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

FINANCIAL STATEMENTS ACCORDING TO THE INTERNATIONAL FINANCIAL AND REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION FOR THE YEAR ENDED AT 31 DECEMBER 2005

DOMICILIATION :
OROPOU 156
GALATSI

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The Financial Statements, page 4 to 7, were approved by the Board of Directors on 30 March 2005 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 2006,

The Chairman of the Board of Directors Kostoulas Konstantinos	The Chief Executive Officer Vartholomeos Antonios	The Chief Financial Officer Kakou Evagelia	The Chief Accounting Officer Leventi Maria

1. GENERAL INFORMATION FOR THE COMPANY

Name:	EYDAP SA
Domiciliation:	Oropou 156 – Galatsi
Date of Establishment:	25/10/1999
Duration:	100 years
Main Activity:	Water Supply - Sewerage
Registration Number of S.A.:	44724/06/B/99/52
Prefecture:	Athens
Tax Number:	094079101
Members of the Board of Directors:	K.Kostoulas, A.Vartholomeos, Th.Georgakelos, E.Baltas, A.Manouris, G.Zafiropoulos, A.Spiropoulos, N.Sigalas, A.Giannouli, G.Mastraggelopoulos, A.Protonotarios, K.Galanis, E.Moutafis
Ending Day of the Period:	31 December 2005
Period:	12 months
Form of Financial Statements:	Annual
Date of Approval of Financial Statements:	30 March 2006
Chartered Public Accountants:	M. Hatzipavlou and E. Giouroukos
Auditing Company:	Deloitte Hatzipavlou, Sofianos & Kampanis Public Accountants and Business Consultants SA
Type of Auditor's Report	Unqualified opinion – Emphasis of matter
Internet address where the Financial Statements are registered:	www.eydap.gr

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

2. STATEMENTS OF INCOME FOR THE YEARS ENDED AT 31 DECEMBER 2005 & 2004

	Notes	31.12.2005	31.12.2004
		Amounts in thousands of Euro	
Revenue from services rendered	**9**	348.741	327.046
Cost of Services	**10**	(205.839)	(190.997)
Gross Profit		**142.902**	**136.049**
Other Operating Income	**9**	3.306	1.687
General and administration expenses	**10**	(74.475)	(71.008)
Distribution and selling expenses	**10**	(28.941)	(27.766)
Profit from operating activities		**42.792**	**38.962**
Other operating expenses		(3.858)	(5.466)
Finance income net	**9**	2.319	2.531
Finance costs net	**14**	(4.274)	(2.340)
Profit from ordinary activities before income taxes		**36.979**	**33.687**
Income tax expense	**15**	(16.995)	(28.667)
Net profit for the year		**19.984**	**5.020**
Earnings per share (in €)	**16**	**0,19**	**0.05**
Προτεινόμενο μέρισμα (σε Ευρώ)	**16**	**0,07**	**0.06**

The accompanying notes on pages 20-61 form an integral part of these annual income statements

