash Flows"
The amendment requires only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities.

IAS 17 "Leases"
The amendment provides clarification about the classification of land and buildings leases as a finance lease or an operating lease.

IAS 36 "Impairment of Assets"
The amendment provides clarification for the allocation and the measurement (for the purpose of impairment testing) of the goodwill acquired in a business combination. It is clarified that goodwill acquired is to be allocated from the date of acquisition in a Cash-generating unit or groups of cash - generating units of the acquirer that is expected to benefit from the synergistic effect of the combination.

IAS 38 "Intangible Assets"
The amendment provides clarification and guidance for the measurement of the fair value of intangible assets acquired in a business combination.

IAS 39 "Financial Instruments: Recognition and Measurement"
The amendments concern:

(a) clarification about the accounting for penalties/fines arising from prepayment of loans as derivatives closely related to the host contract,

(b) the scope of exemption for the contracts in a business combination and

(c) clarifications that the profit or loss from cash flow hedges of forecast transactions shall be reclassified from equity to profit or loss in the same period during which the hedged forecast cash flows affect profit or loss.

IFRIC 9 "Reassessment of Embedded Derivatives"
The amendment clarifies that this interpretation does not apply to reassessment of embedded derivatives in contracts.

IFRIC 16 "Hedges of a Net Investment in a foreign operation"
The interpretation provides clarification about the possibility to hold and designate either a derivative or a non-derivative financial investment as hedging instrument in hedges of a net investment in a foreign operation. The hedging instrument(s) can be held by any entity or entities within a group, when these meet the criteria to qualify for hedge accounting according to IAS 39.

7. NEW STANDARDS,AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS (CONTINUED)

IFRS 1 "First-time Adoption of International Financial Reporting Standards"
Applicable no later than the opening date of the first financial year beginning after 31 December 2009 [REGULATION (EC) 550/23.6.2010 L. 157-3/ 24.6.2010]

This amendment clarifies that entities engaged in the oil and gas industry, which adopt the IFRSs, are permitted to use carrying amounts for the oil and gas assets determined under the entity's previous GAAP. A first-time adopter using this exemption shall measure the liabilities for out of order position, rehabilitation and similar liabilities about the oil and gas assets according to **IAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"*** and recognise directly in retained earnings any difference between this amount and the carrying amount of these liabilities at the date of transition to IFRSs that was determined under the entity's previous GAAP. This amendment to IFRS 1 applies also to the determination as to whether a contract includes a lease.

B. <u>Standards and Interpretations mandatory for periods beginning on or after 1 January 2011</u>

IFRS 1 (Amendment) "First-time adoption of International Financial Reporting Standards" and IFRS 7 (Amendment) "Financial Instruments: Disclosures"
Applicable no later than the opening date of the first financial year beginning after 30 June 2010 [REGULATION (EC) 574/30.6.2010, L. 166-6/1.7.2010]

The amendment provides possibility (for first time adopters of IFRSs) of exemption from restatement of comparative disclosure under IFRS 7 about the measurement of fair value and the liquidity risk in the case when these comparative periods end prior to 31 December 2009. Purpose of the amendment to IFRS 1 is the provision of optional exemption for such entities.
This amendment does not apply to the company.

IFRIC 14 (Amendment) "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
Applicable no later than the opening date of the first financial year beginning after 31 December 2010 [REGULATION (EC) 633/19.7.2010 L. 186-10/ 20.7.2010]

The amendment concerns removal of an unintended consequence of IFRIC 14 in circumstances when an entity subject to a minimum funding requirement proceeds in early payment of these contributions, when under some circumstances the entity that proceeds in early payment is obliged to recognise expense. In the case when a defined benefits plan is subject to minimum funding requirement, the amendment to IFRIC 14 foresees the treatment of the prepayment as also any other prepayment as asset.

This amendment does not apply to the company.

7. NEW STANDARDS,AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS (CONTINUED)

IAS 24 (Amendment) "Disclosures of Related parties"
Applicable no later than the opening date of the first financial year beginning after 31 December 2010 [REGULATION (EC) 632/19.7.2010, L. 186-1/ 20.7.2010]

This amendment attempts to reduce the disclosures of transactions between government-related entities and to clarify the sense of a related party. Specifically is eliminated the obligation of government - related entities to disclose the details of all the transactions with the government or government - related entities, it clarifies and simplifies the definition of a related party and imposes the disclosure not only of the relations, the transactions and the balances between the related parties but also of the commitments so in the separate as also in the consolidated financial statements.

The **International Financial Reporting Standard (IFRS) 8 "Operating segments"** is amended according to the appendix to this regulation.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
Applicable no later than the opening date of the first financial year beginning after 30 June 2010 [REGULATION (EC) 662/23.7.2010, L 193-1/24.7.2010]

The interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability.

The **International Financial Reporting Standard (IFRS) 1 "First-time Adoption of IFRSs"** is amended according to the appendix to this regulation.

This interpretation does not apply to the Company.

IAS 32 (Amendment) "Financial Instruments: Presentation"
Applicable no later than the opening date of the first financial year beginning after 31 January 2010 [REGULATION (EC) 1293/23.12.2009, L 347/ 24.12.2009]

The amendment clarifies the accounting for the classification of rights issues when the issued instruments are denominated in currency other than the issuer's functional currency. If the entity offers such rights issues pro rata to all of its existing owners for a fixed amount of cash these shall be classified as equity instruments even when their exercise price is denominated in currency other than the functional currency of the issuer.

This amendment does not apply to the company.

7. NEW STANDARDS,AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Amendments to standards and interpretations that constitute part of the annual improvements plan of the International Accounting Standards Board (IASB)

The amendments below describe the most significant changes made to IFRSs following the results of the annual improvements plan of IASB issued in May 2010. Unless otherwise specified these amendments is expected that will have no significant impact on the financial statements of the company which will apply them soon after their approval by the European Union.

These amendments until the date of issue of this note **have not yet been adopted by the E.U.** However, according to the time-schedule published by the European Financial Reporting Advisory Committee (E.F.R.A.C.) are to be adopted within the first quarter of 2011. The amendments are applicable no later than the opening date of the first financial year beginning after 30 June 2010 and are as follows:

IFRS 1 (Amendment) "First-time Adoption of International Financial Reporting Standards"

The amendments clarify: a) an entity may elect to use fair value (as deemed cost) that had been used under previous GAAP due to a public offering or privatization even when this fact had occurred after the date of transition to IFRSs but prior to the end of the period of the first financial statements, b) an entity may elect to use carrying amounts (as deemed cost) of tangible and intangible assets at the date of transition when it is subject to "special arrangements" even in circumstances where the carrying amount includes cost not recognised according to IFRSs and c) it is not required the application of IAS 8 when an accounting policy changes within the period covered by the first financial statements. If an entity has already published interim financial statements according to IAS 34 disclosures are required.

IFRS 3 "Business Combinations"

It is clarified that the contingent consideration received in a business combination occurred prior to the effective date of the revised standard IFRS 3 (2008) is not adjusted at the date of its application. Guidance is provided for its subsequent recognition. Moreover, guidance is provided for the measurement of non-controlling interest and accounting for the recognition of payment transactions depending on the share value of the assets acquired.

IFRS 7 "Financial Instruments: Disclosures"

The amendments include multiple clarifications mainly related to disclosures of financial instruments.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies that entities may present the analysis of their constituent elements of other comprehensive income either in the statement of changes in equity or in the notes.

IAS 27 "Consolidated and Separate Financial Statements"

The amendment clarifies that the amendments to IAS 21, IAS 28 and IAS 31 that result from the revision of IAS 27 (2008) shall be applied in the future.

IAS 34 "Interim Financial Reporting"

The amendment gives more emphasis in the disclosure that shall be applied in respect of significant events and transactions, including the changes related to measurement at fair value as well as to the need for an up-date of the relative information from the most recent annual report.

IFRIC 13 "Customer Loyalty Programmes"

The amendment clarifies the sense of the term "fair value" in the context of measurement of award credits of the customer loyalty programmes.

8. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out below.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current* Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are recognised only in the degree that the Company has incurred legal or assumed constructive obligations or it has made payments on behalf of the associate .

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Business combinations

A Business combination is a contractual arrangement by which the company and the other parts undertake a financial activity which is subject to common control ,that is to say the relative to the activity strategic ,financial and operational decisions are due to a unanimous agreement of the parts that exercise control When a company undertakes activities within the bounds of a business combination its respective part over the controlled assets and liabilities arised are recognized in the financial statements of each respective entity and are classified according to their nature.Liabilities and expenses realized for the participation of commonly controlled assets are book accounted on a accrual basis.Revenues from the sale or use of the commonly controlled assets product and the analogy of the combinated expenses are recognized when it is possible the financial benefits connected with these transactions to go to the company or vice versa and their amounts can be measured with a credible way. Business combinations agreements which imply the establishment of a separate entity within which every member has a certain contribution refer as commonly controlled entities.The company presents its participations within the commonly controlled entities with the use of proportional unification unless if investment is classified as available for sale ,case in which investment is book accounted according to I.F.R.S. 5

8.Significant Accounting Policies (continued)

“Non current assets held for sale and discontinued activities”.The company’s analogy to the assets liabilities,revenues and expenses of the commonly controlled entity is integrated to the same nature items in the financial statements.Every goodwill arising on acquisition within a commonly controlled entity it is accounted according to the company’s policy for the goodwill arising on acquisition of a subsidiary(see below). When the company deals with commonly controlled entities ,the non realized profits or losses are erased analogically within the business combination.

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity or other business activity represents the excess of the cost of acquisition over the Company’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity or other business ctivity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the company cash-generating units. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity or other business activity the attributable amount of goodwill is included in the determination of the profit or loss on disposal.The Company’s policy for goodwill arising on the acquisition of an associate is described under ‘Investments in associates’ above.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

• the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
• the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
• the amount of revenue can be measured reliably
• it is probable that the economic benefits associated with the transaction will flow to the entity; and
• the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Rendering of services</u>

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

<u>Dividend and interest revenue</u>

Dividend revenue from investments is recognised when the shareholder’s right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal owing and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

8.Significant Accounting Policies (cotinued)

Rental income
Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.(see also “Leasing” below)

Construction contracts
Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity on financial statements report date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.
When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Company’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the economic position report.

8.Significant Accounting Policies (continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis,except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency), which is the Euro.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. On each financial statements report date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the financial statements report date .

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

• exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

• exchange differences on transactions entered into in order to hedge certain foreign currency risks and

8.Significant Accounting Policies (continued)

• exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.
Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants
Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.
Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

EYDAP SA obtains subsidies from the European Union (E.U.) in order to fund specific projects executed through a specific time period. Furthermore EYDAP's customers are required to participate in the initial network connection cost (metering devices, distribution network, connections, etc) or in the upgrade/expansion of the Company's networks.
Subsidies and customers' contributions are deferred and amortized into income, over the period necessary to match them with the related costs that they are intended to compensate, in the accompanying balance sheets. Amortization is included in depreciation and amortization in the accompanying statements of operations.

