ATHENS WATER SUPPLY AND SEWERAGE Co.

Annual Report of the Financial year

1 January to 31 December 2009

According to the Law 3556/2007 and the consequent decisions of the Management Board of the Hellenic Capital Market Committee

DOMICILIATION :
OROPOU 156 GALATSI

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

The Following Members :

1.Antonios Vartholomaios Chairman of the Management Board & C.E.O

2. Alexios Spyropoulos , member of the Management Board specially designated for this from the Management Board.

2. Parlis Emmanuel, member of the Management Board specially designated for this from the Management Board.

According to the descriptions of the paragraph 2 of the clause 4 of the Law 3556/2007 we hereby declare that from what we know:

a.The Financial Statements of the financial use 1.1.2009 to 31.12.2009 conducted according to the valid International Accounting Standards trully illustrates 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 progress ,the performance and th company's position together with its main risks and uncertainties.

Athens , 30 March 2010

The Chairman of the Board of Directors & C.E.O	The Member of the Board of Directors	The Member of the Board of Directors
Antonios Vartholomaios ID No X 666882	Alexios Spyropoulos ID No Σ 691380	Emmanuel Parlis ID No X 052472

BOARD OF DIRECTORS' REPORT

For the Financial Year 2009

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 2009. 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 2009, financial highlights, potential risks and uncertainties, and significant transactions between the Company and related parties.

EYDAP posted gains for 2009, despite the adverse financial environment. The Company has reinforced further its growth, reassuring its dominant position in the Greek water supply and sewerage market.

In 2009, the company continued to pursue its business strategy which is oriented towards **environmental protection, sustainable growth, enhancement of the water supply and sewerage services, and modernization of business functions to improve customer service**.

Aside from sustainable water resource management and quality assurance for water supplied to Attica residents, the Company's Management continued to expand business operations along the lines of environmental protection and quality of life for the population.

Boosting its investment philosophy and guided by the need to satisfy customers by providing top-quality services, EYDAP continued in 2009 the implementation of its business plan, fully aware of its responsibilities towards shareholders, employees, and the society wherein it operates.

STRATEGIC GOALS AND ACTIONS

At the time of its IPO, the company had announced an eight-year investment program for 2000-2008, based on the commitment on behalf of the Greek State to subsidize 60% of its capital projects through funds from the European Union or through the Public Investment Program.

However, given that the aforementioned funds were not flowing into the company, in an Extraordinary General Shareholders' Meeting held in August 2004, the Company set new strategic goals and revised its investment program, this time relying on its own funds and EU projects.

Pursuant to the above, the strategic frame wherein the company operates ensures its sustainability, based on actions of business growth and rational management of business functions.

For the implementation of its strategic goals, the company focuses on four basic fields of action:

1. Upgrade of Water Supply and Sewerage Infrastructure with a View to Environmental Protection

1.1 Upgrade of existing water supply infrastructure

- Construction of new water tanks and water pipes.
- Network replacement and upgrade.
- Installation of pressure monitoring and management system.

1.2 Completion of renovation of Water Treatment Plant (WTP)

- Water treatment procedures and facilities upgrade.
- Enhancement of security and monitoring systems.

1.3 Modernization of sewerage network

- Solutions for combined sewer problems.
- Monitoring the quality of wastewater carried by the network.
- Network replacement and upgrade.

1.4 Upgrade of existing Wastewater Treatment Plants (WWTP)

- Solution for problems concerning odor, sludge management, etc.
- Interconnection of A & B phase projects in the Psyttalia WWTP.
- Use of emitted biogas for the production of electrical and thermal power.

2. Profitability Improvement

2.1. Geographic Expansion

- Municipal network acquisition.
- Construction of new facilities and networks.
- New WWTPs at Thriasio Pedio and sewerage networks in West Attica.
- Expansion of the sewerage network in North Attica.

2.2. Business Development - New Operations

- Hydroelectric Plants.
- 35% stake in the Suburban Gas Company
- Collaboration with foreign water operators (i.e. in Tunisia, Syria, etc.).
- Consulting Services.
- Real Estate Development.
- Bottling Mineral Water from privately-owned boreholes.
- Expansion of operations in the telecommunications industry.

2.3 Reduction of Operating Costs by Modernizing Business Functions

- Development and implementation of an advanced IT system for the control and rational management of extra hours.
- Development and implementation of a system for the rational management of medical expenses

3. Enhancement of Efficiency and Overall Performance

3.1. Modernization of Corporate Structure and Internal Procedures

- New Customer Care, Budgeting, Costing and Document Management automation systems
- Rational organization and redesign of business functions

3.2. Enhancement of Productivity through the Implementation of new IT solutions and Personnel Training

- Electronic document management systems
- Personnel training courses on new technological applications and general training on business practices.

4. Enhancement of Customer Service

4.1. Modernization of Customer Service Methods

- Upgrade and restructuring of the company’s District Centers.
- Online customer service and interconnection with Citizen Service Centers

4.2 Enhancement and Modernization of Procedures

- Upgrade of the function of the 24h Customer Service Call Center (1022)
- New customer-centered website at www.eydap.gr (bill-tracking, e-billing, information and application forms for various transactions with the Company, personal details modification option).

A. FINANCIAL HIGHLIGHTS FOR THE PERIOD

I. Review of Operations – Water Consumption Progress

In 2009, **total water consumption** (billed or not) decreased by 3.4%, compared to last year, in relation to the increase by 2.0% from 2007 to 2008. Average annual increase for the years 2000-2009 was formed at 1.0% per annum.

Billed consumption fell marginally by 0.8% (1.3% fall last year), whereas in the last five years (2005-2009) it climbed on average by 1.7% per annum. The decrease in total consumption, together with the slight decline in billed consumption, led to a fall in the ratio of non-billed to total consumption, from 22.2% in 2008 to 20.2% in 2009, but still these levels are lower than the ten-year average which was formed at 21.5%.

During the last two years, 8 mn m^3 of water were supplied to Cyprus and 0.5 mn m^3 of untreated water were supplied to the Olympic Rowing and Canoeing Center at Schinias. These two extraordinary cases, have influenced the total water consumption, which would have otherwise decreased less, by 2.9%, instead of the apparent 3.4%, as well as the billed consumption, which would have decreased less by 0.5% (instead of 0.8%).

With respect to the main consumer classes, the class of common consumers – which represents the overwhelming majority of customers – raised by 1.7% compared to 2008, while the average three-year consumption has fallen by 0.7% per annum.

The second biggest class – that of Bulk Water Supply to Municipal Networks – decreased by 2.5%.

The classes of industrial consumers and State-Local Authorities fell by 7% and 13% respectively.

The drop in total billed consumption by 2.6 mn m^3 was an outcome of the drop in billed consumption by State-Local Authorities (-2.9 mn m^3), Bulk Water Supply to Municipal Networks (-1.8 mn m^3) and industrial consumers (-1.6 mn m^3), offset by an increase in the common consumers (+3.6 mn m^3) and other classes (+0.1 mn m^3).

In 2009, the distribution of consumption remained fairly unchanged. Common consumers' share was shaped at 62.9% (compared to a three-year average share of 62.2%), Bulk Water Supply to Municipal Networks occupied 20.7% (compared to a three-year average share of 20.4%), the share of industrial customers was formed at 6.1% (three-year average share of 6.3%) more or less the same as that of State-Local Authorities which was formed at 5.7% (three-year average share of 6.4%). The most distinguished differences in the shares of the consumption classes for 2009 compared to the 2000-2009 average share, were noticed in the Bulk Water Supply to Municipal Networks class (+1.5%), untreated water class (+1.2%), State-Local Authorities class (-1.0%) and common consumers class (-0.9%).

The structure of consumption during 2009 per billing category, in the common consumers' class, has indicated an increase in the share of the lowest billing category and an increase in the shares of the rest successive billing categories. More precisely, the first billing category (1-15 m^3/ quarter) shaped a share of 46.4% in 2009, compared to 44.4% in 2008 (+2%), fluctuating between 43.3% and 46.4% the last five years. The second billing category (16-60 m^3/quarter) reached a share of 45.3% in 2009, compared to 46% in 2008 (-0.7%) and the other three billing categories shaped in total a share of 8.4% in 2009 compared to 9.6% in 2008 (-1.2%).

Billed water consumption in 2009 reached €250.4 mn, down 1.9% compared to 2008. On the contrary, average annual increase for the last five years was formed at 2.4%.

In terms of consumer classes:

- revenues from common consumer dropped by 0.7% to €170 mn,
- revenues from industrial-professional consumers decreased by 4.9% to €19 mn,
- revenues from State-Local Authorities dropped by 10.7% to €20 mn,
- revenues from Bulk Water Supply to Municipal Networks remained more or less stable to €35 mn.

In the past five years, Bulk Water Supply to Municipal Networks has seen the biggest growth (average annual increase of 6.1%), whereas the smallest growth was seen in the common consumers' class (average annual increase of 2.2%) and the industrial-professional consumers' class (average annual increase of 2.9%). The State-Local Authorities' class presented a marginal decrease (average annual decrease of 0.8%).

The average price for water supplied by EYDAP (consumption charge plus standard fee) stayed almost unchanged at €0.74 (compared to €0.75 last year). The average price per consumer class remained equally steady. The average price for the main consumer class, that of common consumers, was formed at €0,80. The lowest average price among the biggest consumer classes (excluding those of untreated water and charity organizations) remains that for Bulk Water Supply to Municipal Networks at €0.50 per m^3 (almost 62% of the price for common consumers).

Nevertheless, Bulk Water Supply to Municipal Networks, which derives from the needs of citizens (i.e. of common consumers) that reside outside the Company's network, continues to generate small profits in relation to its consumption share. More specifically, while it accounts for 21% of billed consumption, it merely corresponds to 14% of revenues from water supply, let alone their slow collection rate.

Revenues from sewer usage charges during 2009 reached €115.9 mn, increased by 10.7% compared to 2008. Average annual growth during the last five years was shaped at 5.7%.

Total revenue from water supply services and sewer usage charges during 2009 summed up to €366.3 mn, showing an increase of 1.8% compared to 2008. Average annual growth during the last five years was shaped at 3.4%.

II. Key Financial Data

Revenues amounted to €386.2 mn from €403.2 mn in 2008, down 4.2% (-€17 mn). This drop was mainly due to decreased income from water supply services by €18.4 mn (-6.7%), as well as from constructions for third parties revenues (Ministry of Environment, Physical Planning and Public Works, and EYDAP Asset Management) by €3.4 mn. On the contrary, there has been an increase in the sewerage revenues by € 5.5 mn (+4.7%) and in the revenues from residual power generation by € 0.6 mn (+52.5%).