3. BALANCE SHEETS FOR THE YEARS ENDED AT 31 DECEMBER 2005 & 2004

	Notes	31.12.2005	31.12.2004
ASSETS			
		Amounts in thousands of Euro	
Non-current assets			
Goodwill	17	1.676	1.676
Other Intangible assets	18	1.949	1.094
Property, plant and equipment, net	19	978.314	967.861
Investment in associates	20	144	200
Available-for-sale Investments	21	644	486
Long-term receivables	22	98.468	94.899
Deferred tax assets	23	46.452	40.752
Total non-current assets		**1.127.647**	**1.106.968**
Current assets			
Materials and spare parts, net	24	17.676	18.564
Trade receivables, net	25	187.895	165.998
Other receivables, net	26	26.075	25.009
Cash and cash equivalents	27	12.221	13.321
Total Current assets		**243.867**	**222.892**
Total Assets		**1.371.514**	**1.329.860**
Equity			
Share Capital	29	63.900	63.900
Share Premium		40.502	40.502
Reserves	30	373.117	371.591
Retained Earnings	31	277.719	265.493
Total Equity		**755.238**	**741.486**
Liabilities			
Non-current liabilities			
Long term loans and borrowings	32	17.500	29.167
Reserve for employees benefits	33	160.702	154.400
Deferred tax liabilities	23	2.147	2.311
Provisions	34	36.947	28.248
Deferred subsidies and customer contributions	35	208.270	210.301
Consumers' guarantees	36	14.034	13.237
Total non-current liabilities		**439.600**	**437.664**
Current Liabilities			
Operating Current Liabilities	37	51.332	55.694
Current tax liabilities		9.788	8.035
Short term loans and borrowings	32	83.576	62.904
Other current liabilities	37	31.980	24.077
Total Current Liabilities		**176.676**	**150.710**
Liabilities and Shareholder's Equity		**1.371.514**	**1.329.860**

The accompanying notes on pages 20-61 form an integral part of these balance sheets

4. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2005 & 2004

2004	Share Capital	Share Premium	Legal reserve	**Other non-taxable reserves**	Revaluation Surplus	Retained Earnings	**Total Equity**
Equity Balance at the beginning of the year	63.900	40.502	12.487	358.283	155.133	120.038	750.343
Profit / (Losses) of the year, after tax			936			4.084	5.020
Dividends						(13.845)	(13.845)
Net Profit from revaluation of available-for-sale investments							
Others			(115)		(32)	115	(32)
Equity Balance at the end of the year	**63.900**	**40.502**	**13.308**	**358.283**	**155.101**	**110.392**	**741.486**

2005	Share Capital	Share Premium	Legal reserve	**Other non-taxable reserves**	Revaluation Surplus	Retained Earnings	**Total Equity**
Equity Balance at the beginning of the year	63.900	40.502	13.308	358.283	155.101	110.392	741.486
Profit / (Losses) of the year, after tax			1.526			18.458	19.984
Dividends						(6.390)	(6.390)
Net Profit from revaluation of available-for-sale investments						158	158
Others							0
Equity Balance at the end of the year	**63.900**	**40.502**	**14.834**	**358.283**	**155.101**	**122.460**	**755.238**

The accompanying notes on pages 20-61 form an integral part of these Statements of Changes in Shareholders' Equity

5. CASH FLOW STATEMENTS FOR THE YEARS ENDED AT 31 DECEMBER 2005 & 2004

Cash Flows from operating activities	1.01-31.12-2005	1.01-31.12-2004
	Amounts in thousands of Euro	
Profit before tax	36.979	33.687
Adjustments for:		
Provisions	13.981	4.782
Customers' Write-offs	0	(4.559)
Depreciation and amortization	32.075	31.151
Amortization of customers' contributions and subsidies	(8.221)	(8.179)
Investment income	(21)	(20)
Impairment of investments	56	115
Interest and related income	(2.297)	(2.512)
Interest and related expense	4.274	2.340
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(27.003)	(23.395)
Other receivables	(7.904)	(5.987)
Long-term receivables	(3.569)	(8.016)
Materials and spare parts	713	63
Increase in (Decrease in)		
Operating Current Liabilities	(2.361)	1.830
Other current liabilities	7.904	1.303
Consumers' guarantees	797	788
Reserve for employees benefits	6.302	7.325
Minus:		
Interest and related expenses paid	(3.187)	(1.880)
Income Tax paid	(21.107)	(23.821)
Net cash from operating activities (a)	27.411	5.015
Cash Flows from investing activities		
Dividends received	21	20
Interest and related income received	2.256	2.425
Purchases of property, plant, and equipment	(41.761)	(54.464)
Purchases of intangible assets	(1.624)	(587)
Proceeds from customers' contributions and subsidies	6.190	7.415
Investments in associates	0	(70)
Net cash from investing activities (b)	(34.916)	(45.261)
Cash Flows from financing activities		
Proceeds from borrowings	75.500	129.500
Repayments of borrowings	(66.832)	(80.500)
Dividends paid	(2.261)	(4.369)
Net cash from investing activities (c)	6.405	44.631
Net (decrease) increase in cash and cash equivalents (a) + (b) + (c)	**-1.100**	**4.386**
Cash and cash equivalents, beginning of period	**13.321**	**8.935**
Cash and cash equivalents, end of period	**12.221**	**13.321**