Government grants for the training of personnel are recognized in profit or loss in the periods required for the matching with the related expenses and they are presented as a deduction from them.

8.Significant Accounting Policies (continued)

Retirement benefit costs
Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out on each financial's position statement date . Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Company's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.
The retirement benefit obligation recognised in financial position statement represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets.
Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.
Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.
Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the financial statements report date.
Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

8.Significant Accounting Policies (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the period</u>

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquired business identifiable assets, liabilities and contingent liabilities over cost.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes,are stated on the financial statement report at their acquisition cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees . Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.Land owned by the Company is not depreciated.

The water supply and sewerage networks as antipollution works , waste processing centres , fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss account.

8.Significant Accounting Policies (continued)

Intangibles assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits.
- the ability of the intangible asset to create possible economic benefits in the future.
- the availability of adequate technical, financial and other resources to complete the development and to use or
- sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets excluding goodwill

On the financial statements report date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

8.Significant Accounting Policies (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss account.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.
Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation on the fianancial statements report date, taking into account the risks and uncertainties surrounding the obligation.Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

8.Significant Accounting Policies (continued)

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings
A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties
Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

Financial assets
Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (commissions paid or received as they are an inextricable part of the effective interest ,transactions costs plus other additional fees or discounts , all invoved) through the expected life of the financial asset, or, where appropriate, a shorter period.
Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.
A financial asset is classified as held for trading if:
• it has been acquired principally for the purpose of selling in the near future; or

8.Significant Accounting Policies (continued)

• it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
• the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 44.

Held-to-maturity investments
Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.
Available for sale (AFS) financial assets
Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 44.
Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.
Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.
Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate on the fianancial statements report date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

8.Significant Accounting Policies (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment on the fianancial statements date.Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are transfered in benefit of income statement. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised,the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.
In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Financial liabilities and equity instruments issued by the Company
Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.
Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.
Compound Financial instruments
The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At
the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the
fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.
Financial guarantee contract liabilities
Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

8.Significant Accounting Policies (continued)

• the amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
• the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at Fair Value Through Profit and Loss Account (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing in the near future; or
• it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 44.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Deletion-Stop-Discontinuance of recognition

The Company deletes a financial liability only when it has been paid,cancelled or expired.

Areas of Operations

The basic company's operations (water supply and sewerage services) is not subject to different risks and returns .As a result the company did not proceed in releases concerning its activity areas.It must be clarified that the company is operative in one geographical region (Attiki Metropolitan area).

9. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Investment program

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 8years 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 on 31 December 2008 an amount of € 432,49 millions, for which it has the right to receive a subsidy of around € 259,49 millions (432,49*60%), while for the maintenance expenditures the Company claims the corresponding subsidy.

The Company against the subsidy that has received as at 31 December 2010 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 € 250,41 millions (259,49-9,08). 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 company's results of the current and the previous year would be showed improved by € 5,2 mil.and its net worth would be showed also improved by approximately € 45 mil. .

It must be clarified that a decision made by the Extraodinary Shareholders Meeting of August 10th 2004 modified the company's investment programme ,however not affecting the above mentioned claim against the Greek State.

It is worthnoting that after the company's request towards the Greek State which is provided in the annex 4 of the aforementioned contract between the two parties the company for all its 2010 capital expenditures that amount € 57,9 mil.approximately is eligible for a € 34,8 mil.subsidy (57,9*60%) comparing to a € 28,4 mil subsidy (47,4*60%) for 2009 capital expenditures.

9.Critical accounting judgements and key sources of estimation uncertainty (continued)

The Company according to the contract with the Greek State has an additional claim concerning the maintenance expenditures subsidies . However, since the corresponding amount is not feasible to be extracted from the total amount (€ 704,43 millions) of expenditures related with operation and maintenance of installations . The related subsidy has not been finalized until the conduction of the current financial statements.

Public Entity EYDAP Fixed Assets (PE)
The Public Entity was established at the time of the IPO for the purpose of the management ,operation and conservation of all transferred to it fixed assets like dams,reservoirs,basins etc. Besides the constructions and upgrades of the installations that are related with these water dams and basins, the Greek State – through the Public Entity - has undertaken the obligation to supply the Company with raw water to meet its water supply obligations. The price of the raw water for the 5years 2000-2004 is being offset with the cost of services that EYDAP realizes for the maintenance and operation of the fixed assets that belong by ownership to the Public Entity.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty on the financial statements report date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Litigations and claims
Lawsuits for civil law cases with claims of an amount of € 70,6 millions have been raised against the Company as at 31 December 2010. These lawsuits are mainly related with damages caused by floods (either because of broken mains or 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 €44,1 millions.
Against all these potential losses, EYDAP has formed a provision of € 48,4 millions as on 31 December 2010 and of € 40,3 millions as on 31 December 2009, which are considered as sufficient.
Pending litigations involve also the Municipality of Marathonas lawsuit of € 5,402 mil.The company hasn’t formed any provision against this potential loss since it judges the case as completely baseless by Law.

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 2007. The accompanying financial statements include a related provision for the additional taxes and fees that are probable to be levied at the finalization of the anaudited financial years 2008 , 2009 & 2010.

10.NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(all amounts in euro thousands unless otherwise stated)

10. REVENUES

Sales of the Company are analyzed as follows:

	Year ended on 31 December of	
	2010	**2009**
Revenues from water supply and related services	249.492	256.300
Revenues from sewerage services	125.812	123.431
Revenues from constructions for third parties	1.263	4.794
Revenues from electric power sales	2.240	1.613
Stock Sales	158	36
Total Turnover	**378.965**	**386.174**
Other operating revenues	2.755	3.105
Financial revenues	5.922	3.480
Total Revenues	**387.642**	**392.759**

The cutback of water supply revenues is mainly due to the decrease in new water supplies and other coherent water works and the special fact of the water supply in Cyprus in the previous year.

(all amounts in euro thousands unless otherwise stated)

11. ALLOCATION OF EXPENSES

11.1 Expenses accounts have been allocated to cost of services and Administrative and Selling operations as follows:

	Year ended on 31 December of 2009			
2010	**Cost of Sales**	**Selling Expenses**	**Administrative Expenses**	**Total**
Wages and Salaries	117.333	29.699	48.876	195.908
Third-party allowances	32.916	4.527	5.612	43.055
Third-party expenses and fees	38.898	420	3.448	42.766
Depreciation and amortization	24.745	940	2.802	28.487
Provisions	8.290	12.078	-	20.368
Other expenses	6.476	1.078	1.829	9.383
Raw material and consumables used	10.474	336	428	11.238
Allocation of expenses to self-constructed assets	(9.032)	-	-	(9.032)
	230.100	**49.078**	**62.995**	**342.173**

	Year ended on 31 December of 2008			
2009	**Cost of Services**	**Selling Expenses**	**Administrative Expenses**	**Total**
Wages and Salaries	134.168	34.503	59.865	228.536
Third-party allowances	34.860	4.092	7.672	46.624
Third-party expenses and fees	47.595	288	5.242	53.125
Depreciation and amortization	21.001	895	2.893	24.789
Provisions	434	2958	-	3.392
Other Expenses	5.084	1.758	2.127	8.969
Raw material and consumables used	11.521	287	460	12.268
Allocation of expenses to self-constructed assets	(14.281)	-	-	(14.281)
	240.382	**44.781**	**78.259**	**363.422**

10.NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(all amounts in euro thousands unless otherwise stated)

11. ALLOCATION OF EXPENSES (continued)

11.2 **Third party Construction costs*:*** They are related with the construction costs of the works and technical watering installations that are constructed by EYDAP on behalf of the Ministry of Environment ,Planning and public works (now Ministry of Infrastructure .Transportation and Networks) and the Copmany'w Public Entity which are analyzed as follows:

	Year ended on 31/12/2010		**Year ended on 31/12/2009**	
	Public Entity	Ministry of Infrastructure Transportation & Networks	Public Entity	Ministry of Infrastructure Transportation & Networks
Payroll costs	-	-	198	786
Raw material and consumables used	-	-	15	0
Sub-constructions	272	-	244	98
Other expenditures	-	452	96	-
Utilities	-	335	-	2.814
Allocation of overhead expenses	110	23	235	37
	382	**810**	**788**	**3.735**

10.NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(all amounts in euro thousands unless otherwise stated)

12. DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation is calculated on a straight-line basis over the average estimated economic useful life, as follows:

I. WATER SUPPLY NETWORKS	**YEARS**
1. Aquaducts	50
2. Primary Water Supply Mains	45
3. Secondary Water Supply Mains	45
4. Distribution networks, Pumping Stations	10 to 45
5. Regulating/Storage tanks – Water Treatment Plants	25 to 50
II. SEWERAGE NETWORKS AND RELATED INFRASTRUCTURE	
1. Heavy infrastructure and primary collectors mains	50
2. Secondary collector mains	40
3. Tertiary Wastewater Sewerage System	25
4. Electromechanical installations	15 to 30
III. WASTE WATER TREATMENT PLANTS AND R&D CENTERS	
1. Engineering Research & Development waste Centers	20
2. Waste Water Treatment Plants	20
Furniture and fittings	5
Computer hardware	1 to 4
Motor vehicles	5 to 7
Mechanical equipment	7
Buildings	40

The amounts are analyzed as follows:

	Year ended on 31 December of	
	2010	**2009**
Depreciation of tangible assets	32.905	31.174
Amortization of software	2.890	2.583
Amortization of customers' contributions and subsidies for fixed assets	(7.308)	(8.968)
	28.487	**24.789**

(all amounts in euro thousands unless otherwise stated)

13. STAFF COSTS

	Year ended on 31 December of	
	2010	**2009**
Wages and Salaries	134.301	164.867
Social Security Costs	26.964	33.683
Provisions for staff leaving indemnities	3.475	3.558
Provisions for staff leaving indemnity (special account)	152	113
Provisions for post-employment medical care	31.016	26.315
Total (Note 10)	**195.908**	**228.536**

The total number of employees as on 31 December 2010 and 2009 were 2.911 and 3.320 respectively. The company implementing the Laws 3833/10 and 3845/10 lowered the personnel’s payroll and expenses.

14. FINANCIAL REVENUES

	Year ended on 31 December of	
	2010	**2009**
Interest from customers	5.545	3.194
Dividends	35	37
Other revenues	342	249
	5.922	**3.480**

15. FINANCIAL EXPENSES

The financial expenses of amounts € 10.794 and € 9.003 on 31 December 2010 and 2009, respectively, are mainly concern with the Company’s loans interests.