Cost of sales in 2009 grew by €13.7 mn (+6%) and reached €240.4 mn from €226.7 mn in 2008. On the contrary, administrative expenses have decreased by €7.3 mn (-8.6%), while selling expenses grew by €6.6 mn (+17.3%).

As a result of all the above, Gross Profit Margin dropped by €30.7 mn (-17.4%), reaching €145.8 mn, compared to €176.5 in 2008. Gross Profit Margin as percentage of revenues was formed at 37.8% from 43.8% in 2008.

With regards to operating expenses, the most significant rise was noticed in the payments to third parties (chiefly fees to contractors and consultants), as well as in third party allowances (electricity, natural gas, and telecommunication services).

Wages and Salaries grew by 2.6% or €5.7 mn. The biggest portion of this rise and more precisely the amount of €4 mn is related to the provisions growth for employees' healthcare benefits. Salaries, wages and employer's social insurance contributions rose by 1% or €1.9 mn. Wages and Salaries as a percentage of the total operating cost have decreased from 63.6% in 2008 to 62% in 2009.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) were formed at €48.3 mn, down 38.3% or -30 mn €, whereas EBITDA margin was formed at 12.5% from 19.4% in 2008. Earnings before Interest and Taxes (EBIT) declined as well, and were formed at €23.5 mn from €55.8 mn in 2008. EBIT margin was formed at 6.1% from 13.8% in 2008.

Furthermore, financial expenses fell by 7.9% and reached €9 mn from €9.8 mn in 2008. Financial income grew by €261 thousand, reaching €3.5 mn from 3.2 mn in 2008. Short term borrowing in 31/12/2009 was shaped at €192.8 mn showing an increase of €32.3 mn (+20.1%) compared to 31/12/2008.

All the above contributed to a decrease in pre-tax profits by €31.2 mn (-63.4%), reaching €18 mn in 2009 from €49.2 mn in 2008. Income tax for 2009 was formed at €12.3 mn, of which €5.3 mn were attributed as an emergency tax imposed by law 3808/09. After-tax profits were limited to €5.7 mn from €31.2 mn in 2008, down 81.6%. Net Profit Margin was shaped at 1.5% from 7.7% in 2008.

B. BUSINESS HIGHLIGHTS FOR THE PERIOD

I. Modernizing Business Functions

In 2009, 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**, along the company's efforts to expand its operations geographically, EYDAP continued to acquire municipal networks that are under its area of coverage, pursuant to agreement with the municipal authorities, so as to minimize the problems that arise from Bulk Water Supply. The plan for new networks' acquisition takes into account geographical, technical and financial parameters, and its aim is to add value to consumers, shareholders and the Company as a whole.

Along these lines, the municipal network of Nea Peramos has already been acquired, whereas that of Agios Panteleimonas is expected to be acquired in 2010, once its construction is completed by the local municipal authorities.

The feasibility study for the acquisition and operation of the the municipal network at Megara has been completed and there are still pending some issues to be solbed regarding the contract compilation.

At the same time, feasibility studies are on progress regarding the municipal water supply networks of Keratea, Kryoneri, Anoixi and the water supply networks of some districts of the Municipality of Salamina. This stage is a prerequisite in order to proceed with the acquisition negotiations for the integrated operation and administration of the respective networks.

All the above, aim on the one hand, at the implementation of one of the strategic goals of the Company regarding the geographic expansion of its network and on the other hand at the integrated and effective water resources management.
Another issue of crucial importance is the debt of municipal authorities to EYDAP, 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 and Technology**, in 2009, EYDAP:

- Implemented an internet based Geographical Information System (G.I.S.) Application which operates on the Corporate Intranet platform. Consequently, the District Centers as well as the Sewerage Revenues Department have direct access to the data center of the G.I.S., collecting and exploiting directly data regarding the water supply and sewerage networks. As a result, there has been achieved prompt billing of services and at the same time decrease in the flow of inter-departmental mail.

- Successfully expanded and implemented in the Sewerage Network Division the Geographical Information System (G.I.S.) in replacement of the old hard-copy archives which are kept now digitally and are constantly updated by the GIS. The same effort is on progress in the Water Supply Division, with the updating of the digital database on a first basis.

- The Billing and Customer Care (BCC) System was enhanced with improvements and new applications that contribute to the upgrade of customer service level (i.e. electronic application forms). Within the same context, there were implemented and currently operate improvements in the Accounting and Cashier Software Applications.

- Added to its corporate website new functions and options that provide faster, more efficient and upgraded Customer Service: Apart from the already existing electronic services, the user has hereafter the option to receive email notifications with the bill issuing, as well as big consumption alerts.

- Delivered and has already implemented the Sewerage Division Information System which is interconnected with the Billing and Customer Care System (BCC).

- Launched the development of the tracking and control system for the new water meters installation procedure.

- Expanded the Wide Area Network (WAN) of EYDAP and launched the gradual integration of voice and data networks.

- Installed a central Antivirus program and affiliated all the users in centralized security and administration policies.

- Installed network infrastructure in the new District Centers of Elefsina, Nikaia, Marousi and Agia Paraskevi.

- Successfully implemented the new based on books costing system (SAS-ABM). The implementation of the project included:

    - Modifications in the existing ERP system ORAMA
    - Development of the basic system SAS-ABM and
    - Interconnection of the above mentioned systems

  The primary data are inserted in the ERP system and then are transferred and processed by the new costing system, targeting at the more efficient and in more depth depiction of the costing data of the Company.

- Successfully implemented the employee overtime scheduling and budgeting system, which constitutes an expansion of the existing system POWEPLAN. The new system will contribute to the more efficient overtime management in the Company on an annual basis.

- Launched the development of the new Human Resources Management System (SAP-HR). The up to date structure of SAP-HR and its upgraded operational options target at the modernization of the existing Personnel Management System and the amelioration of the Human Resources Management within the Company.

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, the Human Resources Department in cooperation with the IT Department launched the development of the new Human Resources Management System (SAP-HR), while the update of the Company's Bylaws was completed and the final draft is delivered to the top Management of the Company.

Additionally, the company placed particular importance in the coordination and constant communication between the Management and employees, as well as amongst employees, by developing and issuing a bimonthly electronic bulletin published by the HR Department.

As regards the development and utilization of the Company's human resources through training and skill-building, in 2008 EYDAP expanded the training received by its personnel to new and modern areas, through new training methods, managed to obtain an ISO 9001/2000 certification, completed the digital library platform and implemented concrete activities in order to reinforce the perpetual training philosophy among the employees.

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:

- In order to meet the needs for customer reception areas in EYDAP buildings, and in the frame of establishing one single corporate identity, the Marousi District Center was relocated to a fully equipped and modern building.
- The new District Center in Elefsina fully operates, servicing the areas of Aspropyrgos, Elefsina and Nea Peramos.
- The Company successfully delivered the e-learning program platform, aiming at the integrated and perpetual training of the personnel in the Customer Service Division.
- The Company has completed to a significant extent all the necessary actions in order to certify the Customer Service procedures according to ISO 9001:2008.

- 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 developments, the Company's website was upgraded and enriched with options that allow email notifications upon the bill issuing and email alerts, 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 customer.

II. Capital Projects

EYDAP's main priority is to contribute to the global efforts towards environmental protection, and save resources through energy-cost reduction and water-leakage control.

Along these lines, in 2009 the Company continued the implementation of capital projects that aim at the service upgrade and expansion of the water supply and sewerage networks, the enhancement of hygiene conditions and environmental protection in the Attica Metropolitan Region.In 2009, they were implemented capital projects that amount € 47,4 mil.

C. 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 rates, interest rates or market prices), Credit risk and Liquidity risk. The Company's Financial Risk Management Plan is focused on the minimization of potential negative effects that these risks may have on the Company's financial position.

Risk management is carried out by the Company's main Financial Department, whose operations comply with specific rules approved by its Board of Directors. The Board of Directors provides guidelines and directives on the management of general and specific risks, such as currency risk, interest rate risk and credit risk.

(a) Market Risk

Currency Risk

The main volume of the Company's operations is carried out in the Eurozone, hence in EUR. Therefore, currency risk is immaterial.

Interest Rate Risk

The Company does not possess any significant interest-bearing assets. Therefore, operating revenues and cash flows are not materially influenced by changes in interest rates. The rate on Company's debt is floating, and depending on market conditions, it may remain floating or may be turned to fixed.

The Company does not use financial derivatives. Interest rate risk applies mainly to loans. Floating rate loans may generate cash flow risk.

Sensitivity Analysis for Loans Subject to Cash Flow Risk Due to Change in Interest Rate

	Volatility of Interest Rates	Effect on After-Tax Profits
Year 2009	+1%	(1,760)
	-1%	1,760
Year 2008	+1%	(1,298)
	-1%	1,298

Note: Interest income from deposits is immaterial, hence not included.

(b) Credit Risk

The Company's exposure to credit risk is limited to financial assets, which stood at year end as per the following table:

Financial Assets	31 December 2009	31 December 2008
Available-for-sale securities	1,266	1,139
Cash and cash equivalents	22,624	17,780
Trade and other receivables	319,030	304,548
Long-term receivables	129,566	120,610
Investments in affiliates	383	444
	472,869	**444,521**

The Company monitors its receivables consistently, per claim or per account, and feeds respective information in credit control procedures. The Company's long-term receivables are mainly from State Authorities, hence free of material credit risk.

"Cash and cash equivalents" are free of credit risk, because they mainly consist of deposits in banks with adequate credit rating. "Trade and other receivables" include receivables from individuals, hence non-collection risk is minimal (mainly due to the high variance of claims). As for receivables from Municipal Authorities, the company considers to resort to article 16 par. 2 of Law 2307/1995 which provides for the collection of municipal debt to EYDAP through earmarked funds.

None of the Company's financial assets is insured by mortgage or any other form of collateral.