The accompanying notes on pages 20-61 form an integral part of these cash flows

6. ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY

‘’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 the water and sewerage services in the 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 7.900 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 5.800 kilometers and consists of the main and secondary sewerage collector mains. EYDAP operates among others, a major Waste Water Treatment Plant (WWTP) in Psytallia Island with a current daily capacity of 1 million cubic waste meters of waste.

The Company operates a biogas combined thermoelectric power production plant of 7,14 Mwe at the Psytallia WWTP and two Small Hydroelectric Plants along the Mornos Aqueduct (at the Kirfi and Elikonas locations).

The Company operates under the supreme inspection of the Ministry of Environment, Physical Planning and Public Works 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.

6. ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY *(continued)*

- 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 through 2005 the tariffs of water and sewerage services are defined through common decisions of the Ministers of Environment and Public Works and Finance and National Economy, after considering the Company's Board of Directors opinion.
- Under article 4 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:
  - 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. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

First Time Adoption of IFRS

EYDAP prepares financial statements for the first time in accordance with the IFRS and more specifically with the IAS 34 combined with the IFRS 1 which have been adopted by the European Union for the period beginning from the 1 January 2005 with transition date the 1st January of 2004, according with the IFRS 1: First Time Adoption of IFRS.

The preparation of the opening balance sheet at the transition date and the financial statements of the comparable year 31-12-2004 and the year of first time adoption 31-12-2005 have done with the IFRS effective at the time of the date of first time adoption (31-12-2005).

The Company applied IFRS-1 at the preparation of the first financial statements, using the following exemptions:

(i) The Company used the fair values of property, determined by independent appraisals, as deemed cost for the preparation of the financial statements.

(ii) The estimates at the time of the transition were consistent with the estimates of the Greek Accounting Standards after the adjustments made for the presentation of changes in the accounting policies, unless there was evidence that these estimates were false.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates

An associate is an entity over which the Group 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 Group'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 Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Goodwill

Goodwill represents the future economic benefits arising from assets that are not uniquely specified or separately identified.

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.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see below).

Interest income is accrued on a time basis, by reference to the principal outstanding 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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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 at the balance sheet 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.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 Group 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 Group 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 balance sheet as a finance lease obligation.

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.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet 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 the balance sheet 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.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred 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 balance sheet date.

Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group 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 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 recognised to the extent that it is probable that taxable profits will be available against which 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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 Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Tangible assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent 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.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment (continued)

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 and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 or loss.

Intangibles assets: Intangibles assets are related with acquisition costs of computer software that will probable generate future economic benefits and any expenditure realized during the development of the software to bring it in operational use. Software is amortized based on the straight-line method over their estimated useful life, which is set to three years. Maintenance of computer software programs is recognized as an expense as incurred. Expenditures related with the betterment or prolong the performance of computer software programs are capitalized under the requirement that these expenditures can be measured reliably.

Impairment of tangible and intangible assets excluding goodwill

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 or loss.

At each balance sheet 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). 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.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of tangible and intangible assets excluding goodwill *(continued)*

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.

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 profit or loss.