10.NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(all amounts in euro thousands unless otherwise stated)

16. INCOME TAX

	Year ended on 31 December of	
	2010	**2009**
Current Tax	16.282	7.979
Special charge of the Law 3808/09	(1.028)	5.308
Deferred Tax (Note 23)	972	(1.938)
Tax of unaudited by tax authorities fiscal years	2.261	927
	18.487	**12.276**

The financial tax burden of the period, consists of the current income tax the deffered taxes ,the anaudited financial years provision and the special charge of the Law 3845/2010.

The tax rate for the financial year 2010 and 2009 was 24% and 25% respectively.

According to the article 5 of the Law 3845/2010 a special charge imposed to the net profits of the Economic year 2010 (financial use 2009) of the Legal Entities with net profits higher than € 100.000.According to this Law the company has been charged by an amount of € 2.261 which is going to be payed in 12 equal instalments within the use of 2011.

According to the recently voted law under the name "fighting off tax evasion,staffing of the auditing services and other clauses " of the Ministry of Economics the tax rate for the use of 2010 is 24% and from 2011 will be 20%.

10.NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(all amounts in euro thousands unless otherwise stated)

16. INCOME TAX (continued)

The tax for the current period was calculated as follows:

	Year ended on 31 December of	
	2010	**2009**
Profit before tax	**29.828**	**18.016**
Income tax calculation based on the current tax rate 24% and 25%	7.159	4.504
Special charge of the L .3808/09 and 3845/10	2.261	5.308
Impact from tax rate change	1.756	-
Impact mainly from tax rates differences between current income tax and deffered tax rates at the time of temporary differences reconciliation	1.414	1.151
Claim from Deffered taxes recognised		-
Tax over non-deductible tax expenses	4.925	386
Tax of unaudited by tax authorities fiscal years	**972**	927
	18.487	**12.276**

Income tax obligation on 31/12/2010 and 31/12/2009 was € 12.979 and € 2.406 respectively.

The weighted tax rate for the financial uses 2010 and 2009 was 61,97% and 68,13% respectively.

(all amounts in euro thousands unless otherwise stated)

17. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the net profit of the period attributable to ordinary shareholders with the weighted average number of ordinary shares in issue during the period. Profits are defined as profits/losses from continuing operations that corresponds to the entity. It must be noted that at the current year there are no discontinued operations. There are no convertible bonds or other potentially delusive convertibles securities during the periods reported in the accompanying financial statements, so there is no calculation for diluted earnings per share.

	Year ended on 31 December of	
	2010	**2009**
Earnings attributable to ordinary shareholders	11.341	5.740
Weighted Average of ordinary shares in issue	106.500	106.500
Basic Earnings per Share	0,11	0,05

Proposed dividend

The Board of Directors decided to propose to the General Shareholders Meeting the distribution of obligatory intended dividend of four cents (€0,04) per share for the year 2010 (the total proposed dividend amount is 4.260 mil.). The dividend will be approved by the Annual Shareholders Meeting and is included in the account of Total Results curried forword.

18. GOODWILL

The amount of goodwill of € 3.357 as on 31 December 2010 is related with the excess in the acquisition cost over the undepreciated replacement cost of Elefsina, Aspropirgos and Likovrisi water supply networks as it was estimated at the time of concession. The cash generating units and consequently the goodwill of the water supply networks are tested for impairment either annually or more frequently if the events of the changes of conditions indicate possible impairment. The impairment test performed on the end of 2010 by the Direction of Economic Programming and Audit showed that the value of the goodwill was not impaired.

More specifically:

In order to arrange its claims the Company signed a concession contract with the municipalities of Aspropyrgos and Elefsina during the 2nd half of 2003 and the municipality of Likovrisi during the second half of 2006 for the transfer of ownership of their water supply networks. According to the terms of these contracts, water supply networks of 327 km were transferred to EYDAP. These networks serve, through 26.786 connections, 65.000 inhabitants of these municipalities, which are added to the customer base of the Company.

(all amounts in euro thousands unless otherwise stated)

18. GOODWILL *(continued)*

The concession of the water supply network of Aspropyrgos costed € 2.749 and has been arranged by offsetting equal debt to the Company. The appraisal of Aspropyrgos water supply network in replacement cost was performed by the technical services of the Company and conformed to the corresponding estimations of the technical services of the Municipality of Aspropyrgos and amounts to € 2.192.

The acquisition of Elefsina water supply network costed € 1.800 and arranged by offsetting a € 1.500 debt of Elefsina to EYDAP plus a company payment of € 300. The appraisal of this network in replacement cost was performed by the technical services of the Company and conformed with the corresponding appraisal of the technical services of Elefsina Municipality and amounts to € 681.

The acquisition of Likovrisi water supply network costed € 2.271 and arranged by offsetting equal debt to the company. The appraisal of this network in replacement cost was performed by the technical services of the Company and conformed with the corresponding appraisal of the technical services of Likovrisi Municipality and amounts to € 590.

19. OTHER INTANGIBLES ASSETS

Initial cost on 31 December 2009	17.350
Additions	2.025
Balance on 31 December 2010	19.375
AMORTIZATIONS	
On 31 December 2009	(11.096)
Charge for the period	(2.890)
Total amortizations on 31 December 2010	(13.986)
Undepreciated value on 31 December 2009	6.254
Undepreciated value on 31 December 2010	5.389

Other intangibles assets are related with the expenditure for software purchases associated with future economic benefits for the company, which are recorded as intangible assets and amortized over a three years period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(all amounts in euro thousands unless otherwise stated)

20. TANGIBLE ASSETS

The Company under the provisions of IFRS 1 ''First Time Adoption of IFRS'' used the voluntarily exemption in relation with the presentation and valuation of property as at the balance sheet date, at the transition to the IFRS, 1 January 2004. The company considers the adjusted values of property as deemed cost for the preparation of the transition balance sheet, at the 1 January 2004. More specifically for the transition to the IFRS the company valuate the property at fair values using the estimates of an independent appraiser. These fair values formed the deemed cost at the date of the preparation of the balance sheet.

Fixed assets changes table for the financial years 2009 and 2008 :

2010	**Land & Buildings**	**Machinery & Mechanical Equipment**	**Water Supply Network & consumption meters**	**Sewerage Networks & Biological cleaning**	**Motor Vehicles & Furnitures**	**Constructions-in-progress**	**Total**
Carrying Amount at 1 January 2010	**276.817**	**2.772**	**313.630**	**310.545**	**6.154**	**94.522**	**1.004.440**
Additions	5.784	790	15.010	15.503	2.009	38.468	77.564
Reductions/Transfers					(426)	(27.906)	(28.331)
Disposals					425		425
Depreciation charge of the period	(2.694)	(722)	(15.847)	(11.187)	(2.455)		(32.905)
Carrying amount 31 December 2010	**279.908**	**2.840**	**312.793**	**314.861**	**5.707**	**105.084**	**1.021.193**
1/1/2010							
Cost	288.674	16.635	438.624	401.671	45.414	94.522	1.285.540
Accumulated Depreciation	(11.857)	(13.863)	(124.994)	(91.126)	(39.260)		(281.100)
Carrying Amount	**276.817**	**2.772**	**313.630**	**310.545**	**6.154**	**94.522**	**1.004.440**
31/12/2010							
Cost	294.459	17.425	453.634	417.174	46.997	105.084	1.334.773
Accumulated Depreciation	(14.551)	(14.585)	(140.841)	(102.313)	(41.290)		(313.580)
Carrying Amount	**279.908**	**2.840**	**312.793**	**314.861**	**5.707**	**105.084**	**1.021.193**

(all amounts in euro thousands unless otherwise stated)

20. TANGIBLE ASSETS *(continued)*

2009	**Land & Buildings**	**Machinery & Mechanical Equipment**	**Water Supply Network &consumption meters**	**Sewerage Networks & biological cleaning**	**Motor Vehicles & Furnitures**	**Constructions-in-progress**	**Total**
Carrying Amount at 1 January 2009	275.264	2.453	318.711	299.972	5.478	91.005	992.883
Additions							
Reductions/Tranfers	4.120	988	10.523	20.535	3.052	35.315	74.533
Disposals					(135)	(31.798)	(31.933)
Depreciation charge of the period					131		131
Carrying amount 31 December 2009	(2.567)	(669)	(15.604)	(9.962)	(2.372)		(31.174)
	276.817	**2.772**	**313.630**	**310.545**	**6.154**	**94.522**	**1.004.440**
1/1/2009:							
Cost							
Accumulated Depreciation	284.554	15.647	428.101	381.136	42.497	91.005	1.242.940
Carrying Amount	(9.290)	(13.194)	(109.390)	(81.164)	(37.019)		(250.057)
	275.264	**2.453**	**318.711**	**299.972**	**5.478**	**91.005**	**992.883**
31/12/2009							
Cost							
Accumulated Depreciation	288.674	16.635	438.624	401.671	45.414	94.522	1.285.540
Carrying Amount	(11.857)	(13.863)	(124.994)	(91.126)	(39.260)		(281.100)
	276.817	**2.772**	**313.630**	**310.545**	**6.154**	**94.522**	**1.004.440**

21. INVESTMENTS IN ASSOCIATES

Investments in associates of € 207 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%.

On 31st December 2010 the acquisition cost of E.A.P.climb to € 542 while the impairment losses increased to € 335.

The main figures of the afiliated EAP (Suburb Gas Company) on 31 December 2010 and 2009 are analyzed as follows:

	31st December	
	2010	**2009**
Total Assets	679	1.175
Total Liabilities	89	81
Sales	173	788
Profit-Loss	**(484)**	**(173)**

(all amounts in euro thousands unless otherwise stated)

21. INVESTMENTS IN ASSOCIATES *(continued)*

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 is in abeyance, as information about the impact of the cost method or fair value on the accounts is disclosed in the statement of financial position and the income statement (Decision 39 -10/2/2005 Greek Acconting Standards).

The information provided is that the accounts of the balance sheet and the statement of income at 31 December 2010 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.

22. INVESTMENTS AVAILABLE-FOR-SALE

	31 December 2010	**31 December 2009**
Fair Value (EYATH)	1.057	1.266
	1.057	**1.266**

Investments included in the Table above represents the participation of EYDAP in EYATH, a company enlisted in the Athens Stock Exchange, which provides the ability to the company to gain revenues from dividends and capital gains. The fair value of the share is based on the corresponding quoted market price in the financial statements conduction date.