The following table provides an overview of Receivables in Default along the time line:

RECEIVABLES IN DEFAULT						
2009	0-1 Month	1-6 Months	6 Months-2 Years	2 Years-5 Years	> 5 Years	TOTAL
Individuals	8,631	16,727	18,238	8,706	2,062	54,364
State Authorities	1,160	3,217	10,478	10,716	20,620	46,191
Municipal Authorities	3,740	15,903	34,651	54,151	28,848	137,293
TOTAL	**13,531**	**35,847**	**63,367**	**73,573**	**51,530**	**237,848**

2008	0-1 Month	1-6 Months	6 Months-2 Years	2 Years-5 Years	> 5 Years	TOTAL
Individuals	8,199	17,346	13,570	7,347	2,083	48,545
State Authorities	1,035	2,980	7,142	10,081	18,142	39,380
Municipal Authorities	4,200	14,915	37,570	53,444	20,194	130,323
TOTAL	**13,434**	**35,241**	**58,282**	**70,872**	**40,419**	**218,248**

The book values of rescheduled receivables as at 31 December 2009 and at 31 December 2008 were €37.7 mn and €30.1 mn respectively.

(c) Liquidity Risk

Liquidity risk is managed through sufficient cash reserves and line of credit. The approved line of credit suffices for the company to cover any possible shortage in cash.

The following table provides an overview of Liabilities, classified as per maturity date measured against year end (figures are not discounted):

MATURITY OF LIABILITIES							
2009	0-1 Month	2-3 Months	3-6 Months	6-12 Months	1- 5 Years	> 5 Years	TOTAL
Loans	2,052	0	0	187,610	3,143	0	192,805
Trade and Other Payables	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**
2008	0-1 Month	2-3 Months	3-6 Months	6-12 Months	1- 5 Years	> 5 Years	TOTAL
Loans	3,073	0	0	157,443	0	0	160,516
Trade and Other Payables	39,767	16,570	11,389	10,012	111,996	129,949	319,683
TOTAL	**42,840**	**16,570**	**11,389**	**167,455**	**111,996**	**129,949**	**480,199**

D. 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.

E. RELATED PARTY TRANSACTIONS

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

A) Transactions and balances with BoD Members

	31 December 2009	31 December 2008
– Compensation (Chairman, CEO and Executives)	194	205
– Compensation & Meeting Fees for BoD Members	159	142
	353	**347**

B) Transaction and balances with State and Municipal Authorities

	31 December 2009	31 December 2008
1) Transactions		
– Revenues	69,656	76,909
– Cost of Sales (Construction Cost)	(4,523)	(7,684)
– Allowances	(1,521)	(3,943)
2) Balances		
– Long-term Receivables (Third-party Projects)	106,067	101,271
– Long-term Receivables (Settlement with Municipal Authorities)	20,284	16,225
– Trade Receivables (State & Municipal Authorities)	153,839	148,253
– Other Receivables (State funding for deficits due to severance pay)	22,625	12,172

G. 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.

H. DIVIDEND POLICY

The Board of Directors intends to declare in the 28th General Meeting of Shareholders, scheduled for the 4th of June 2010, dividends for 2009 that amount to €2,130,000.00 (€0.02 per share).

I. 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 2009) and until this report was compiled.

J. BRANCH OFFICES

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

K. RESEARCH & DEVELOPMENT

The Company has no significant activity in Research & Development.

Galatsi, 30 March 2010

THE MEMBERS OF THE BOARD OF DIRECTORS

NAME	*CAPACITY*
Anthony M. Vartholomeos	**Chairman of the BoD & Managing Director – Executive Member**
Alexios Spyropoulos	**Member**
Georgios Mitsioulis	**Member**
Georgios Mastrangelopoulos	**Member**
Christos Mistriotis	**Member**
Emmanuel Parlis	**Member**
Nikolaos Perdiou	**Member**
Konstantinos Zivopoulos	**Member**
Emmanuel Angelakis	**Member**
Evangelos Moutafis	**Member**

Exact Copy of No 16744
Resolution of the Board of Directors
of 30th March 2009
The Chairman of the BoD & Managing Director

Anthony M. Vartholomeos

ANNUAL STATEMENTS OF THE FINANCIAL USE
1ST JANUARY TO 31ST DECEMBER 2009

ACCORDING TO THE INTERNATIONAL FINANCIAL AND REPORTING STANDARDS
OF THE ATHENS WATER SUPPLY AND SEWERAGE COPMANY S.A.

DOMICILIATION :
OROPOU 156
GALATSI

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The Financial Statements, page 4 to 67, were approved by the Board of Directors on 30 March 2010 and are under the approval of the Annual Shareholders Meeting. Under the permission of the Board of Directors the following officers named below sign the Financial Statements:

Athens 30 March 2010

The Chairman of the Management Board & Managing Director	The Member of the Management Board	The Director of the Economic Department	The Supervisor of the Accounting Office
Vartholomeos Antonios	Perdiou Nikolaos	Leventi Maria	Spiropoulou Eleni

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:	A.Vartholomaios, A.Spiropoulos, G.Mastraggelopoulos, E.Moutafis, G.Mitsioulis,C.Mistriotis E.Agelakis,K.Zivopoulos,E.Parlis,N.Perdiou
Ending Day of the Period:	31 December 2009
Period:	12 months
Form of Financial Statements:	Annual
Date of Approval of Financial Statements:	30 March 2010
Chartered Public Accountants:	M. Hatzipavlou (SOEL No 12511) and E. Giouroukos (SOEL No 10351)
Auditing Company:	Deloitte Hatzipavlou, Sofianos & Kampanis Public Accountants and Business Consultants SA
Type of Auditor's Report	Unqualified opinion – Emphasis of matter
Internet address where the Financial Statements are registered:	www.eydap.gr

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

2. STATEMENT OF INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2009 & 2008

	Notes	31.12.2009	31.12.2008
		Amounts in thousands of Euro	
Turnover	**10**	386.174	403.161
Cost of services	**11**	(240.382)	(226.694)
Gross Profit		**145.792**	**176.467**
Other Operating Income	**10**	3.105	6.279
General and administration expenses	**11**	(78.259)	(85.590)
Distribution and selling expenses	**11**	(44.781)	(38.186)
Profit from operating activities		**25.857**	**58.970**
Other operating expenses		(2.318)	(3.195)
Finance income net	**14**	3.480	3.219
Finance costs net	**15**	(9.003)	(9.777)
Profit from ordinary activities before income taxes		**18.016**	**49.217**
Income tax expense	**16**	(12.276)	(17.986)
Net profit for the year		**5.740**	**31.231**
Earnings per share (in €)	**17**	**0,05**	**0,29**
Proposed divident (in €)	**17**	**0,02**	**0,13**

STATEMENT OF TOTAL INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2009 & 2008

Amounts in € th.	31.12.2009	31.12.2008
EAT	5.740	31.231
Portfolio's available for sale valuation	127	(530)
Accumulated total revenues after taxes	5.867	30.701

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

3. STATEMENT OF ECONOMIC POSITION FOR THE YEARS ENDED ON 31 DECEMBER 2009 & 2008

	Notes	31.12.2009	31.12.2008
ASSETS			
		Amounts in thousands of Euro	
Non-current assets			
Goodwill	**18**	3.357	3.357
Other Intangible assets	**19**	6.254	3.950
Property, plant and equipment, net	**20**	1.004.440	992.883
Investment in associates	**21**	383	444
Available-for-sale Investments	**22**	1.266	1.139
Long-term receivables	**23**	129.566	120.610
Deferred tax assets	**24**	48.343	46.405
Total non-current assets		**1.193.609**	**1.168.788**
Current assets			
Materials and spare parts, net	**25**	20.528	19.165
Trade receivables, net	**26**	277.966	274.848
Other receivables, net	**27**	41.064	29.700
Cash and cash equivalents	**28**	22.624	17.780
Total Current assets		**362.182**	**341.493**
Total Assets		**1.555.791**	**1.510.281**
Equity			
Share Capital	**29**	63.900	63.900
Share Premium		40.502	40.502
Reserves	**30**	379.576	379.162
Retained Earnings	**31**	337.533	345.925
Total Equity		**821.511**	**829.489**
Liabilities			
Long Term liabilities			
Liabilities for employees benefits	**33**	204.702	191.134
Provisions	**34**	40.295	39.869
Deferred subsidies and customer contributions	**35**	201.192	203.317
Consumers' guarantees	**36**	17.132	16.619
Total long term liabilities		**463.321**	**450.939**
Current Liabilities			
Operating Current Liabilities	**37**	49.249	46.999
Income taxes payable	**16**	2.406	2.273
Short term loans and borrowings	**32**	192.804	160.515
Accrued and other current liabilities	**37**	26.500	20.066
Total Current Liabilities		**270.959**	**229.853**
Total Liabilities and Shareholder's Equity		**1.555.791**	**1.510.281**

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 2009 & 2008

2009	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 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**

2008	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 2008	63.900	40.502	18.664	358.283	1.183	331.166	813.698
Profit / (Losses) of the year, after tax			1.562			29.669	31.231
Dividends						(14.910)	(14.910)
Net Profit from revaluation of available-for-sale investments					(530)		(530)
Equity Balance at the end of the year 2008	**63.900**	**40.502**	**20.226**	**358.283**	**653**	**345.925**	**829.489**

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

5. CASH FLOW STATEMENTS FOR THE YEARS ENDED ON 31 DECEMBER 2009 & 2008

	1.01-31.12-2009	1.01-31.12-2008
Cash Flows from operating activities	*Amounts in thousands of Euro*	
Profit before tax	18.016	49.217
Adjustments for:		
Provisions	2.367	4.305
Customers' Write-offs		
Depreciation and amortization	33.757	31.687
Amortization of customers' contributions and subsidies	(8.968)	(9.134)
Investment income	(37)	(32)
Impairment of investments	61	(96)
Interest and related income	(3.443)	(3.091)
Interest and related expense	8.942	9.777
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(5.052)	(32.917)
Other receivables	(10.610)	(12.152)
Long-term receivables	(8.956)	(17.406)
Materials and spare parts	(1.371)	(33)
Increase in (Decrease in)		
Operating Current Liabilities	(10.445)	4.879
Other current liabilities	6.434	(12.242)
Consumers' guarantees	513	756
Reserve for employees benefits	13.568	12.109
Minus:		
Interest and related expenses paid	(8.087)	(7.095)
Income Tax paid	(14.547)	(15.534)
Net cash from operating activities (a)	**12.142**	**2.998**
Cash Flows from investing activities		
Dividends received	37	32
Interest and related income received	2.686	2.746
Purchases of property, plant, and equipment	(42.678)	(45.308)
Purchases of intangible assets	(2.568)	(2.592)
Proceeds from customers' contributions and subsidies	6.858	7.711
Net cash from investing activities (b)	**(35.665)**	**(37.411)**
Cash Flows from financing activities		
Proceeds from borrowings	67.500	66.000
Repayments of borrowings	(34.128)	(22.333)
Dividends paid	(5.005)	(5.960)
Net cash from investing activities (c)	**28.367**	**37.707**
Net (decrease) increase in cash and cash equivalents (a) + (b) + (c)	**4.844**	**3.294**
Cash and cash equivalents, beginning of period	**17.780**	**14.486**
Cash and cash equivalents, end of period	**22.624**	**17.780**

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 8.419 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 operates also a major Waste Water Treatment Plant (WWTP) in Psytalia Island of a current daily capacity of 1 million cubic meters of waste and another waste treatment unit in Metamorphosi area.