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.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Investments are recognised and derecognised on a trade date basis 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, plus directly attributable transaction costs.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

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.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

New standards, interpretations and amendments to published standards

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the accounting periods beginning on or after 1 January 2006, as follows:

- IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006)
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intra-group Transactions (effective from 1 January 2006)
- IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006)
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006)
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)
- IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007)

7. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New standards, interpretations and amendments to published standards *(continued)*

- IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006)
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006)

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

8. Critical accounting judgements and key sources of estimation uncertainty

a) Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in note 7, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

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 at 31 December 2005 an amount of € 326,58 millions, for which it has the right to receive a subsidy of around €195,95 millions (326,58*60%), while for the maintenance expenditures the Company claims the corresponding subsidy. The Company against the subsidy that has the right to receive has received as at 30 December 2005 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 €186,87 millions (195,95-9,08). 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 €5,00 millions and the net equity will be improved by around €20,50 millions.

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

a) **Critical judgements in applying the entity's accounting policies** *(continued)*

Investment program (continued)

In addition to these claims the Company has a claim for a subsidy for the maintenance expenditures according to the contract with the Greek State. However it is not feasible to extract the amount that corresponds to maintenance only from the amount of expenditures that are related with the operation and maintenance of installations that amounts to €368,51 millions. The corresponding subsidy that amounts to €221,10 millions it must be finalized after an arrangement with the Greek State.

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 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.

b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Litigations and claims

Lawsuits for civil law cases with claims of an amount of €38 millions have been raised against the Company as at 31 December 2005. 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 €20,2 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of €36,9 millions as at 31 December 2005 and of € 28,2 millions as at 31 December 2004, which are considered as sufficient.

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

b) Key sources of estimation uncertainty. *(continued)*

Insurance coverage

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

Unaudited by tax authorities fiscal years

The tax authorities had not audited the Company, until the fiscal period ended as at 31 December 2004. The accompanying financial statements include a related provision for the additional taxes and fees that are probable to be levied at the finalization of the tax year 2005.

Financial instruments

Fair value

The effective interest rate applied for mature trade receivables of municipalities dating from 2001 and converted with interest-free arrangements in monthly installments (10 to 60), was 6%, which represents the rate that discounts the nominal amount of these receivables at the current price of rendered services on a cash basis.

Credit risk:

Management estimates that there no significant risks from the concentration of credit balances (except from these for which bad debt allowance has formed) due to the followings:

- In relation to the credit balances from residential and industry customers, there exists large diversity of the customer base.
- In relation with the rest of credit balances, these amounts represent, mainly, receivables from the primary and the broader public sector, as at the balance sheet date.

(all amounts in euro thousands unless otherwise stated)

9. REVENUES

Sales of the Company are analyzed as follows:

	Year ended at 31 December of	
	2005	**2004**
Revenues from water supply and related services	246.818	237.424
Revenues from sewerage services	96.400	81.679
Revenues from constructions for third parties	4.549	7.216
Revenues from electric power sales	917	436
Sales of stock	57	291
Total Turnover	**348.741**	**327.046**
Other operating revenues	3.306	1.687
Financial revenues	2.319	2.531
Total Revenues	**354.366**	**331.264**

Total revenues represents the revenues as defined by IAS 18.

10. ALLOCATION OF EXPENSES

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

	Year ended at 31 December of 2005			
2005	**Cost of Services**	**Selling Expenses**	**Administrative Expenses**	**Total**
Wages and Salaries	111.447	22.585	64.456	198.488
Third-party allowances	16.418	3.931	2.585	22.934
Third-party expenses and fees	21.510	405	3.158	25.073
Depreciation and amortization	20.999	622	2.233	23.854
Provisions	13.980	0	0	13.980
Cost of disposals of dehydrated sludge	11.816	0	0	11.816
Other expenses	3.318	1.266	1.404	5.989
Construction costs	2.465			2.465
Raw material and consumables used	9.426	132	639	10.197
Allocation of expenses to self-constructed assets	(5.540)	0	0	(5.540)
	205.839	**28.941**	**74.475**	**309.255**

(all amounts in euro thousands unless otherwise stated)