23. LONG-TERM RECEIVABLES

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

	31 December 2010	**31 December 2009**
Long Term Receivables from Municipalities	25.264	20.284
Staff Loans (Note 27)	2.057	2.578
Construction contracts	107.329	106.067
Guarantees (Public Power Corp., Real Estate)	654	637
	135.304	**129.566**

(all amounts in euro thousands unless otherwise stated)

23. LONG-TERM RECEIVABLES *(continued)*

Long-term receivables from Municipalities EYDAP supply with water (distilled or raw) various Municipalities, which operate their own water supply networks and charge their citizens. During the past years the Company faced serious delays in the payments of related trade receivables from Municipalities.
During the year 2001 (beginning from February of 2001), EYDAP went on the settlement of contracts with Municipalities, according with which the carrying amounts during the signing of the contract are arranged with monthly interest-free payments.
These long-term receivables are presented in the financial statements in their unamortized cost.

The compound interest rate implemented to mature claims represents the real interest rate that compounds their nominal amount on the settlement date .This interest rate was 6,5% for 2010. It is wortnoting that from 2001 until now the company did not charge any interest concerning the above mentioned claims thus proceeding in bilateral arrangements free of interest.

Construction contracts

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

	31 December 2010	**31 December 2009**
Ministry of Environment, Physical Planning and Public Works	**64.193**	**63.335**
Paid Subsidies /Advances	(1.022)	(1.022)
	63.171	**62.313**
Public Entity EYDAP fixed Assets	**98.168**	**97.762**
Paid Subsidies /Advances	(54.010)	(54.010)
	44.158	**43.752**
	107.329	**106.067**

The Company has been undertaken the execution of a construction program concerning anti-flooding infrastructure works for the ex Ministry of Environment and the upgrading/improvement of the technical watering installations which were transferred to the Public entity in 1999.

23. LONG-TERM RECEIVABLES *(continued)*

Construction contracts (continued)

According to the existing legal framework the Company constructs anti-flooding projects on behalf of the ex Ministry of Environment, Physical Planning and Public Works and projects relating with the upgrade/improvement of the damns and the reservoirs that have been transferred to the Public Entity. These projects have been granted to be subsidized by the EU or/and the Greek State and after their completion they will be transferred to their owners. The paid subsidies from the European Union or the Greek State are subtracted from the unbilled revenues because the Greek State has the obligation to pay the difference upon their transfer. Besides that the Company has the right to receive a reasonable fee for the construction of these projects, which has been legally determined to a 6% percent on the construction cost as this is presented in the accounting books and certified by the Chartered Accountants.

It must be noted that no contracts are signing for the construction of these projects (the terms are governed by the existing legal framework) and also during the construction period no interim certificates and thus no interim billings are issued. For the purpose of preparation of financial statements according to the IFRSs (revenue recognition from construction works) the IAS 11: Construction Works was applied according to which the reasonable fee that is related with the part of the projects that was constructed during the years 2010 and 2009 respectively is charged to revenues.

(all amounts in euro thousands unless otherwise stated)

24. DEFERRED TAXATION

Below are the main assets and liabilities from deferred taxation recorded by the Company and their movements at the years ending at 31.12.2010 and 31.12.2009.

Deferred Taxes

	2009			2010		
	Opening Balance	Credit to profit/loss of the period because of tax rate change	Ending Balance	Burden/ utility because of tax rate change	Credit/burden to the results of the period as a result of temporary differences	Ending Balance
Expensing of intangible assets	149	(48)	101	(17)	(35)	49
Slow moving Inventory	520	(51)	469	(43)	37	463
Employee Benefits liabilities	21.592	2.580	24.172	(214)	1.985	25.943
Provisions for Bad Debt	3.122	(14)	3.108			3.108
Other Provisions	7.082	117	7.199	(1.107)	1.621	7.713
Customer Contributions	13.345	120	13.465		(250)	13.215
Depreciation difference as a result of useful life revaluation	(2.907)	(924)	(3.831)		(404)	(4.235)
Revenues and Expenses accruals	(1.497)	(267)	(1.764)	11	(39)	(1.814)
Deffered tax.because of fixed assets readjustment	3.265	0	3.265			3.265
Other Deferred tax assets	1.734	425	(2.159)	(364)	(131)	(1.664)
	46.405	**1.938**	**48.343**	**(1.756)**	**2.784**	**49.371**

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.

(all amounts in euro thousands unless otherwise stated)

25. MATERIALS AND SPARE PARTS

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

	31 December 2010	31 December 2009
Consumables and spare parts	21.050	22.660
Provision for stock obsolesence	(2.319)	(2.132)
	18.731	**20.528**

26. RECEIVABLES

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

	31 December 2010	31 December 2009
Domestic customers and users	93.097	81.724
Municipalities , Greek State ,Public utilities	184.674	170.275
	277.771	**251.999**
Accrual revenues	62.168	61.801
	339.939	**313.800**
Less: Bad debt allowances	(48.049)	(35.834)
	291.890	**277.966**

The majority of domestic customers are priced every three months according to the indications of the water meters.

Non-priced revenues arising from the supply of water and sewerage services from domestic customers, for the time between the last measuring and the pricing day and at the time of the preparation of the financial statements are recorded as accrued non-priced revenues.

(all amounts in euro thousands unless otherwise stated)

26. TRADE RECEIVABLES (continued)

The movement of the provisions for bad debt that have formed for the estimated non-recoverable amounts from the water supply and sewerage services is analyzed as follows:

	31 December 2010	31 December 2009
Opening Balance	35.834	33.900
Provisions of the period	12.215	3.108
Write-offs	-	(1.174)
Ending Balance	**48.049**	**35.834**

Provisions has been estimated on the basis of past years defaults and statistical data over the collectibility of accounts as also other parameters related to the collection of trade receivables.
The Company calculates surcharges over the mature debts with a rate of 1% per month which is equal to the rate of surcharges to mature debts to the Greek State, as specified by the Ministry of Economy,Competitiveness and Shipping.

27. OTHER RECEIVABLES

The account is analyzed as follows

	31 December 2010	31 December 2009
Loans and advances to personnel	5.302	5.987
Advances to subcontractors and suppliers	522	959
Receivable based on the participation of the Greek State for the coverage of Employees' end-of-service indemnity	51.383	22.625
Other advances	2.490	2.594
Refund of pension entity contributions	4.399	4.399
Claim from personel's training programmes	1.622	1.100
Other receivables	3.872	3.400
	69.590	**41.064**

(all amounts in euro thousands unless otherwise stated)

27. OTHER RECEIVABLES (continued)

Loans and advances to personnel*:* The Company provides both interest-bearing and interest-free loans to the personnel as well as interest-free short-term payroll advances and long-term loans with interest rates equal to the current rate of the Company's overdraft bank accounts. The long-term portion of personnel loans on 31 December 2010 and 31 December 2009 equals to € 2.057 and €2.578 respectively and it is included in the long-term receivables (Note 23).

Participation of the Greek State for the coverage of Employees' end-of-service indemnity*:*

This amount is related with the obligation of the Greek State according to the provisions of Law 2939/01 to participate in the coverage of the deficit of the account of special indemnity for the personnel employed before the 25 October 1999 and retires afterwards. This amount is related with indemnities already paid by the Company, which are claimed from the Greek State.

It must be noted that the increase in other claims balance can be attributed in: a)The Greek Public's decision delay concerning the coverage of the special lump sum for the employees who are going to retire (Law 2939/6-8-01 clause 26)and b) The increasing staff's willingly departure rate.

The movement of the part of indemnities that corresponds to the Greek State has as follows:

	1.1.2010-31.12.2010	**1.1.2009-31.12.2009**
Accumulated surplus/(deficit) opening balanc	22.625	12.172
Employees' payments	30.986	13.116
Employees' retentions	(2.228)	(2.663)
Reconciliation of Claims against the State with dividents payable		
Accumulated surplus / (deficit) claimed from the Greek State closing balance	**51.383**	**22.625**

28. CASH AND CASH EQUIVALENTS

The account is analyzed as follows:

	31 December 2010	**31 December 2009**
Cash at hand	369	311
Sight deposits	27.473	22.313
	27.842	**22.624**

The sight deposits accounts are in Euros and have floating interest rates varying in relation to the amount of the deposit. The current account of these sight deposits approximate their accounting value due to the fact of their floating interest rates and short maturities. Sight deposit accounts include undeposited checks of trade creditors and other creditors, the amounts of which as on the 31 December 2010 and 2009 were € 5.531 and € 8.950 respectively (note 37) .

Interest earned from bank deposits are recognized on an accrual basis and are included in financial revenues.

29. SHARE CAPITAL

EYDAP was established in 1980 pursuant to Law 1068/1980 and following the merge of the two water and sewerage utilities of Athens at that time, namely Hellenic Water Company and the Sewerage Organization of Athens.

The initial share capital of the Company was set to € 130.502 and was determined based on the valuation of assets and liabilities of the merged entities according to the provisions of the Law 1068/1980.

Within 1992 the share capital was increased to € 1.253.507 consisting of 213.566.232 ordinary shares of € 5,87 each (two thousands drachmas). The increase incurred pursuant to Law 1914/1990 following a new valuation of the Company's net equity in view of major infrastructure installations, which were contributed in kind by the Greek State at that time, capitalization of liabilities towards the State, etc.

The Shareholders General Meeting on 30 June 1998 decided the increase of the Company's share capital by € 6.845 through the capitalization of investment subsidies that had been collected up to 31 December 1997. After the increase the Company's share capital amounted to € 1.260.352 consisting of 214.732.544 ordinary shares of €5,87 each (two thousands drachmas).

In 1999, in view of the Company's listing in the Athens Stock Exchange and according to Law 2744/1999, THE Company's share capital was set at €58.694 consisting of 100.000.000 ordinary shares of €0,59 (two hundred drachmas) each. According to the same Law the remaining amount of 1.201.658 share capital was converted to a ''Special Non Taxable Reserve'', which, was among others decreased by the net amount of the fixed assets, which were conceded to the Public Entity at no consideration.

On December 1999, 6.500.000 new ordinary shares were issued of €0,59 each and were covered through the Initial Public Offering process.

As a result the Company's share capital as of December 31,2000 consisted of 106.500.000 ordinary shares of €0,59 par value each (two hundred drachmas).

On May 2001 EYDAP decided to denominate its shares in Euro, through the increase of its nominal value from €0,59 to €0,60 par value. The resulting amount of this increase was €1.391 and it was transferred from the Share Premium account reserve. Thus, the share capital of the Company on 31 December 2009 and 31 December 2008 was equal to €63.900 consisting of 106.500.000 ordinary shares of €0,60 par value.

(all amounts in euro thousands unless otherwise stated)

30. RESERVES

The account in the accompanying financial statements is as follows:

	31 December 2010	31 December 2009
Legal reserve	21.080	20.513
Special Non-taxable reserve of Law 2744/99	352.078	352.078
Reserve from non-taxable revenues	2.518	2.518
Reserve from special taxed revenues	3.687	3.687
Other reserves	570	780
	379.933	**379.576**

Legal reserve*:* According to the Greek corporate law corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the paid –in share capital. The reserve cannot be distributed and its reason of existence is the coverage of potential future losses.