In Psitalia island two electrical and thermal energy co-production units of 7,145 MWe power and 4,25 MWe pow are also operate together with one electrical and thermal energy co-production unit which operates with the firing of natural gas (power 12,9 Mw).

EYDAP has also installed and operate two small hydroelectric plants along the Mornos Aquadect (at Kirfi and Elikonas locations). In addition the construction of two new hydroelectric power stations in Mandra (630KW) and Kartala – Kithaironas (1200KW) has been completed and their commercial use has been started.

6.ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY

GENERAL INFORMATION (continued)

Operation of the waste treatment plant in Psytallia

On February 28 2009 EYDAP signed a deliverance-acceptance protocol with the Ministry of Infrastructure ,Transportation and Networks concerning the administration of the dehydrated sludge dessication unit thus ,having under its pertinence the total facilities of Psitalia sewerage processing centre (Phase A ,Phase B,dessication and CETHE) .The company has also the responsibility and the operation cost (transportation plus energy development) of the dessicated product.

The new Electrical and Thermic energy co-production units (CETHE) that EYDAP constructed in Psitalia within the context of the project "Electric and Thermic energy co-production units in Psitalia sewerage processing centre" contract work A-417,such as :a) the natural gas combustion unit of 12,9 MWe electrical power and 17,3 MWth thermic power and b) the expansion of the biogas conbustion unit of 4,25 MWe electric power and 6,8 MWth thermic power have already started to operate .

The natural gus combustion unit has been planned and implemented for the providing of Psitalia dessication unit with thermic energy coming from its produced exhaust via air commutators with parallel production of electric energy which is chanellizing the electrical network that supplies the B Phase and dessication facilities of the centre and that is consumed within the Psitalia centre.

The operation of CETHE natural gas combustion unit is expected to increase the cost of natural gas consumption in relation with the respective consumption under the operation of the dessication unit only (without combined CETHE operation).On the other hand a substantial decrease in the cost of electric energy is expected as a result of lower purchases from the Public Power Corporation together with revenues coming from the possible sales of electric energy to the Hellenic Operator of Electrical Energy (DESMIE),that is not consumed within the Psitalia centre.

The expansion of CETHE biogas combustion unit has been planned and implemented for the production of electrical energy with biogas as fuel together with a parallel exploitation of the thermic energy produced from the unit's internal combustion machines .

6.ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY

GENERAL INFORMATION (continued)

The operation of CETHE biogas production unit is expected to decrease substantially the cost of electrical energy (coming from the Public Power Corporation) used for the operation of B Phase and dessication of Psitalia Centre given that the produced electrical energy will consumed within B Phase and dessication facilities of the centre In addition revenues from possible sales to the Hellenic Operator of Electrical Energy (DESMIE) of that part that is not consumed within Psitalia centre are expected.

In addition all the surplus electrical energy produced in CETHE biogas combustion unit and sell to DESMIE is expected to diminish ,as biogas (common fuel of all CETHE units) will be used for the deduction of the Public Power Corporation cost (electrical energy purchases), thus implying it is much more of the company's interest compared with the electrical energy sales to the Hellenic Operator of Electrical Energy (DESMIE).

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 2009 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 (without treatment) 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 has cyclicality in its revenues (increased water consumption in the summer months), which produce significant variances from quarter to quarter to reported turnover and income. For these reasons, results of operations for interim periods are not necessarily indicative of results for the full year. Results of operations from interim periods are indicative only if they are compared with the corresponding results of the previous periods. For this reason the interim income is not indicative for the trend of the annual income but only with the corresponding interim income.

7. NEW STANDARDS,INTERPRETATIONS AND REVISIONS

Specific new standards ,revisions and interpretations have been released .These are compulsory for the accounting periods begin during the current financial use or after.Company's estimation concerning the effect from the implementation of these new standards ,revisions and interpretations is stated below.

COMPULSORY STANDARDS FOR THE FINANCIAL YEAR ENDED 31/12/2009

IFRS 8 Operating Segments

This Standard replaces IAS 14 „Segment reporting‟. IFRS 8 adopts a management approach to segment reporting.
The concluded that the operating segments determined in accordance with IFRS 8 are the same as the operating segments previously identified under

IAS 1 Presentation of Financial Statements (Revised)

The revised standard requires that the statement of changes in equity includes only transactions with shareholders; introduces a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with "other comprehensive income" (either in one single statement or in two linked statements); and requires the inclusion of a third column on the balance sheet to present the effect of restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period.
The Company made the necessary changes to the presentation of its financial statements in 2009 and has elected to present the statement of comprehensive income in two statements.

IFRS 7 Financial Instruments: Disclosures (Amended)

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by the source of inputs, using a three-level hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between the levels in the fair value hierarchy.
The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)

The amendment is effective for annual periods beginning on or after 1 January 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. This interpretation has not yet been endorsed by the EU.

IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendments of IAS 23 eliminate the option of immediate recognition of borrowing costs as an expense for assets that require a substantial period of time to get ready for their intended use. The application of the IAS 23 amendment does not have a material impact on the result or items of the statement of financial position of the Company.

7. NEW STANDARDS,INTERPRETATIONS AND REVISIONS (continued)

IAS 32 Classification on Rights Issues (Amended)
The amendment is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency whic h were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively.

IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items
The amendment is effective for annual periods beginning on or after 1 July 2009.The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

Compulsory interpretations for the financial year ended 31/12/2009

IFRIC 13 'Customer Loyalty Programmes' (effective from 1 July 2008).
IFRIC 13 addresses how entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits. The IFRIC does not have any effect on the company.

IFRIC 15 'Agreements for the Construction of Real Estate' (effective from 1 January 2009 and must be applied retrospectively).
IFRIC 15 standardizes accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units before construction is complete. The IFRIC does not have any effect on the company.

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (effective from 1 October 2008). IFRIC 16 clarifies that the presentation currency does not create an exposure to which an entity may apply hedge accounting and provides that the hedging instrument(s) may be held by any entity or entities within the group. Additionally, IFRIC 16 concludes that while IAS 39 "Financial Instruments: Recognition and Measurement" must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 "The Effects of Changes in Foreign Exchange Rates" must be applied in respect of the hedged item. The relevant IFRIC does not have any effect on the company.

IFRIC 18 'Transfers of Assets from Customers' (effective for transfers received on or after 1 July 2009). IFRIC 18 provides refers to how to identify the entity's obligation to provide one or more separately identifiable services in exchange for the transferred asset and, therefore, how to measure revenue. IFRIC 18 also provides guidance on how to account for transfers of cash from customers.IFRIC 18 disclosures are shown in note 35.

7. NEW STANDARDS,INTERPRETATIONS AND REVISIONS (continued)

Compulsory standards after the financial year ended 31/12/2009

IFRS 3 introduces a number
of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill).
The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss.
Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) will be applied for business combinations after 1 January 2010 and will affect future acquisitions and transactions with non-controlling interests.

IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement
The new standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU.
IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)
The amendment is effective for annual periods beginning on or after 1 January 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. This interpretation has not yet been endorsed by the EU.
IAS 24 Related Party Disclosures (Revised)
The revision is effective for annual periods beginning on or after 1 January 2011.This revision relates to the judgment which is required so as to assess whether a government and entitie s known to the reporting entity to be under the control of that government are considered a single customer.
In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. This interpretation has not yet been endorsed by the EU.
IAS 32 Classification on Rights Issues (Amended)
The amendment is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively

Amendment IFRS 1 First Implementation of IFRS . Effective for financial years beginning on 1 January 2009.Amendment concerns the cost of investments in the first IFRS implementation.

7. NEW STANDARDS,INTERPRETATIONS AND REVISIONS (continued)

IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items
The amendment is effective for annual periods beginning on or after 1 July 2009.The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

Compulsory interpretations after the financial year ended 31/12/2009

IFRIC 17 Distributions of Non-cash Assets to Owners
This interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. The interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability,how to measure it and the associated assets, and when to derecognize the asset and liability.
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
The interpretation is effective for annual periods beginning on or after 1 July 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditoragrees to accept the entity‟s equity instruments to settle the financial liability fully or partially.
IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation has not yet been
endorsed by the EU.
IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)
The amendment is effective for annual periods beginning on or after 1 January 2011. The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions. This Earlier application is permitted and must be applied retrospectively. This amendment has not yet been endorsed by the EU.
IFRS 8 Operating Segments
This Standard replaces IAS 14 „Segment reporting‟. IFRS 8 adopts a management approach to segment reporting. The company concluded that the operating segments determined in accordance with IFRS 8 are the same as the operating segments previously identified under
IAS 1 Presentation of Financial Statements (Revised)
The revised standard requires that the statement of changes in equity includes only transactions with shareholders; introduces a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with "other comprehensive income" (either in one single statement or in two linked statements); and requires the inclusion of a third column on the balance sheet to present the effect of restatements of financial statements or retrospective application of a new accounting policy as atthe beginning of the earliest comparative period. The Company made the necessary changes to the presentation of its financial statements in 2009 and has elected to present the statement of comprehensive income in two statements.
Amendment IFRS 2 Benefits depending on share value. Effective for financial years beginning on 1 January 2009.Amendment mainly concerns the explanation of the term "requirements of fortification" as also the accounting operation of cancellation either from the economic entity or any another part of the vested intention rights.

7. NEW STANDARDS,INTERPRETATIONS AND REVISIONS (continued)

Amendment IFRS 5 Non current assets held for sale and discontinued activities. Effective for financial years beginning on 1 July 2009 .The amendment mainly concerns the clarification that assets and liabilities of a subsidiary must be registered as held for sale if the mother company has been compromised in a sale schedule implying the subsidiary's control loss regardless of the company's possibility to maintain minorities interests after the sale.

Interpretation IAS 12 Concession Arrangements Effective for financial years beginning on 1 January 2008.

Interpretation IAS 17 Distributions of non Cash Assets to Owners. Effective for financial years beginning on 1 July 2009.

Amendment IFRS 7 Financial Instruments :Disclosures Effective for financial years beginning on 1 January 2009.Amendment concerns additional disclosures relative to fair value and liquidity risk.