10. ALLOCATION OF EXPENSES *(continued)*

2004	Year ended at 31 December of 2004 Cost of Services	Selling Expenses	Administrative Expenses	Total
Wages and Salaries	112.236	22.378	61.092	195.706
Third-party allowances	17.334	3.809	2.844	23.987
Third-party expenses and fees	25.312	69	2.241	27.622
Depreciation and amortization	19.756	681	2.535	22.972
Provisions	4.782	0	0	4.782
Cost of disposals of dehydrated sludge	2.661	0	0	2.661
Other expenses	3.514	682	1.788	5.984
Construction costs	2.556			2.556
Raw material and consumables used	10.746	147	508	11.401
Allocation of expenses to self-constructed assets	(7.900)	0	0	(7.900)
	190.997	**27.766**	**71.008**	**289.771**

10.2 ***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 31/12/2005		Year ended at 31/12/2004	
	Public Entity	Ministry of Environment	Public Entity	Ministry of Environment
Payroll costs	51	659	195	794
Raw material and consumables used	0	1	11	30
Sub-constructions	736	872	1216	2.501
Other expenditures	1.560	7	739	37
Utilities	0	61	182	392
Allocation of overhead expenses	118	226	213	496
	2.465	**1.826**	**2.556**	**4.250**

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

- For self-constructed and self-used installations EYDAP has the right to capitalize to the costs of them, a percentage of overhead costs equal to the 5% of the direct cost of construction.
- For construction costs related with third parties (Ministry of Environment, Public Entity, Customers) EYDAP has the right to capitalize a percentage of overhead costs equal to the 15% of the direct cost of construction.

In both cases the direct cost of construction is constituted primarily by payroll costs, consumption of materials and sub-constructions.

(all amounts in euro thousands unless otherwise stated)

11. 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	
1. Aqueducts	2,5%
2. Primary Water Supply Mains	3,0%
3. Secondary Water Supply Mains	3,5%
4. Distribution networks, Pumping Stations	10%
5. Regulating/Storage tanks – Water Treatment Plants	2,0%
II. SEWERAGE NETWORKS AND RELATED INFRASTRUCTURE	
1. Heavy infrastructure and primary collectors mains	2,0%
2. Secondary collector mains	2,5%
3. Tertiary Wastewater Sewerage System	4,0%
4. Electromechanical installations	10%
III. WASTE WATER TREATMENT PLANTS AND R&D CENTERS	
1. Sanitary Engineering Research & Development Centers	5%
2. Waste Water Treatment Plants	5%
Furniture and fittings	20%
Computer hardware	30%
Motor vehicles	15%
Mechanical equipment	15%-20%
Buildings	2,5%-10%

The amounts are analyzed as follows:

	Year ended at 31 December of	
	2005	**2004**
Depreciation of tangible assets	31.307	30.537
Amortization of software	768	614
Amortization of customers' contributions and subsidies for fixed assets	(8.221)	(8.179)
	23.854	**22.972**

(all amounts in euro thousands unless otherwise stated)

12. STAFF COSTS

	Year ended at 31 December of	
	2005	**2004**
Wages and Salaries	146.906	145.699
Social Security Costs	32.312	32.020
Provisions for staff leaving indemnities	3.461	3.705
Provisions for staff leaving indemnity (special account)	373	0
Provisions for post-employment medical care	15.436	14.282
Total (Note 10)	**198.488**	**195.706**

The total number of employees as at 31 December 2005 and 2004 were 4.043 and 4.240 respectively.

13. FINANCIAL REVENUES

	Year ended at 31 December of	
	2005	**2004**
Interest from customers	2.068	2.326
Dividends	21	20
Other revenues	230	185
	2.319	**2.531**

14. FINANCIAL EXPENSES

The financial expenses of amounts €4.274 and €2.340 at 31 December 2005 and 2004, respectively, are related with the interests of loans of the Company.