Special Non-Taxable Reserve of The Law 2744/1999*:* This Special Non-taxable Reserve was formed at the time of the Initial Public Offering in the Athens Stock Exchange in 1999, from the formation of the existing share capital to an equal amount of €58.694, and its opening balance was €1.201.658. According to the provisions of Law 2744/1999, the opening balance of this reserve had the following movements:

- It decreased with the amount of the net book value of the fixed assets that were conceded to the Public entity at no consideration.
- It decreased with the amount of various provisions accounts that were recorded at the time of the IPO.
- It increased with the revaluation surplus from the revaluation of the technical installations and networks that were remained at the ownership of the Company.
- It increased with the amount of the Profit/Loss carry-forward account that was present on the Balance Sheet as at 31 December 1998.

According to the Law 2744/1999, during the time of its creation this reserve was defined as a Special Non-taxable reserve and it was not subject to any taxation.

Reserves from non-taxable or taxed with a special treatment revenues*:* They are related with income from interest that are either non-taxable or tax withholded at the beginning. If they are distributed then they are taxed according to the general provisions of the income taxation. At the present time the Company has no intention to distribute these reserves and according to IAS 12 no deferred taxation has been calculated.

Other Reserves
The decrease of EYATH share price on 31 December 2009 (portfolio available for sale) resulted in a respective reduction of other reserves.

(all amounts in euro thousands unless otherwise stated)

31. Retained earnings

The account in the accompanying financial statements is analyzedas follows:

Balance at 01.01.2019	**345.925**
Dividends paid	(13.845)
Profit for the year 2009	5.740
Transfer to Legal Reserve	(287)
Balance at 01.01.2010	**337.533**
Dividends paid	(2.130)
Profit for the year 2010	11.341
Transfer to Legal Reserve	(567)
Balance at 31.12.2010	**346.177**

32. BORROWINGS

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

	31 December 2010	**31 December 2009**
Bank Loans	201.022	189.662
Greek State Loans	3.142	3.142
	204.164	**192.804**

Loans are payable immmediately or within one year and they are involved in short term liabilities.

The Company's bank borrowings are denominated in € and consequently are not subject to foreign currency risk. Bank borrowings are subject to floating interest rates and consequently the Company is subject to the risk of future cash flows but not on the risk of the fair value of the debt. The Company does not utilize derivative financial instruments in order to reduce its risk exposure, as at the balance sheet date, because management is of the opinion that there are no significant risks from interest rates changes.

The fair values of loans approximate their existing carrying amounts due to floating exchange rates.

32. BORROWINGS *(continued)*

The Company has the following borrowing contracts :

a) Bank overdraft account with an open credit of € 20.000 and closing balance of €10.600 on 31 December 2010 and 2009 respectively. The interest rate of the loan is assessed on Euribor basis (floating on the date of interest payment and renewal) plus the respective bank's spread.The initial loan arrangement was signed on December 2004 with an option of expansion .

b) Bank overdraft account with an open credit of €40.000 and a closing balance on 31 December 2010 and 31 December 2009 of € 39.872 and € 24.572 respectively. The interest rate of the loan was assessed on Euribor basis (floating that changes every day) until 15/6/2010.From16/6/2010 is assessed also on Euribor basis (floating on the dates of interest payment and renewal) plus the respective bank's spread. The loan arrangement was signed on October 2004 with an optio of expansion.

c) Bank overdraft account with an open credit of € 40.000 and a closing balance on 31 December 2010 and 31 December 2009 of € 38.500. The interest rate of the loan is assessed on Euribor basis (one month floating that changes every day) plus the respective bank's spread . The initial loan arrangement was signed on March 2006 with an option of expansion .

d) Three months bank overdraft account with the possibility of renewal and an open credit of € 40.000. The closing balance on 31 December 2010 was € 40.000 The interest rate of the loan is assessed on Euribor basis (floating rate valid in the beginning of the renewal period) plus the respective bank's spread. The initial loan arrangement was signed on December 2010 and it expires on 30 November 2011.

e) Bank overdraft account with an open credit of € 24.000 and a closing balance on 31 December 2010 and 31 December 2009 of € 22.000. The interest rate of the loan is assessed on a Euribor basis (rate valid for the next month based on the last working day of the previous month) plus the respective bank's spread. The initial loan arrangement was signed on November 2007 with an option of expansion .

f) Bank overdraft account with an open credit of € 25.000 and a closing balance on 31 December 2010 and 31 December 2009 of € 25.000. The interest rate of the loan is assessed on the Euribor basis (floating on the dates of interest payment and renewal). The initial loan arrangement was signed on November 2007 with an expansion option.

g) Bank overdraft account with an open credit of € 20.000 and a closing balance on 31 December 2010 of € 8.000 and on 31 December 2009 of € 12.000 .The interest rate of the loan is assessed on a Euribor basis (floating rate valid on the starting and renewal dates.The rate relates to the duration of the deal). The initial loan arrangement was signed on July 2009 and it was of a sine die duration.

(all amounts in euro thousands unless otherwise stated)

h) Bank overdraft account with an open credit of € 25.000 and a closing balance on 31 December 2010 of € 15.000 and on 31 December 2009 of € 10.000. The interest rate of the loan is assessed on a Euribor basis (floating rate that changes every day). The initial loan arrangement was signed on August 2002 and it was of a sine die duration..

Accrued interest amounted for € 894 th on 31st December 2009 and € 176 th on 31st December 2010 respectively and they are involved in the short term loans balance.

33. LIABILITIES FOR EMPLOYEES BENEFITS

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

	31 December 2010	31 December 2009
Employees' end-of-service indemnities (Provision)	20.831	26.470
Employees healthcare scheme	190.868	174.476
Special Employees' end-of-service indemnity	4.425	3.756
	216.124	**204.702**

The Company operates a medical and healthcare plan, which covers its employees, pensioners and their families and it has also a Staff Retirement Indemnities, which consists of a lump sum payment made to its employees upon dismissal or retirement.

The principal actuarial assumptions used for the purpose of actuarial valuations (staff retirement indemnities and employees healthcare scheme) were as follows:

	2010	2009
Inflation	2%	2%
Discount Rate	Law 2112/10: 4,59% Special Ac.: 5,16% Healthcare Scheme:4,93%	6%
Expected return on plan assets	6%	4,5%
Morbidity rates	1,7%	1,7%
Expected increase of payroll cost	1,5% annually plus the inflation rate	1,5% annually plus the inflation rate
Expected increase in healthcare cost	2,4%	2,4%

(all amounts in euro thousands unless otherwise stated)

33. LIABILITIES FOR EMPLOYEES BENEFITS *(continued)*

a. Provision of Employees' end-of-service indemnity

The liabilities for Employees' end-of-service indemnity were calculated through a actuarial study for the period ended at 31.12.10 and 31.12.09 according to the aforementioned assumptions.

The movements of the provision for Employees' end-of-service indemnity during the years ended at 31 December 2010 and 2009 were as follows:

ΠΕΡΙΟΔΟΣ	**1/1/10-31/12/10**	**1/1/09-31/12/09**
Present Value of (Liabilities not financed)	28.682	32.359
Fair value of schedule assets	-	-
	28.682	**32.359**
Not recognized actuarial profits / losses	(7.851)	(5.889)
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	20.831	**26.470**
Amounts recognized in Profit & Loss Account		
Cost of current employment	**1.334**	1.386
Interest in liability	1.675	1.781
Expected return on Assets	**-**	-
Actuarilal profit / loss recognized	275	282
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**3.284**	**3.449**
Cost of abridgements / settlements /end of service	191	109
Total expense in Profit & Loss Account	**3.475**	**3.558**
Net liability alterations recognized in Balansheet		
Opening Net liability	26.470	26.575
Employer's Contributions	-	-
Benefits payed by the employer	(9.114)	(3.663)
Total expense recognized in Profit & Loss Account	3.475	3.558
Net liability in the end of the year	**20.831**	**26.470**
Adjustment		-
Net liability in the end of the year	**20.831**	**26.470**
Changes in the Liabilities Present value		
Present value of the liability in the beginning of the year	32.359	32.637
Cost of current employment	1.334	1.386
Interest cost	1.675	1.781
Benefits payed by the employer	(9.114)	(3.663)
Additional payments –expenses / revenues	166	95
Actuarial loss / profit	2.262	(123)
Present value of the liability in the end of the year	**28.682**	**32.359**

(all amounts in euro thousands unless otherwise stated)

33. LIABILITIES FOR EMPLOYEES BENEFITS *(continued)*

b.Employees Healthcare Scheme

The Company covers the expenses of healthcare for the employees, the pensioners and their family members on specific internal regulations issued on this respect. The scheme is partly funded through payroll contributions and withholdings. The related liabilities of the Company arising from the healthcare scheme are calculated according to an actuarial study for the uses 2010 and 2009.

The movement of the provision for the healthcare scheme during the years ended on 31 December 2010 and 2009 were as follows:

ΠΕΡΙΟΔΟΣ	**1/1/10-31/12/10**	**1/1/09-31/12/09**
Present Value of (Liabilities not financed)	281.085	285.020
Fair value of schedule assets	-	-
	281.085	**285.020**
Not recognized transitory liabilities	-	-
Not recognized actuarial profits / losses	(90.217)	(110.544)
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	**190.868**	**174.476**
Amounts recognized in Profit & Loss Account		
Cost of current employment	5.145	5.042
Interest in liability	16.654	15.286
Expected return on Assets	-	-
Actuarilal profit / loss recognized	7.458	6.468
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**29.257**	**26.796**
Cost of abridgements / settlements /end of service	-	-
Total expense in Profit & Loss Account	**29.257**	**26.796**
Net liability alterations recognized in Balansheet		
Opening Net liability	174.476	161.419
Employer's Contributions	-	-
Benefits payed by the employer	(12.865)	(13.739)
Total expense recognized in profit & loss account	29.257	26.796
Net liability in the end of the year	**190.868**	**174.476**
Adjustment	-	-
Net liability in the end of the year	**190.868**	**174.476**
Changes in the Liabilities Present value		
Present value of the liability in the beginning of the year	285.020	261.282
Cost of current employment	5.145	5.042
Interest cost	16.654	15.285
Benefits payed by the employer	(12.865)	(13.739)
Actuarial loss / profit	(12.869)	17.150
Present value of the liability in the end of the year	**281.085**	**285.020**

(all amounts in euro thousands unless otherwise stated)

33. LIABILITIES FOR EMPLOYEES BENEFITS *(continued)*

c. Special Account for employees' end-of-period indemnity (for employees hired after the 26.10.1999)

For the employees hired after the 25 October 1999 the Company has the obligation to fully pay the retirement indemnities according to the labor regulations and the collective labor agreements.