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.

Sale of goods

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.

Rendering of services

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

Dividend and interest revenue

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)

<u>Rental income</u>
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.

<u>The Company as lessor</u>

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.

<u>The Company as lessee</u>

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.

Current and deferred tax for the period

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.

<u>Held-to-maturity investments</u>
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.
<u>Available for sale (AFS) financial assets</u>
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.

<u>Loans and receivables</u>
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'ss 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 the right to receive has received as at 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 will be improved by around € 5,2 respectively and the net equity will be improved by around € 39,8 millions. It must be clarified that a decision made by the Extraordinary 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 2009 capital expenditures that amount € 47,4 mil.approximately is eligible for a € 28,4 mil subsidy (47,4*60%).

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 € 64,1 millions have been raised against the Company as at 31 December 2009. 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 €44,4 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of € 40,3 millions as on 31 December 2009 and of € 39,9 millions as on 31 December 2008, which are considered as sufficient.

Insurance coverage

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

Unaudited by tax authorities fiscal years

The tax authorities had not audited the Company, until the fiscal period ended as at 31 December 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.

(all amounts in euro thousands unless otherwise stated)

10. REVENUES

Sales of the Company are analyzed as follows:

	Year ended at 31 December of	
	2009	**2008**
Revenues from water supply and related services	256.300	275.765
Revenues from sewerage services	123.431	117.946
Revenues from constructions for third parties	4.794	8.145
Revenues from electric power sales	1.613	1.058
Stock Sales	36	247
Total Turnover	**386.174**	**403.161**
Other operating revenues	3.105	6.279
Financial revenues	3.480	3.219
Total Revenues	**392.759**	**412.659**

The cutback of water supply revenues is due to the drop in total consumption by approximately 3,4%.

On the other hand the increase in sewerage revenues is due to impact of the respective tariff rise by 5% (from 65% to 70%) from 1/10/2008 and by an additional 5% (from 70% to 75%) implemented on 1/3/2009. According to the No Δ16γ/462/4/486/Γ/25-9-2008 common Ministerial Decision of the Ministry of Economics and National Economy and the Ministry of Environment ,Planning and Public Works tariffs rise implemented after the operation of phase B in waste treatment plant in Psytallia that led to an increase in operation and maintenace expenditures, thus affecting the company's financial results.

(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 at 31 December of 2009			
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**

	Year ended at 31 December of 2008			
2008	**Cost of Services**	**Selling Expenses**	**Administrative Expenses**	**Total**
Wages and Salaries	124.024	26.784	72.018	222.826
Third-party allowances	32.330	4.144	4.694	41.168
Third-party expenses and fees	38.783	103	2.964	41.850
Depreciation and amortization	19.303	222	3.029	22.554
Provisions	(197)	4.313	-	4.116
Cost of disposals of dehydrated sludge	1.511	-	-	1.511
Other expenses	4.663	2.534	2.312	9.509
Raw material and consumables used	11.623	86	573	12.282
Allocation of expenses to self-constructed assets	(5.346)	-	-	(5.346)
	226.694	**38.186**	**85.590**	**350.470**

(all amounts in euro thousands unless otherwise stated)

11. ALLOCATION OF EXPENSES (continued)

11.2 **Construction costs*:*** They are related with the construction costs of the anti-flooding construction works and technical watering installations that are constructed by EYDAP on behalf of the Ministry of Environment and the Public Entity which are analyzed as follows:

	Year ended at 31/12/2009		**Year ended at 31/12/2008**	
	Public Entity	Ministry of Environment	Public Entity	Ministry of Environment
Payroll costs	198	786	4	1.287
Raw material and consumables used	15	0	0	0
Sub-constructions	244	98	960	0
Other expenditures	96	-	0	0
Utilities	-	2.814	0	5.095
Allocation of overhead expenses	235	37	145	193
	788	**3.735**	**1.109**	**6.575**

11.3 **Allocation of overhead costs to cost of constructions***:* According to the existing legislation:

- For self-constructed and self-used installations EYDAP was capitalizing to the cost of them, an analogy of overhead costs equal to the 5% of the direct cost of construction until 31/12/2008.
- For construction costs related with third parties (Ministry of Environment, Public Entity, Customers) EYDAP was surcharging the installations cost with an analogy of overhead costs equal to the 15% of the direct construction cost. In both cases the direct cost of construction is constituted primarily by payroll costs, consumption of materials and sub-constructions.
- From 1/1/2009 the company implements an Activity based costing system and as a result the works are burden apart from the direct costs with a more precise analogy of indirect costs.

(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. Aqueducts	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. Sanitary Engineering Research & Development 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 at 31 December of	
	2009	**2008**
Depreciation of tangible assets	31.174	29.796
Amortization of software	2.583	1.892
Amortization of customers' contributions and subsidies for fixed assets	(8.968)	(9.134)
	24.789	**22.554**

(all amounts in euro thousands unless otherwise stated)

13. STAFF COSTS

	Year ended at 31 December of	
	2009	**2008**
Wages and Salaries	164.867	163.014
Social Security Costs	33.683	33.874
Provisions for staff leaving indemnities	3.558	3.475
Provisions for staff leaving indemnity (special account)	113	177
Provisions for post-employment medical care	26.315	22.286
Total (Note 10)	**228.536**	**222.826**

The total number of employees as on 31 December 2009 and 2008 were 3.320 and 3.482 respectively.

14. FINANCIAL REVENUES

	Year ended at 31 December of	
	2009	**2008**
Interest from customers	3.194	2.591
Dividends	37	32
Other revenues	249	596
	3.480	**3.219**

15. FINANCIAL EXPENSES

The financial expenses of amounts € 9.003 and € 9.777 on 31 December 2009 and 2008, respectively, are mainly concern with the Company's loans interests,as also the financial expense coming from the measurement of the settled claims towards Municipalities (OTA) in the depreciated cost (Note 23).

(all amounts in euro thousands unless otherwise stated)

16. INCOME TAX

	Year ended at 31 December of	
	2009	**2008**
Current Tax	7.979	13.616
Special charge of the Law 3808/09	5.308	-
Deferred Tax (Note 23)	(1.938)	3.259
Tax of unaudited by tax authorities fiscal years	927	1.111
	12.276	**17.986**

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 3808/09

The tax rate for the financial year 2009 was 25% the same as 2008.

According to the article 2 of the L 3808/2009 a special charge imposed to the profits accomplished in 2009 for the financial use of 2008.The respective charge for the company was approximately € 5,3 mil. and is going to be payed in 12 equal instalments.

According to the existing Tax law (3697/2008) the tax rare will gradually decrease until 2014 as follows :

	2010	**2011**	**2012**	**2013**	**2014**
Income tax rate	24%	23%	22%	21%	20%

(all amounts in euro thousands unless otherwise stated)

17. INCOME TAX (continued)

The tax for the current period was calculated as follows:

	Year ended at 31 December of	
	2009	**2008**
Profit before tax	**18.016**	**49.217**
Income tax calculation based on the current tax rate (25%)	4.504	12.304
Special charge of the L .3808/09	5.308	-
Deffered claim in taxable reserve, from fixed assets readjustment	-	(3.265)
Impact from tax rate change	-	7.849
Impact mainly from tax rates differences between current income tax and deffered tax rates at the time of temporary differences reconciliation	1.151	(124)
Claim from Deffered taxes recognised	-	(678)
Tax over non-deductible tax expenses	386	789
Tax of unaudited by tax authorities fiscal years	927	1.111
	12.276	**17.986**

Income tax obligation on 31/12/2009 and 31/12/2008 was € 2.406 and € 2.273 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 at 31 December of	
	2009	**2008**
Earnings attributable to ordinary shareholders	5.740	31.231
Weighted Average of ordinary shares in issue	106.500	106.500
Basic Earnings per Share	0,05	0,29

Proposed dividend

The Board of Directors decided to propose to the General Shareholders Meeting the distribution of dividend of 2 cents (€0,02) per share for the year 2009. The dividend will be approved by the Annual Shareholders Meeting and is included in the account of Retained Earnings.

18. GOODWILL

The amount of goodwill of € 3.357 as at 31 December 2009 is related with the excess in the acquisition cost over the undepreciated replacement cost of Elefsina, Aspropyprgos 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 at the end of 2009 by Direction of Development of New Works and Operations 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 2008	12.462
Additions	4.888
Balance on 31 December 2009	17.350
AMORTIZATIONS	
On 31 December 2008	(8.512)
Charge for the period	(2.583)
Total amortizations on 31 December 2009	(11.096)
Undepreciated value on 31 December 2008	3.950
Undepreciated value on 31 December 2009	6.254

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.

Operation of phase b works of the waste treatment Plant in Psytalia

At the end of December 2007 EYDAP received from the Ministry of Infrastructure transports and Networks (ex Ministry of Environment ,Planning and Public Works) ,the works concerning phase B′ of the waste treatment plant in Psytalia ,thus taking the responsibility and the cost of their operation.

These works involve the secondary waste treatment (removal of azote) plus the treatment of the produced excess biological mud (fattening ,anaerobic digestion and dehydration).

The dehydration of the mud started in June 2007 is under the responsibility of EYDAP from March 2009.EYDAP has also taken the responsibility and the hundling cost (transportation and power development) of the dry product.

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 :

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	4.120	988	10.523	20.535	3.052	35.315	74.533
Reductions/Transfers					(135)	(31.798)	(31.933)
Disposals					131		131
Depreciation charge of the period	(2.567)	(669)	(15.604)	(9.962)	(2.372)		(31.174)
Carrying amount 31 December 2009	**276.817**	**2.772**	**313.630**	**310.545**	**6.154**	**94.522**	**1.004.440**
1/1/2009							
Cost	284.554	15.647	428.101	381.136	42.497	91.005	1.242.940
Accumulated Depreciation	(9.290)	(13.194)	(109.390)	(81.164)	(37.019)		(250.057)
Carrying Amount	**275.264**	**2.453**	**318.711**	**299.972**	**5.478**	**91.005**	**992.883**
31/12/2009							
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**

(all amounts in euro thousands unless otherwise stated)

20. TANGIBLE ASSETS *(continued)*

2008	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 2008	271.081	2.669	321.343	295.267	4.860	81.035	976.255
Additions							
Reductions/Tranfers	6.404	751	12.259	14.082	2.979	37.106	73.581
Disposals					(229)	(27.136)	(27.365)
Depreciation charge of the period					208		208
Carrying amount 31 December 2008	(2.221)	(967)	(14.891)	(9.377)	(2.340)		(29.796)
	275.264	**2.453**	**318.711**	**299.972**	**5.478**	**91.005**	**992.883**
1/1/2008:							
Cost							
Accumulated Depreciation	277.781	14.896	415.842	367.054	39.747	81.035	1.196.355
Carrying Amount	(6.700)	(12.227)	(94.499)	(71.787)	(34.887)		(220.100)
	271.081	**2.669**	**321.343**	**295.267**	**4.860**	**81.035**	**976.255**
31/12/2008							
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**

21. INVESTMENTS IN ASSOCIATES

Investments in associates of € 383 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 2009 the acquisition cost of E.A.P.climb to € 542 while the impairment losses increased to € 159.

The major figures of the afiliated EAP (Suburb Gas Company) on 31 December 2009 and 2008 are analyzed as follows:

	31η ΔΕΚΕΜΒΡΙΟΥ	
	2009	**2008**
Total Assets	1.175	1.382
Total Liabilities	81	148
Sales	788	1.588
Profit-Loss	**(173)**	**293**

(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 2009 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 2009	31 December 2008
Fair Value (EYATH)	1.266	1.139
	1.266	**1.139**

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.

23. LONG-TERM RECEIVABLES

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

	31 December 2009	31 December 2008
Long Term Receivables from Municipalities	20.284	16.255
Staff Loans (Note 26)	2.578	2.504
Construction contracts	106.067	101.271
Guarantees (Public Power Corp., Real Estate)	637	580
	129.566	**120.610**

(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 2009. It is wortnoting that from 2001 to 2009 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 2009	31 December 2008
Ministry of Environment, Physical Planning and Public Works	**63.335**	**59.376**
Paid Subsidies /Advances	(1.022)	(1.022)
	62.313	**58.354**
Public Entity EYDAP fixed Assets	**97.762**	**96.927**
Paid Subsidies /Advances	(54.010)	(54.010)
	43.752	**42.917**
	106.067	**101.271**

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 2009 and 2008 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 31.12.2009 and 31.12.2008.

Deferred Taxes

	2008				2009	
	Opening Balance	Credit to profit/loss of the period because of tax rate change	Credit to profit/loss of the period because of tax basis change	Ending Balance	Credit to profit/loss of the period	Ending Balance
Expensing of intangible assets	227	(78)	-	149	(48)	101
Slow moving Inventory	498	31	(9)	520	(51)	469
Employee Benefits liabilities	22.746	3.152	(4.306)	21.592	2.580	24.172
Provisions for Bad Debt	3.571	265	(714)	3.122	(14)	3.108
Other Provisions	7.591	(66)	(443)	7.082	117	7.199
Customer Contributions	16.128	442	(3.225)	13.345	120	13.465
Depreciation difference as a result of useful life revaluation	(2.522)	(889)	504	(2.907)	(780)	(3.687)
Revenues and Expenses accruals	(81)	(1.837)	421	(1.497)	(299)	(1.796)
Deffered tax.because of fixed assets readjustment	0	3.265	0	3.265	0	3.265
Other Deferred tax assets	1.506	305	(77)	1.734	313	2.047
	49.664	**4.590**	**(7.849)**	**46.405**	**1.938**	**48.343**

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 2009	31 December 2008
Consumables and spare parts	22.660	21.289
Provision for stock obsolesence	(2.132)	(2.124)
	20.528	**19.165**

26. RECEIVABLES

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

	31 December 2009	31 December 2008
Domestic customers and users	81.724	73.681
Municipalities , Greek State ,Public utilities	170.275	166.477
	251.999	**240.158**
Accrual revenues	61.801	68.590
	313.800	**308.748**
Less: Bad debt allowances	(35.834)	(33.900)
	277.966	**274.848**

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 2009	31 December 2008
Opening Balance	33.900	29.397
Provisions of the period	3.108	4.504
Write-offs	(1.174)	(1)
Ending Balance	**35.834**	**33.900**

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.

Under the Management's Board decision 16685/27-1-2010 the company wrote off its custorers claims account the amount of € 1.174.

27. OTHER RECEIVABLES

The account is analyzed as follows

	31 December 2009	31 December 2008
Loans and advances to personnel	5.987	5.832
Advances to subcontractors and suppliers	959	1.621
Advances for purchase of inventories	-	16
Accrued expenses	1.772	-
Receivable based on the participation of the Greek State for the coverage of Employees' end-of-service indemnity	22.625	12.172
Other receivables	1.627	2.743
Refund of pension entity contributions	4.399	4.399
Claim from personel's learning programmes	1.100	1.039
Other advances	2.594	1.878
	41.064	**29.700**

(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 2009 and 31 December 2008 equals to € 2.578 and €2.504 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 the Greek Public's decision delay concerning the coverage of the special lump sum for the employees who are going to retire.

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

	1.1.2009-31.12.2009	**1.1.2008-31.12.2008**
Accumulated surplus/(deficit) opening balanc	12.172	9.118
Employees' payments	13.116	14.848
Employees' retentions	(2.663)	(2.694)
Reconciliation of Claims against the State with dividents payable		(9.100)
Accumulated surplus / (deficit) claimed from the Greek State closing balance	**22.625**	**12.172**

28. CASH AND CASH EQUIVALENTS

The account is analyzed as follows:

	31 December 2009	**31 December 2008**
Cash at hand	311	292
Sight deposits	22.313	17.488
	22.624	**17.780**

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 deposits accounts include undeposited checks of trade creditors and other creditors, the amounts of which as on the 31 December 2009 and 2008 were € 8.950 and € 3.217 respectively.

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 2009	31 December 2008
Legal reserve	20.513	20.226
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	780	653
	379.576	**379.162**

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 01.01.2008	**331.166**
Dividends paid	(14.910)
Profit for the year 2008	31.231
Transfer to Legal Reserve	(1.562)
Balance at 01.01.2009	**345.925**
Dividends paid	(13.845)
Profit for the year 2009	5.740
Transfer to Legal Reserve	(287)
Balance at 31.12.2009	**337.533**

32. BORROWINGS

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

	31 December 2009	**31 December 2008**
Bank Loans	189.662	157.373
Greek State Loans	3.142	3.142
	192.804	**160.515**
The borrowings are repayable as follows:		

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 variable exchange rates.

32. BORROWINGS *(continued)*

The Company has the following borrowing contracts :

a) Bank overdraft account with an open credit of € 40.000 and closing balance of €10.600 and € 17.100 on 31 December 2009 and 2008 respectively. The interest rate of the loan is assesed on a three month Euribor basis (three months floating that changes everyday) 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 2009 and 31 December 2008 of € 24.572 and € 24.700 respectively. The interest rate of the loan is assesed on a three month Euribor basis (three months floating that changes every day) 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 2009 and 31 December 2008 of € 38.500 and € 29.500 respectively. The interest rate of the loan is assesed on the Euribor basis of one month, (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) Bank overdraft account with an open credit of € 45.000 and a closing balance on 31 December 2009 and 31 December 2008 of € 45.000 and € 40.000 respectively. The interest rate of the loan is assessed on a three months Euribor basis(three months rate valid on the compounding of interest) plus the respective bank's spread. The initial loan arrangement was signed on July 2006 with an option of expansion.

e) Bank overdraft account with an open credit of € 25.000 and a closing balance on 31 December 2009 and 31 December 2008 of € 22.000 and € 18.000 respectively. The interest rate of the loan is assesed on a three months Euribor basis (three months rate valid on the previous to the compounding of interest working day) 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 2009 and 31 December 2008 of € 25.000 and € 25.000 respectively. The interest rate of the loan is assesed on the Euribor basis of one month (one month rate valid on the compounding of interest working day). 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 2009 of € 12.000 . The interest rate of the loan is assesed on a three months Euribor basis (three months rate valid on the starting and renewal dates). 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 € 15.000 and a closing balance on 31 December 2009 of € 10.000 . The interest rate of the loan is assesed on a three months Euribor basis (three months rate valid on the starting and renewal dates). 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 € 1.310 th on 31st December 2008 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 2009	31 December 2008
Employees' end-of-service indemnities (Provision)	26.470	26.575
Employees healthcare scheme	174.476	161.419
Special Employees' end-of-service indemnity	3.756	3.140
	204.702	**191.134**

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:

	2009	2008
Inflation	2%	2% από το 2009
Discount Rate	6%	6%
Expected return on plan assets	4,5%	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 31.12.08 and 31.12.07 according to the aforementioned assumptions.

The movements of the provision for Employees' end-of-service indemnity during the years ended at 31 December 2008 and 2007 were as follows:

ΠΕΡΙΟΔΟΣ	**1/1/09-31/12/09**	**1/1/08-31/12/08**
Present Value of (Liabilities not financed)	32.359	32.637
Fair value of schedule assets	-	-
	32.359	**32.637**
Not recognized actuarial profits / losses	(5.889)	(6.062)
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	**26.470**	**26.575**
Amounts recognized in Profit & Loss Account		
Cost of current employment	1.386	1.510
Interest in liability	1.781	1.565
Expected return on Assets	-	-
Actuarilal profit / loss recognized	282	400
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**3.449**	**3.475**
Cost of abridgements / settlements /end of service	109	-
Total expense in Profit & Loss Account	**3.558**	**3.475**
Net liability alterations recognized in Balansheet		
Opening Net liability	26.575	26.976
Employer's Contributions	-	-
Benefits payed by the employer	(3.663)	(3.877)
Total expense recognized in Profit & Loss Account	3.558	3.475
Net liability in the end of the year	**26.470**	**26.575**
Adjustment	-	-
Net liability in the end of the year	**26.470**	**26.575**
Changes in the Liabilities Present value		
Present value of the liability in the beginning of the year	32.637	34.456
Cost of current employment	1.386	1.510
Interest cost	1.781	1.565
Benefits payed by the employer	(3.663)	(3.877)
Additional payments –expenses / revenues	95	**-**
Actuarial loss / profit	(123)	(1.017)
Present value of the liability in the end of the year	**32.359**	**32.637**

(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 2008

The movement of the provision for the healthcare scheme during the years ended at 31 December 2009 and 2008 were as follows:

ΠΕΡΙΟΔΟΣ	**1/1/09-31/12/09**	**1/1/08-31/12/08**
Present Value of (Liabilities not financed)	285.020	261.282
Fair value of schedule assets	-	-
	285.020	**261.282**
Not recognized transitory liabilities	-	-
Not recognized actuarial profits / losses	(110.544)	(99.863)
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	**174.476**	**161.419**
Amounts recognized in Profit & Loss Account		
Cost of current employment	5.042	5.352
Interest in liability	15.286	11.651
Expected return on Assets	-	-
Actuarilal profit / loss recognized	6.468	5.394
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**26.796**	**22.397**
Cost of abridgements / settlements /end of service	-	-
Total expense in Profit & Loss Account	**26.796**	**22.397**
Net liability alterations recognized in Balansheet		
Opening Net liability	161.419	151.266
Employer's Contributions	-	-
Benefits payed by the employer	(13.739)	(12.244)
Total expense recognized in profit & loss account	26.796	22.397
Net liability in the end of the year	**174.476**	**161.419**
Adjustment	-	-
Net liability in the end of the year	**174.476**	**161.419**
Changes in the Liabilities Present value		
Present value of the liability in the beginning of the year	261.282	238.133
Cost of current employment	5.042	5.353
Interest cost	15.285	11.651
Benefits payed by the employer	(13.739)	(12.244)
Actuarial loss / profit	17.150	18.389
Present value of the liability in the end of the year	**285.020**	**261.282**

(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	**1/1/09-31/12/09**	**1/1/08-31/12/08**
Present Value of (Liabilities not financed)	3.327	2.720
Fair value of schedule assets	(2.684)	(2.181)
	643	**539**
Not recognized transitory liabilities	-	-
Not recognized actuarial profits / losses	429	420
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	**1.072**	**959**
Amounts recognized in Profit & Loss Account		
Cost of current employment	65	134
Interest in liability	161	127
Expected return on Assets	(106)	(84)
Actuarilal profit / loss recognized	(8)	-
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**112**	**177**
Cost of abridgements / settlements /end of service	-	-
Total expense in Profit & Loss Account	**112**	**177**
Net liability alterations recognized in Balansheet		
Opening Net liability	959	782
Total expense recognized in Profit & Loss Account	113	177
Net liability in the end of the year	**1.072**	**959**
Adjustment	-	-
Net liability in the end of the year	**1.072**	**959**
Changes in the Liabilities Present value		
Present value of the liability in the beginning of the year	2.720	2.560
Cost of current employment	65	134
Interest cost	161	127
Charges payed by the employees	425	384
Benefits payed by the plan	(21)	(1)
Actuarial loss / profit	(23)	(484)
Present value of the liability in the end of the year	**3.327**	**2.720**
Changes in the value of Assets		
Assets value in the beginning of the period	2.181	1.691
Expected return on assets	106	84
Employer's contributions	-	-
Employees contributions	425	384
Benefits payed by the plan /scheme	(21)	(1)
Expenses	-	-
Actuarial loss / profit	(7)	23
Assets value in the end of the period	**2.684**	**2.181**

33. LIABILITIES FOR EMPLOYEES BENEFITS *(continued)*

It is worthnoting that the fair value of the aforementioned schedule which was € 2.684 th. and € 2.181 th. on 31 December 2009 and 2008 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 (PIF):
PIF is an independent legal entity, which operates an auxiliary pension plan to the Company's employees upon their retirement.

According to the Law 2084/92, the decentralized funds of auxiliary insurance can be merged under conditions in the IKA-TEAM (the auxiliary fund of the largest insurance state organization in Greece). According to an actuarial report that has been submitted to the ministry of Labor and Social insurances, PIO has an actuarial deficit.

Although EYDAP has no legal obligation to cover PIF's deficits, it is not probable to estimate at the present time whether the company will be required in the future to cover the potential deficits.

34. PROVISIONS FOR PENDING LITIGATION

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 2009	31 December 2008
Cost:		
– Investment Subsidies	198.091	194.485
– Customer Contributions	97.352	94.109
	295.443	**288.594**
Accumulated Amortization		
– Investment Subsidies	(64.223)	(57.890)
- Customer Contributions	(30.028)	(27.387)
	(94.251)	**(85.277)**
Carrying Amount		
– Investment Subsidies	133.868	136.595
– Customer Contributions	67.324	66.722
	201.192	**203.317**

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 € 1496 ,coming from external ramifications ,sewerage connection rights and capitalizing constructions.

(all amounts in euro thousands unless otherwise stated)

36. CONSUMERS' GUARANTEES

The amount of € 17.132 on 31st December 2009 and € 16.619 on 31st December 2008 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) at the termination date of the connection upon customer's request. Because the repayment of these amounts is not expected in the near future, these amounts are recorded as long-term liabilities.

37. OPERATING AND OTHER CURRENT LIABILITIES

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

	31 December 2009	31 December 2008
Trade creditors	21.240	26.351
Taxes withheld	9.105	9.262
Social insurance contributions and other funds	7.743	7.795
Customer Advances	2.146	2.031
Dividends payable	9.015	1.560
Operating Current Liabilities	**49.249**	**46.999**
Payable Expenses	319	694
Outstanding Credit Accounts	8.950	3.217
Collections for third parties	1.086	1.745
Provision for vacation leave(not taken)	5.347	5.264
Other Current liabilities	5.724	4.199
Short-term Consumers Guarantees	5.074	4.947
Other Current Liabilities	**26.500**	**20.066**

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

38. EVENTS AFTER THE BALANCE SHEET DATE

Hydroelectric Works

The operation's licence issuance of the small hydroelectric power work of Mandra (630 KW) is expected during the first quarter of 2010 thus implying its full commercial use.

The New hydroelectric power station of 820 KW in Evinos place is under construction.

Other Energy Works

E.YD.A.P has recorded in August 2007 a complete file about the construction of a photovoltaic park at the company's installations in Acharnes the power of which would be of 1,971 MW .

During the first half of 2010 the issuance of the respective production licence is expected according to the L 3734/2009 .

38.EVENTS AFTER THE BALANSHEET (continued)

Networks taking over
E.YD.A.P has already run the take over and embodiment of the water sullpy networks of Megara ,Keratea, Vari,Kalivia,Agios Stefanos and Markopoulo Municipalities together with Anixi and Krioneri communities ,as discussions for further network co-optations continue.

In the section of its operations development, EYDAP has set as a priority its geographical expansion .In the beginning of May 2007 the company incorporated the water supply network of New Peramos Municipality in its network apart from the network of Agios Panteleimonas settlement which will take over based on a reparative delivery agreement with a minimum agreed in advance price of € 1,25m.

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 € 64,1 millions have been raised against the Company as on 31st December 2009. 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 € 44,8 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of € 40,3 millions as on 31st December 2009 and of € 39,9 millions as on 31st December 2008, which are considered as sufficient.

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

Unaudited by tax authorities fiscal years
The 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 2009 and 2008.

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 € 183 mil.on 31st December 2009.

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 equity will be improved by around € 39,8 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 2009 capital expenditures that amount € 47,4 mil.approximately is eligible 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 2009	31 December 2008
– Salaries (Chairman & CEO and Executive Directors)	194	205
– Salaries & participation fees of the Members of the Board of Directors	159	142
	353	**347**

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

	31 December 2009	31 December 2008
1) Transactions		
– Revenues	69.656	76.909
– Cost of sales (construction contracts)	(4.523)	(7.684)
– Provisions	(1.521)	(3.943)
2) Outstanding amounts		
– Long term receivables (construction contracts)	106.067	101.271
– Long term receivables (Arrangements of Municipalities)	20.284	16.255
– Trade receivables	153.839	148.253
– Other receivables (coverage of Employees' end-of-service indemnity)	22.625	12.172

41. AUDITORS REMUNERATION

	31.12.2009	31.12.2008
Auditors remuneration	150	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%	(1.760)
2009	-1%	1.760
2008	+1%	(1.298)
	-1%	1.298

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	**31.12.2009**	**31.12.2008**
Financial items in disposal	1.266	1.139
Cash flows and cash equivalents	22.624	17.780
Commercial and other claims	319.030	304.548
Long term claims	129.566	120.610
Investments in associates	383	444
Total	**472.869**	**444.521**

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 .

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 :

2009	**0-1 Months**	**1-6 Months**	**6Months-2 Years**	**2Years-5 Years**	**>5 Years**	**Total**
Private customers	8.631	16.727	18.238	8.706	2.062	54.364
Public	1.160	3.217	10.478	10.716	20.620	46.191
Municipalities	3.740	15.903	34.651	54.151	28.848	137.293
Total	**13.531**	**35.847**	**63.367**	**73.573**	**51.530**	**237.848**
2008	**0-1 Months**	**1-6 Months**	**6Months-2 Years**	**2Years-5 Years**	**>5 Years**	**Total**
Private customers	8.199	17.346	13.570	7.347	2.083	48.545
Public	1.035	2.980	7.142	10.081	18.142	39.380
Municipalities	4.200	14.915	37.570	53.444	20.194	130.323
Total	**13.434**	**35.241**	**58.282**	**70.872**	**40.419**	**218.248**

The accounting value of claims which have been renegotiated was on 31 December 2009 € 37,7 and on 31 December 2008 € 30,1.

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

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**
2008	**0-1 Months**	**2-3 Months**	**3Months-6 Months**	**6 Months-12 Months**	**1-5 Years**	**>5 Years**	**Total**
Loans	3.073	0	0	157.443	0	0	160.516
Creditors & others	39.767	16.570	11.389	10.012	111.996	129.949	319.683
Total	**42.840**	**16.570**	**11.389**	**167.455**	**111.996**	**129.949**	**480.199**

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 .

Deloitte.

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(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

To the Shareholder's of

"Athens Water Supply and Sewerage SA (E.YD.A.P. S.A.)"

Report on the financial statements

We have audited the accompanying financial statements of the "Athens Water Supply and Sewerage SA (E.YD.A.P. S.A.)" (the "Company"), which comprise the financial position as at 31 December 2009 the income statement, the statement of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

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 these have been adopted by the European Union, as well as for the internal controls that management considers necessary for 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 the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the Company'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 Company's 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 as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

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

1. The Company according to its establishment Law 2744/99, signed an Agreement with the Greek State whereby the State committed to granting E.YD.A.P. S.A. either from European Union's financial resources or from the State's Programme of Public Investments funds to cover 60% of the capital expenditure that E.YD.A.P. S.A. will spend for the maintenance, renovation, improvement and or the expansion of the water supply and sewerage system for the eight year period from 2000 to 2008. Against the above mentioned Investment Programme, amounting to approximately Euro 1,22 billion, which includes maintenance expenses, the Company as of 31.12.2008 has incurred expenses for capital expenditure amounting to approximately Euro 432 million for which it should receive a subsidy amounting to approximately Euro 259 million (ie 432*60%) while in accordance with the aforementioned contract the Company claims is also a subsidy for maintenance expenses. The Company against the subsidy to which it is entitled to, has received as of 31.12.2008 an amount of approximately Euro 9 million. In accordance with the principle of prudence, the above receivable of the Company from the Greek State amounting to Euro 250 million approximately (259 million – 9 million) has not been accounted for as a receivable and as a long term liability, from which it would be gradually transferred to the income statement in accordance with the depreciation rate of the subsidised water supply and sewerage system. If the aforementioned accounting entries had been included, then the current and the previous year's financial results would have been improved (profit) by Euro 5,2 million approximately, and Shareholders' Equity increased by Euro 39,8 million approximately.