ΠΕΡΙΟΔΟΣ	**1/1/10-31/12/10**	**1/1/09-31/12/09**
Present Value of (Liabilities not financed)	3.989	3.327
Fair value of schedule assets	(3.201)	(2.684)
	788	**643**
Not recognized transitory liabilities	-	-
Not recognized actuarial profits / losses	436	429
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	**1.224**	**1.072**
Amounts recognized in Profit & Loss Account		
Cost of current employment	88	65
Interest in liability	197	161
Expected return on Assets	(128)	(106)
Actuarilal profit / loss recognized	(5)	(8)
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**152**	**112**
Cost of abridgements / settlements /end of service	-	-
Total expense in Profit & Loss Account	**152**	**112**
Net liability alterations recognized in Balansheet		
Opening Net liability	1.072	959
Total expense recognized in Profit & Loss Account	152	113
Net liability in the end of the year	**1.224**	**1.072**
Adjustment	-	-
Net liability in the end of the year	**1.224**	**1.072**
Changes in the Liabilities Present value		
Present value of the liability in the beginning of the year	3.327	2.720
Cost of current employment	88	65
Interest cost	197	161
Charges payed by the employees	377	425
Benefits payed by the plan	(7)	(21)
Actuarial loss / profit	7	(23)
Present value of the liability in the end of the year	**3.989**	**3.327**
Changes in the value of Assets		
Assets value in the beginning of the period	2.684	2.181
Expected return on assets	128	106
Employer's contributions	-	-
Employees contributions	377	425
Benefits payed by the plan /scheme	(7)	(21)
Expenses	-	-
Actuarial loss / profit	19	(7)
Assets value in the end of the period	**3.201**	**2.684**

(all amounts in euro thousands unless otherwise stated)

33. LIABILITIES FOR EMPLOYEES BENEFITS *(continued)*

It is worthnoting that the fair value of the aforementioned schedule which was € 3.201 th. and € 2.684 th. on 31 December 2010 and 2009 respectively, are included in the company's assets.The same amounts also concern with employees contributions for this specific schedule .These contributions are included in the company's liabilities resulting in an increase of the employees benefits by the same amounts.

d.Special account of Employees' end-of-service indemnity (for employees hired until 25.10.1999)
According to the Special Collective Bargaining Agreements of 2.4.1990, 2.7.1991 and 25.5.1992 besides the indemnity of the Law 2112/20 a special indemnity is paid from the special account reserve that is formed from the staff contributions and the interest on these. According to the Law 2939/2001 the Greek State undertakes the obligation to cover the current deficit of the special indemnity account at the end of each year, for the staff at service on 25 October 1999 that has been retired or is going to retire in the future.The company has not form any provision (note 27).

e. EYDAP Personnel Insurance Fund (TEAP EYDAP)

TEAP EYDAP is an independent legal entity, which operates an auxiliary pension plan to the Company's employees upon their retirement.

All the company's personnel is insured for their obligatory auxiliary pension in TEAP EYDAP which now has been merged with other auxiliary pension funds under the name TAYTEKO

The company has no legal obligation to cover TEAP'S deficits and as a result there is no similar future obligation .

34. PROVISIONS FOR PENDING LITIGATION

	31/12/2010	**31/12/2009**
Provisions for litigations with employees	33.015	29.155
Provisions for urban litigations	15.383	11.140
	48.398	**40.295**

The Company has formed provisions for civil law pending litigations and of litigations with employees. In relation with the pending litigations and its possible impact on the financial statements see the note 39.

(all amounts in euro thousands unless otherwise stated)

35. DEFERRED SUBSIDIES AND CUSTOMER CONTRIBUTIONS

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

	31 December 2010	**31 December 2009**
Cost:		
– Investment Subsidies	212.246	198.091
– Customer Contributions	98.777	97.352
	311.023	**295.443**
Accumulated Amortization		
– Investment Subsidies	(68.844)	(64.223)
- Customer Contributions	(32.700)	(30.028)
	(101.544)	**(94.251)**
Carrying Amount		
– Investment Subsidies	143.402	133.868
– Customer Contributions	66.077	67.324
	209.479	**201.192**

EYDAP obtains subsidies from the European Union through the Greek State in order to fund specific projects. In addition EYDAP's Customers (including State and Municipalities) are required to participate in the funding of the initial network connection cost (meters, substations, network connections etc) or its expansion/upgrade.

The above subsidies are recorded upon collection and are reflected on the financial position statement as deferred income. Such sums are amortized over the useful life of the related assets when these are put in operation. Subsidies amortization is recorded against depreciation charge.

According to the ΕΔΔΠΧΑ 18 which refers to the transfer of assets from its customers and the implementation of its respective interpretation ,the company recognized in its revenues an amount of € 1.496 ,coming from external ramifications ,sewerage connection rights and capitalizing constructions until 31/12/2009 and an amount of € 2.730 until 31/12/2010.

(all amounts in euro thousands unless otherwise stated)

36. CONSUMERS' GUARANTEES
The amount of € 17.523 on 31st December 2010 and € 17.132 on 31st December 2009 is related with guarantees received from customers for the use of the water meter, paid at the time of the initial connection with water supply.
These guarantees are repaid back (without interest cost) on the termination date of the connection upon customer's request. The above mentioned guarantees have been booked in their nominal value and not in their fair value because they can be demanded from the consumers at any time.

37. OPERATING AND OTHER CURRENT LIABILITIES
The account in the accompanying financial statement is analyzed as follows:

	31 December 2010	**31 December 2009**
Trade creditors	34.136	21.240
Taxes withheld	4.874	9.105
Social insurance contributions and other funds	3.549	7.743
Customer Advances	2.076	2.146
Dividends payable	9.566	9.015
Operating Current Liabilities	**54.201**	**49.249**
Payable Expenses	603	319
Outstanding Credit Accounts	5.531	8.950
Collections for third parties	1.246	1.086
Provision for vacation leave(not taken)	4.365	5.347
Personnel's compensations	7.188	-
Other Current liabilities	6.315	5.724
Short-term Consumers Guarantees	5.263	5.074
Other Current Liabilities	**30.511**	**26.500**

The carrying amounts of the operating and other current liabilities approximate their fair value.

38. EVENTS AFTER THE BALANCE SHEET DATE

Other Energy Works

E.YD.A.P owns a production license and a decision of environmental terms approval for the construction of a photovoltaic park at the company's installations in Aharnes -Attica region- the power of which would be of 1,971 MW.

The company has also deposited a complete file to DESMHE concerning the signature of an electric sales contract agreement and it expects the finalization of the sales price.

38.EVENTS AFTER THE BALANSHEET (continued)

Networks taking over
E.YD.A.P is under negotiations for the take over and embodiment of water supply network parts in the Municipality of Amarousio and the Municipality of Magoula in Elephsina.

Towards its operations development, the company examines the take over of the water supply operations networks in Salamina ,Spata-Artemida,Markopoulo and Lavreotiki Municipalities .

The company also examines the possibility of the waste reuse (waste treated in Psitalia and Thriasio waste treatment plants) for industrial and agricultural purposes for watering of urban green , reforestation and for the enrichment of the water wagon horizon.

39. COMMITMENTS AND CONTINGENT LIABILITIES –ASSETS

39.1 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 € 70,6 millions have been raised against the Company as on 31st December 2010. 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 € 44,1 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of € 56,5 millions as on 31st December 2010 and of € 40,3 millions as on 31st December 2009, which are considered as sufficient.
Pending litigations involve also the lawsuit of Municipality of Marathonas of € 5,402 mil.The company hasn't form any provision against this potential loss since it judges the case as completely baseless by Law.

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 Public Revenues Service (tax authorities) have audited the Company, until the fiscal period ended on 31 December 2007.
The accompanying financial statements include a related provision for the additional taxes and fees that are probable to be levied on the finalization of the financial years 2008 , 2009 and 2010 .

Committments from unexecuted contracts :
The company's committments concerning with expansions ,improvements, and conservation of networks and installations as also supply works of electrical and thermal coproduction units are € 123 mil.on 31st December 2010 and 31st December 2009 €183 mil. approximately.

39. COMMITMENTS AND CONTINGENT LIABILITIES –ASSETS *(continued)*

39.2 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 8years 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 on 31 December 2008 an amount of € 432,49 millions, for which it has the right to receive a subsidy of around € 259,49 millions (432,49*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 on 31 December 2009 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 € 250,41 millions (259,49-9,08). 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 and the previous year period would be improved by around € 5,2 and the net worth will be improved by around € 45 millions.
It must be clarified that a decision made by the Extraodinary Shareholders Meeting of August 10th 2004 modified the company's investment programme ,however not affecting the above mentioned claim against the Greek State.

It is worthnoting that after the company's request towards the Greek State which is provided in the annex 4 of the aforementioned contract between the two parties the company for all its 2010 capital expenditures that amount € 57,9 mil.approximately is eligible for a € 34,8 mil subsidy (57,9*60%) and for all its 2009 capital expenditure is ligible for a € 28,4 mil. Subsidy (47,4*60%).

(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 is € 704,43 millions. The corresponding subsidy between the Company and the Greek State has not been finalized until the conduction of the current Financial Statements.

(all amounts in euro thousands unless otherwise stated)

40. RELATED PARTY TRANSACTIONS

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

	31 December 2010	31 December 2009
– Salaries (Chairman & CEO and Executive Directors)	127	194
– Salaries & participation fees of the Members of the Board of Directors	68	159
	195	**353**

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

	31 December 2010	31 December 2009
1) Transactions		
– Revenues	68.590	69.656
– Cost of sales (construction contracts)	(1.192)	(4.523)
– Provisions	(10.573)	(1.521)
2) Outstanding amounts		
– Long term receivables (construction contracts)	107.329	106.067
– Long term receivables (Arrangements of Municipalities)	25.264	20.284
– Trade receivables	154.709	153.839
– Other receivables (coverage of Employees' end-of-service indemnity)	51.383	22.625

41. AUDITORS REMUNERATION

	31.12.2010	31.12.2009
Auditors remuneration	125	150

42. PUBLIC ENTITY EYDAP FIXED ASSETS (PE)

The Public Entity was established at the time of the IPO with the purpose of the ownership's transfer of the water dams and basins of Marathon, Mornos, Yliki and Evinos from EYDAP to PE. Besides the constructions and upgrades of the installations that are related with these water dams and basins, the Greek State – through the Public Entity - has undertaken the obligation to supply the Company with raw water to meet its water supply obligations. The price of the raw water until 2004 were offseting with the cost of services that EYDAP realizes for the maintenance and operation of the fixed assets that belong by ownership to the Public Entity.There is no new similar agreement thereafter.