   It is clarified that based on the decision of 10.08.2004 of the Extraordinary General Assembly of shareholders the Company's Investment program of was modified; however such modification does not affect the above Company's claim against the Greek State.

   It is also noted that, during the year 01.01.2009-31.12.2009, the Company has incurred expenses for capital expenditure amounting to approximately Euro 47 million for which, according to Appendix 4 of the aforementioned Agreement with the Greek State, it should receive a subsidy amounting to approximately Euro 28 million (47 million X 60%), assuming that the Company will file the relevant application.

2. As already mentioned in our above matter of emphasis number 1, the amount of approximately Euro 250 million does not include the receivable arising from the subsidisation of maintenance expenses, because from the total expenses relating to operations and maintenance up to 31.12.2008 amounting to Euro 704 million approximately, it was not possible to isolate the amount related to maintenance expenses. Even though in the relevant contract signed by the Company and the Greek State (Appendix 4 – Financial commitments under the title "Subsidies for capital expenditure guaranteed by the State") it is mentioned that the State guarantees the granting to E.YD.AP S.A. of a subsidy amount representing 60% of the capital expenditure incurred by the Company relating to maintenance, renovation, improvement or expansion of the water supply and sewerage system for any year from 2000 to 2008, as of the date of completion of our audit, the amount due by the State relating to the subsidy for maintenance expenses had not been agreed upon between the Company and the State.

3. As of the date of the issue of this audit report, the legal transfer of the ownership of all transferred assets to the seperate legal entity under the name "Fixed Assets Company E.YD.A.P S.A.", amounting to Euro 657 million approximately, had not been completed.

Report upon Other Legal and Regulatory Requirements

We have agreed and confirmed the content and consistency of the Director's Report to the accompanying financial statements according to the provisions of articles 43a and 37 of Codified Law 2190/1920.

Athens, March 30, 2010

The Certified Public Accountants

Michael Hadjipavlou	Epaminondas Giouroukos
RN SOEL 12511	RN SOEL. 10351

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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 2009 - 31 December 2009

(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:	A.Vartholomeos, K.Zivopoulos, E.Parlis, N.Perdiou, A.Spiropoulos, G.Mitsioulis, G.Mastraggelopoulos, Ch. Mistriotis, E.Aggelakis, E.Moutafis
Date of Approval of Financial Statements:	30 March 2010
Chartered Public Accountants:	M. Hatzipaulou and E.Giouroukos
Auditing Company:	Deloitte Hatzipaulou,Sofianos & Kampanis Public Accountants and Business Consultants SA
Type of Auditor's Report	Unqualified Opinion -Emphasis of matter

STATEMENT OF FINANCIAL POSITION

Amounts in thousands of Euro

	31.12.2009	31.12.2008
ASSETS		
Tangible assets	1.004.440	992.883
Intangible assets	6.254	3.950
Other non current assets	182.915	171.955
Inventories	20.528	19.165
Trade receivables	277.966	274.848
Other current assets	63.688	47.480
TOTAL ASSETS	**1.555.791**	**1.510.281**
TOTAL EQUITY AND LIABILITIES		
Share capital	63.900	63.900
Other items of Shareholders' Equity	757.611	765.589
Total Shareholders' Equity (a)	821.511	829.489
Minority interests (b)	0	0
Total Equity (c)=(a)+(b)	**821.511**	**829.489**
Reserves for employee benefits	204.702	191.134
Deferred subsidies and customer contributions	201.192	203.317
Provisions and other long-term liabilities	57.427	56.488
Short- term borrowings	192.804	160.515
Other Short- term borrowings	78.155	69.338
Total liabilities (d)	**734.280**	**680.792**
TOTAL EQUITY AND LIABILITIES (c)+ (d)	**1.555.791**	**1.510.281**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of Euro

	1.01-31.12.2009	1.01-31.12.2008
Turnover	386.174	403.161
Gross profit	145.792	176.467
Earnings before tax, financial, and investment results	23.539	55.775
Profit before tax	**18.016**	**49.217**
Profit after tax (A)	**5.740**	**31.231**
Other comprehensive income, net of tax (B)	127	(530)
Total Comprehensive income for the period (A+B)	**5.867**	**30.701**
Attributable to		
Shareholders	5.867	30.701
Earnings per share after tax (in euro) - basic	0,05	0,29
Diluted earnings per issued share (in euro)	0,02	0,13
Earnings before tax, financial, investment results and depreciation and amortization	48.328	78.328

STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of Euro

	31.12.2009	31.12.2008
Equity opening balance (01.01.2009 and 01.01.2008 respectively)	829.489	813.698
Profit of the year, after tax	5.740	31.231
Net income directly charged to equity	127	(530)
Comprehensive income after taxes	5.867	30.701
Distributed Dividends	(13.845)	(14.910)
(31.12.2009 and 31.12.2008 respectively)	**821.511**	**829.489**

STATEMENT OF CASH FLOWS

Amounts in thousands of Euro

	1.01.-31.12.2009	1.01-31.12.2008
Cash Flows from operating activities		
Profit before taxes	18.016	49.217
Adjustments for:		
Depreciation and amortization	33.757	31.687
Amortization of customers' contributions and subsidies	(8.968)	(9.134)
Investment income	(37)	(32)
Impairment of investments	61	(96)
Provisions	2.367	4.305
Credit Interest and related income	(3.443)	(3.091)
Debit Interest and related expense	8.942	9.777
Operating income before working capital changes		
/ changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(5.052)	(32.917)
Other receivables	(10.610)	(12.152)
Long-term receivables	(8.956)	(17.406)
Materials and spare parts	(1.371)	(33)
Increase in (Decrease in)		
Operating Current Liabilities	(10.445)	4.879
Other current liabilities	6.434	(12.242)
Consumers' guarantees	513	756
Reserve for employees benefits	13.568	12.109
Minus:		
Interest and related expenses paid	(8.087)	(7.095)
Income Tax paid	(14.547)	(15.534)
Net cash from operating activities (a)	**12.142**	**2.998**
Cash Flows from investing activities		
Purchases of property, plant, and equipment	(42.678)	(45.308)
Purchases of intangible assets	(2.568)	(2.592)
Proceeds from customers' contributions and subsidies	6.858	7.711
Interest and related income received	2.686	2.746
Dividends received	37	32
Net cash from investing activities (b)	**(35.665)**	**(37.411)**
Cash Flows from financing activities		
Proceeds from borrowings	67.500	66.000
Repayments of borrowings	(34.128)	(22.333)
Dividends paid	(5.005)	(5.960)
Net cash from investing activities (c)	**28.367**	**37.707**
Net (decrease) increase in cash and cash equivalents (a) + (b) + (c)	**4.844**	**3.294**
Cash and cash equivalents, beginning of period	**17.780**	**14.486**
Cash and cash equivalents, end of period	**22.624**	**17.780**

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 31-12-2009 and 31-12-2008 was 3.320 and 3.482 respectively.
4. The Provisions formed up to December 31 2009 concern: a)Provisions for litigations and claims amounting approximately Euro 40,2 m.More specific, Lawsuits for civil law cases with claims of an amount of Euro 64,1 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 44,8m.Against all these potential losses, if the pending litigation wiil be finalized, EYDAP has formed a provision of Euro 40,3 m. as at December 31 2009 and of Euro 39,9 m. as at 31st December 2008, which are considered as sufficient.b) Provisions of Euro 2m. for unaudited (by Public Revenue Services) tax uses and c) Other provisions of Euro37,9 m.
5.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 2009 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 and the previous period would have been improved by around Euro5,2m and the net equity would have been be improved by around Euro 40,4 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 all its 2009 capital expenditures that amount € 47,4 mil.approximately is eligible for a € 28,4 mil subsidy (47,4*60%).
6.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 .
7.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 :

	2 009	2008
i)Revenues (1/1-31/12/2009 και 1/1-31/12/2008 respectively).	69.656	76.909
ii)Claims (31/12/2009 and 31/12/2008 respectively) .	302.815	277.951
iii)Transactions and Payrolls of Directors and Members of the Administration (1/1-31/12/2009 και 1/1-31/12/2008 respectively).	353	347

8. Total Comprehensive income of 127th. at 31/12/2009, concerns non current assets appropriated for sale(profolio revaluation).
9. 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.
10.According to the Law 3808/09, a social responsibility tax was imposed on Greek companies that had profit above euro 5,0m.for the fiscal year of 2008.The total charge ammounted to euro 5,3 m. for the company.

Athens, March 30th, 2010

The Chairman of the Board of Directors & The Chief Executive Officer	The Member of the Board of Directors	The Chief Financial Officer	The Chief Accounting Officer
Vartholomeos Antonios	**Perdiou Nikolaos**	**Leventi Maria**	**Spyropoulou Eleni Eleni**
I.D. No X 666882	I.D. No M 053448	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 ‘’Announcements’’.

	DATE	SUBJECT
1	30/1/2009	Conclusion of Ordinary Tax Audit For Fiscal Years 2005,2006 and 2007
2	17/2/2009	New Internal Audit Department Director
3	27/2/2009	2009 Financial Calendar
4	31/3/2009	FY 2008 Results
5	3/4/2009	New Deputy General Managers
6	7/4/2009	Contract For The Operation of Psyttalia
7	9/4/2009	Member of the BoD Resignation
8	5/5/2009	Company Presentation to the Representatives of the Capital Market
9	5/5/2009	Member of the BoD Replacement
10	21/5/2009	Shareholders Meeting Notice
11	29/5/2009	Q1 2009 Key Figures & Results
12	5/6/2009	Shareholders Meeting Resolutions
13	1/7/2009	Divident beneficiaries / Divident payment Notice
14	31/8/2009	H1 2009 Key Figures & Results
15	20/11/2009	Resignation of the Chairman of the BoD
16	24/11/2009	Adjournment of BoD Meeting
17	26/11/2009	New BoD
18	30/11/2009	Q3 2009 Key Figures & Results