43. Capital risk management

The company manages its capital in a way that guarantees the continuity of its operations over time while the maximization of shareholders returns through the optimization of the relation between debt and net worth is secured.The company's Capital structure consists of debts involved in "Borrowing" (note 32) ,cash and equivalents and the net worth which consists of the issued capital ,reserves and the carrying amount (notes 29,30,31).
The company reviews its capital structure on an ongoing basis ,the cost of capital and the risks connected with each capital category.
According to Management suggestions the company balances its total capital structure through divident payments and short term borrowing.

44. Financial Risk Management

As a result of its operations the Company is not exposed to any particular financial risks such as Market risk (changes in exchange rate parities ,interest rates or market prices) ,Credit risk and Liquidity risk.
The Company's Financial risk management plan is focused on the minimization of their probable negative effects over the Company's financial position.
Risk management is processed by the Company's Central Economic Department which operates under certain rules approved by its Administrative Council.
Administrative Council provides guidance and directions for general and specific risk management problems such as exchange risk ,inerest rates risk and credit risk.

(all amounts in euro thousands unless otherwise stated)

44. Financial Risk Management (continued)

a) Market Risk

Exchange rate risk

The main part of the Company's operations is processed in the Eurozone under Euro.As a result exchange rate risk is immaterial.

Interest rates variability risk

The Company doesn't possess any substantial interest financial items .Thus its operating revenues and cashflows are independent from changes in interest rates.

Loan liabilities are based on variable interest rates which are in accordance with market conditions.thus could be either remain variable or it may convert in fixed.

The Company doesn't use financial derivatives.As a result interest rates risk concerns loans.Loans under variable rate result in cash flow risk for the Company.

Sensitivity Analysis of loans under cash flow risk in Interest rate changes

Amounts in €	Interest rates Variability	Impact in EAT
	+1%	(2.028)
2010	-1%	2.028
2009	+1%	(1.760)
	-1%	1.760

Note :The table doesn't involve the positive impact of the collected deposit interests.

b) Credit Risk

The Company's exposition in credit risk is confined on its financial Assets which can be analyzed as follows:

Categories of financial items	31.12.2010	31.12.2009
Financial items in disposal	1.057	1.266
Cash flows and cash equivalents	27.842	22.624
Commercial and other claims	361.479	319.030
Long term claims	135.304	129.566
Investments in associates	207	383
Total	**525.889**	**472.869**

The Company checks its claims on an ongoing basis either separately or by grouping the respective items and incorporates these data in credit control procedures.The Company's long term claims are concern with the State Municipalities .As a result credit risk is immaterial.

Cash flows and cash equivalents do not involve credit risk because they mainly concern with deposits in banks with adequate credit rating.

Commercial and other claims involve receivables from private customers which have the lowest degree of loss mainly because of the extensive dispersion of claims,while for Municipalities the Company examines the potential collection of the respective due debt through contract agreements.The approximate amount of these claims is € 164 mil.

None of the Company's financial assets is insured by mortgage or any other form of credit insurance.The available for sale financial items are assessed in their fair value that is their stock market value .As a result they are attributed in the level 1 ,according to ifrs 7 ,par.27b

(all amounts in euro thousands unless otherwise stated)

44. Financial Risk Management (continued)

The timetable of **claims on maturity** is analysed as follows :

2010	Not due		0-1 Months	1-6 Months	6Months-2 Years	2Years-5 Years	>5 Years	Total
Private customers	22.062		11.596	19.271	20.531	16.029	3.746	93.235
Public	5.812		1.013	3.900	7.508	9.702	21.732	49.668
Municipalities	9.820		4.491	19.998	41.998	53.896	33.429	163.631
Total	**37.694**		**17.100**	**43.169**	**70.037**	**79.627**	**58.907**	**306.534**
2009								
Private customers	19.846		11.242	17.066	19.668	11.705	3.476	83.003
Public	3.913		1.009	3.873	7.391	9.416	21.731	47.333
Municipalities	7.607		4.523	20.054	43.051	55.823	34.721	165.779
Total	**31.366**		**16.774**	**40.993**	**70.110**	**76.944**	**59.928**	**296.115**

The accounting value of claims which have been renegotiated was on 31 December 2010 € 45,3 and on 31 December 2009 € 37,7.

c) <u>Liquidity Risk</u>

Liquidity risk is confronted by the preservation of sufficient cash for the reassurance of bank credits.The existing available and approved to the Company bank credits are enough for the purpose of confronting any probable shortage of cash.

The following table analyses the Company's financial liabilities which are classified in groups according to their expiration date and calculated according to the time balance arising at the balansheet date to the contractual arrangement ending date in non discounted figures.

The timetable of the **Company's liabilities on maturity** date is analysed as follows

2010	0-1 Months	2-3 Months	3Months-6 Months	6 Months-12 Months	1-5 Years	>5 Years	Total
Loans	16.016	71.600	69.548	47.000	0	0	204.164
Creditors & others	58.471	18.960	12.202	21.543	92.646	175.954	379.776
Total	**74.487**	**90.560**	**81.750**	**68.543**	**92.646**	**175.954**	**583.940**
2009	**0-1 Months**	**2-3 Months**	**3Months-6 Months**	**6 Months-12 Months**	**1-5 Years**	**>5 Years**	**Total**
Loans	2.052	0	0	187.610	3.143	0	192.805
Creditors & others	44.063	19.601	10.475	26.011	149.096	99.338	348.584
Total	**46.115**	**19.601**	**10.475**	**213.621**	**152.239**	**99.338**	**541.389**

45. Assession of fair values

The financial value of items bargain in active markets (stock exchanges),i.e.(derivatives,stocks,bonds,mutual funds).is assessed based on published prices that stand on the financial statements report date.

The fair value of financial items which are not bargain in active makets is assessed by the use of valuation techniques and assumptions which are based on market data on the Financial Statements Report date.

The nominal value minus provisions of bad and doubtful debts is estimated in a way that approximates its real value.
The real values of financial liabilities for the purpose of their presentation in the financial statements are calculated relied on the present value of future cash flows.
The cash flows result from specific contractual arrangements and the basis of calculation is the current available to the Company interest rate for the use of similar financial instruments .

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ATHENS WATER SUPPLY AND SEWERAGE S.A. (EYDAP S.A.)

Report on the Financial Statements

We have audited the accompanying financial statements of ATHENS WATER SUPPLY AND SEWERAGE S.A. (EYDAP S.A.), which comprise the statement of financial position as of 31 December 2010, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company ATHENS WATER SUPPLY AND SEWERAGE S.A. (EYDAP S.A.) as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matter

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

1. The Company according to its establishment Law 2744/99, signed a Contract with the Greek State, according to which the Greek State undertook the commitment to subsidize EYDAP either by Community Funds or by the Program of Public Investments for covering the 60% of the capital expenditure, that EYDAP shall pay for the maintenance, restoration, improvement and/or extension of the water supply and sewerage network system for the eight-year period from 2000 to 2008. Against the aforementioned Investment Program of approximately Euro 1,22 billion, that includes as already mentioned, also the maintenance, the Company has spent for capital expenditures until 31/12/2008 amount approximately Euro 432 million, for which it is entitled to receive a subsidy of approximately Euro 259 million (432*60%), while for the maintenance cost claims the corresponding subsidy.

The Company against the subsidy it is entitled to receive, has received until 31.12.2010 amount of approximately Euro 9 million. Based on the above the claim of the Company from the Greek State amounts to approximately Euro 250 million (259 - 9) and according to the conservatism principle, it has not been recorded in the receivable accounts with an equal credit of the long-term debts, the balance of which is gradually transferred to the results in proportion to the extent of depreciation of the subsidized water supply and sewerage network system. Had the aforementioned entries been made, the results for the current and the previous year would have been shown improved by approximately Euro 5,2 million respectively and the net equity improved by approximately Euro 45 million.

It is clarified that upon resolution of the Extraordinary General Meeting of Shareholders held on 10/08/2004 modification was made to the Company's Investment Program, which does not affect the above claim from the Greek State.

It is pointed out that following the filing of the Company's application to the Greek State, which is provided in Appendix 4 of the aforementioned Contract between the Company and the Greek State, the Company for the capital expenditures incurred in the year 2010 amounting approximately Euro 57,9 million, and in the year 2009 amounting approximately Euro 47,4 million shall be entitled to receive a subsidy of approximately Euro 34,8 million (57,9 X 60%) and Euro 28 million (47,4 X 60%) respectively.

The Company claims also a subsidy (60%) for maintenance cost according to the contract with the Greek State. From the total expenditures concerning the operation and maintenance of installations of approximately Euro 704 million incurred until 31.12.2008, it is not possible to determine the amount corresponding only to maintenance. Until the date of completion of our audit, it has not been finalized between the Company and the Greek State the amount of the subsidy that corresponds to maintenance cost.

In parallel with the above, from the year 2004 is pending the conclusion of a contract between the Greek State and the company, in respect of the raw water supply from the Greek State to the company the price of which, based on the contract in effect until 31.12.2004, is offset with the cost of services provided by the company for the maintenance and operation of the water saving and water transfer fixed assets that belong to the Greek State.

2. Until the date of issue of the Auditor's Report, had not been registered the total of the property assets assigned to the Legal Person of Public Law "Athens Water Resources Company" of total net book value approximately Euro 657 million.

Reference to Other Legal and Regulatory Requirements

a) The Report of the Board of Directors includes a corporate governance statement which provides all information set out in paragraph 3d of article 43a of c.L. 2190/1920.

b) We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the accompanying financial statements, under the legal frame of the articles 43a and 37 of c.L. 2190/1920.

Athens, 30 March 2011

VASILIOS D. PAPAGEORGAKOPOULOS	GEORGIOS P. SPANOUDAKIS
Certified Public Accountant Auditor	Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 11681	Institute of CPA (SOEL) Reg. No. 14721

SOL CERTIFIED PUBLIC ACCOUNTANTS
Crowe Horwath

Associated Certified Public Accountants s.a.
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Institute of CPA (SOEL) Reg. No. 125

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

Company's No 44724/06/B/99/52 in the register of Societes Anonymes

Oropou 156 -11156 Galatsi

SUMMARY FINANCIAL RESULTS for the year 01 January 2010 - 31 December 2010

(according to the Rule 4/507/28.04.2009 of the Capital Market Commission)

The figures illustrated below provide summary information about the financial position of E.Y.D.A.P. S.A.We advise the reader before taking any investment decision or other transaction concerning the company, to visit the Company's web site where the financial statements are presented according to International Financial Reporting Standards together with the auditor's report, whenever it is required .

COMPANY'S STATUTORY INFORMATION

Prefecture:	Athens
Company's web Site	www.eydap.gr
Members of the Board of Directors:	Th. Lekas, N.Bardis, A.Antonopoulos,G.Kontoroupis,P .Beis, D.Asimakopoulos A.Kotsonis , N. Kogioumtsis, P.Skoularikis , Ch. Mistriotis, E.Agelakis, E.Moutafis.
Date of Approval of Financial Statements:	29 March 2011
Chartered Public Accountants:	B.Papageorgakopoulos & G.Spanoudakis
Auditing Company:	S.O.L. SA Public Accountants ID No 125
Type of Auditor's Report	Unqualified Opinion -Emphasis of matter

STATEMENT OF FINANCIAL POSITION

Amounts in thousands of Euro

	31.12.2010	**31.12.2009**
ASSETS		
Tangible assets	1.021.193	1.004.440
Intangible assets	5.389	6.254
Other non current assets	189.296	182.915
Inventories	18.731	20.528
Trade receivables	291.890	277.966
Other current assets	97.432	63.688
TOTAL ASSETS	**1.623.931**	**1.555.791**
TOTAL EQUITY AND LIABILITIES		
Share capital	63.900	63.900
Other items of Shareholders' Equity	766.612	757.611
Total Shareholders' Equity (a)	830.512	821.511
Minority interests (b)	0	0
Total Equity (c)=(a)+(b)	**830.512**	**821.511**
Reserves for employee benefits	216.124	204.702
Deferred subsidies and customer contributions	209.479	201.192
Provisions and other long-term liabilities	65.921	57.427
Short- term borrowings	204.164	192.804
Other Short- term borrowings	97.731	78.155
Total liabilities (d)	**793.419**	**734.280**
TOTAL EQUITY AND LIABILITIES (c)+ (d)	**1.623.931**	**1.555.791**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of Euro

	1.01-31.12.2010	**1.01-31.12.2009**
Turnover	378.965	386.174
Gross profit	148.865	145.792
Earnings before tax, financial, and investment results	34.699	23.539
Profit before tax	**29.828**	**18.016**
Profit after tax (A)	**11.341**	**5.740**
Other comprehensive income, net of tax (B)	(210)	127
Total Comprehensive income for the period (A+B)	**11.131**	**5.867**
Attributable to		
Shareholders	11.131	5.867
Earnings per share after tax (in euro) - basic	0,11	0,05
Diluted earnings per issued share (in euro)	0,04	0,02
Earnings before tax, financial, investment results and depreciation and amortization	63.186	48.328

STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of Euro

	31.12.2010	**31.12.2009**
Equity opening balance (01.01.2010 and 01.01.2009 respectively)	**821.511**	**829.489**
Profit of the year, after tax	11.341	5.740
Net income directly charged to equity	(210)	127
Comprehensive income after taxes	11.131	5.867
Distributed Dividends	(2.130)	(13.845)
(31.12.2010 and 31.12.2009 respectively)	**830.512**	**821.511**

STATEMENT OF CASH FLOWS

Amounts in thousands of Euro

	1.01.-31.12.2010	**1.01-31.12.2009**
Cash Flows from operating activities		
Profit before taxes	29.828	18.016
Adjustments for:		
Depreciation and amortization	35.795	33.757
Amortization of customers' contributions and subsidies	(7.308)	(8.968)
Investment income	(35)	(37)
Impairment of investments	176	61
Provisions	20.505	2.367
Credit Interest and related income	(5.887)	(3.443)
Debit Interest and related expense	10.617	8.942
Operating income before working capital changes		
/ changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(26.138)	(5.052)
Other receivables	(26.529)	(10.610)
Long-term receivables	(5.738)	(8.956)
Materials and spare parts	1.610	(1.371)
Increase in (Decrease in)		
Operating Current Liabilities	3.477	(10.445)
Other current liabilities	4.011	6.434
Consumers' guarantees	391	513
Reserve for employees benefits	11.422	13.568
Minus:		
Interest and related expenses paid	(10.411)	(8.087)
Income Tax paid	(7.979)	(14.547)
Net cash from operating activities (a)	**27.807**	**12.142**
Cash Flows from investing activities		
Purchases of property, plant, and equipment	(49.814)	(42.678)
Purchases of intangible assets	(2.025)	(2.568)
Proceeds from customers' contributions and subsidies	15.595	6.858
Interest and related income received	3.686	2.686
Dividends received	35	37
Net cash from investing activities (b)	**(32.523)**	**(35.665)**
Cash Flows from financing activities		
Proceeds from borrowings	64.800	67.500
Repayments of borrowings	(53.500)	(34.128)
Dividends paid	(1.366)	(5.005)
Net cash from investing activities (c)	**9.934**	**28.367**
Net (decrease) increase in cash and cash equivalents (a) + (b) + (c)	**5.218**	**4.844**
Cash and cash equivalents, beginning of period	**22.624**	**17.780**
Cash and cash equivalents, end of period	**27.842**	**22.624**

ADDITIONAL DATA AND INFORMATION

1. The Company has been audited by the tax authorities up to 2007 (included).
2. There is no burden on the Company's fixed assets.
3. The number of employees as at 31 December 2010 and 31 December 2009 was 2.911 and 3.320 respectively.
4. The Provisions formed up to December 31 2010 concern: a)Provisions for litigations and claims amounting approximately Euro 48,4 m.More specific, Lawsuits for civil law cases with claims of an amount of Euro 70,6 m. have been raised against the Company.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 contractors for violation of contractual terms.There are also pending litigations with employees of around Euro 44,1m.Against all these potential losses, if the pending litigation wiil be finalized, EYDAP has formed a provision of Euro 48,4 m. as at 31 December 2010 and of Euro 40,3m. as at 31 December 2009, which are considered as sufficient.b) Provisions of Euro 3,0 m. for unaudited (by Public Revenue Services) tax uses and c) Other provisions of Euro 50,4m.
5. Emphasis of matter : 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 8years period 2000-2008. Against the aforementioned investment program of around Euro1,22 billion, that includes, as already mentioned, also the maintenances, the Company has spent for capital expenditures as at 31 December 2008 an amount of Euro 432,49 millions, for which it has the right to receive a subsidy of around Euro 259,49 millions (432,49*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 31 December 2010 an amount of Euro 9,08 millions. On the basis of the above the claim of the Company from the Greek State has been raised to Euro 250,41 millions (259,49 - 9,08). Therefore this amount has not recorded in accounts receivables with an equal credit in long-term liabilities, the carrying amount of which is gradually transferred in the profit/loss account of the period according 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 , previous period would have been be improved by around Euro 5,2 millions and the net equity would have been be improved by around Euro 45 millions.It must be clarified that the company's Investment programm modified as a result of a decision taken by the 10-8-2004's Extraodinary Shareholders General Meeting . However this doesn't affect the company's claim towards the greek state.It is worthnoting that after the company's request towards the Greek State which is provided in the annex 4 of the aforementioned contract between the two parties the company for 1/1/2010-31/12/2010 capital expenditures that amount € 57,9 mil.approximately is eligible for a € 34,8mil subsidy (57,9*60%) and € 28,4 mil subsidy (47,4*60%) for1/1/2009-31/12/2009.

b)In addition the Company has a claim concerning a subsidy for the maintenance expenditures according to the contract with the Greek State. However, since it is not feasible to extract the amount that corresponds to maintenance from the total amount of expenditures that are related with the operation and maintenance of installations that is Euro 704,43 millions the corresponding subsidy has not been finalized between the company and the State until the conduction of the present finacial statements .In parallel with the aforementioned the contract between the State and the Company concerning the supply of raw water is pending from 2004 use.According to contarct which was valid until 31 December 2004 the supply of raw water compensates with the operation and conservasion costs of the water supply fixed assets that belong to the State.

c)The total landed property of the State entity "Eydap fixed Assets Company" has not been transcribed from Eydap S.A until the issuance of the current Auditors Report. The undeprciated value of the respective property is approximately € 657 mil.

6. Transactions with related parties (Amounts in thousands of Euro)

Cumulative amounts from the beginning of the current period concerning puchases and sales together with the company's claims and liabilities at the end of the current period that have been resulted from its transactions with related parties in the sense of the IAS 24 are as follows :

	2010	**2009**
i)Revenues (1/1-31/12/2010 και 1/1-31/12/2009 respectively).	68.590	69.656
ii)Claims (31/12/10 and 31/12/2009 respectively) .	338.685	302.815
iii)Transactions and Payrolls of Directors and Members of the Administration (1/1-31/12/2010 και 1/1-31/12/2009 respectively).	195	353

7. Total Comprehensive income of 210th. at 31 December 2010, concerns non current assets appropriated for sale(profolio revaluation).
8. Until the approval date of the condensed financial statements events that could substantially affect its assets structure or its activities process have not been occurred.
9. The social responsibility tax, according to the Law 3845/2010, amounted to €2,3 m.

Athens, 29 March 2011

The Chairman of the Board of Directors	The Chief Executive Officer	The Chief Financial Officer	The Chief Accounting Officer
Lekkas Themistoklis	**Nikolaos Bardis**	**Leventi Maria**	**Spyropoulou Eleni**
I.D. No AE 144774	I.D. No Φ 472635	I.D. No Σ 099991	I.D. No AI 060168

INFORMATION OF THE ARTICLE 10 OF THE LAW 3401/2005

The following announcements/notifications have been sent to Daily official list announcements and are posted to the Athens Stock Exchange website as well as to our Company's website www.eydap.gr under the Section Investor Relations / Corporate Announcements.

	Date	Subject
1	03/03/2010	New Audit Committee
2	12/03/2010	Financial Calendar 2010
3	24/03/2010	Extraordinary General Meeting Notice
4	31/03/2010	FY 2009 Results
5	20/04/2010	Extraordinary General Meeting Postponement
6	23/04/2010	Company Presentation to the Representatives of the Capital Market
7	23/04/2010	Repeat Extraordinary General Meeting Notice
8	04/05/2010	Extraordinary General Meeting Resolutions
9	05/05/2010	New BoD
10	14/05/2010	General Meeting Notice
11	17/05/2010	General Managers appointment
12	01/06/2010	Corporate Announcement
13	01/06/2010	Q1 2010 Key Figures & Results
14	04/06/2010	General Meeting Resolutions
15	07/06/2010	General Manager appointment
16	22/06/2010	Minority Shareholders Meeting Notice
17	30/06/2010	Dividend beneficiaries / Dividend payment notice
18	13/07/2010	Minority Shareholders Meeting Resolutions
19	16/07/2010	New Audit Committee
20	31/08/2010	H1 2010 Key Figures & Results
21	24/09/2010	Corporate Announcement
22	26/11/2010	Q3 2010 Key Figures & Results