(all amounts in euro thousands unless otherwise stated)

15. INCOME TAX

	Year ended at 31 December of	
	2005	**2004**
Current Tax	21.916	19.624
Deferred Tax (Note 23)	(5.864)	8.571
Tax of unaudited by tax authorities fiscal years	943	472
	16.995	**28.667**

The current tax was calculated with 32% according to the existing Tax law of the period's taxable profit. The corresponding tax of 2004 has been calculated with the official tax rate of 35%.

The current tax was calculated as follows:

	Year ended at 31 December of	
	2005	**2004**
Income tax over current's year taxable profits	20.749	19.624
Tax differences due to previous years tax audits	1.167	0
	21.916	**19.624**

The tax for the current period was calculated as follows:

	Year ended at 31 December of	
	2005	**2004**
Profit before tax	**36.979**	**33.687**
Income tax calculated with the current tax rate (32% and 35% respectively)	11.833	11.790
Tax differences due to previous years tax audits	1.167	0
Tax over non-deductible tax expenses	3.052	16.405
Tax of unaudited by tax authorities fiscal years	943	472
	16.995	**28.667**

(all amounts in euro thousands unless otherwise stated)

16. 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	
	2005	**2004**
Earnings attributable to ordinary shareholders	19.984	5.020
Weighted Average of ordinary shares in issue	106.500	106.500
Basic Earnings per Share	0,19	0,05

Proposed dividend

The Board of Directors decided to propose to the General Shareholders Meeting the distribution of dividend of 7 cents (€0,07) per share for the year 2005. The dividend will be approved by the Annual Shareholders Meeting and is included in the account Retained Earnings.

17. GOODWILL

The amount of goodwill of € 1.676 as at 31 December 2005 is related with the excess in the acquisition cost over the undepreciated replacement cost of Elefsina and Aspropyprgos 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 2004 by Division of Corporate Analysis and Planning showed that the value of the goodwill was not impaired.

More specifically:

The Company during the 2nd quarter of 2003 signed a concession contract with two municipalities (Aspropyrgos and Elefsina) for the transfer of ownership of their water supply networks. According to the terms of these contracts, water supply networks of 300 km were transferred to EYDAP. These networks serve, through 22.320 connections, 54.000 inhabitants of these municipalities, which are added to the customer base of the Company.

(all amounts in euro thousands unless otherwise stated)

17. GOODWILL *(continued)*

The concession of the water supply network of Aspropyrgos cost € 2.749 and has been arranged with the offset of 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 cost € 1.800 and arranged with the offset of € 1.500 debt of Elefsina to EYDAP and the 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.

18. OTHER INTANGIBLES ASSETS

COST	
At 1 January 2004	3.624
Additions	587
At 31 December 2004	4.211
Additions	1.623
At 31 December 2005	5.834
AMORTIZATIONS	
At 1 January 2004	-2.503
Charge for the period	-614
At 31 December 2004	-3.117
Charge for the period	-768
At 31 December 2005	-3855
CARRYING AMOUNT	
At 31 December 2004	1.094
At 31 December 2005	1.949

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.

(all amounts in euro thousands unless otherwise stated)

19. 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.

Κατωτέρω παρατίθεται ο πίνακας μεταβολών παγίων των χρήσεων 2005 και 2004

	Land & Buildings	**Machinery & Mechanical Equipment**	**Water Supply Network**	**Sewerage Networks**	**Motor Vehicles & Furnitures**	**Constructions-in-progress**	**Total**
Carrying Amount at 1 January 2005	250.389	5.421	298.280	278.443	8.247	127.081	967.861
Additions	9.031	460	39.014	13.127	2.123	38.239	101.994
Disposals			(2)		(4)	(60.228)	(60.234)
Depreciation charge of the period	(880)	(1.874)	(15.182)	(9.397)	(3.974)		(31.307)
Carrying amount 31 December 2005	258.540	4.007	322.110	282.173	6.392	105.092	**978.314**
1/1/2005:							
Cost	253.477	12.332	350.390	324.308	33.141	127.081	1.100.729
Accumulated Depreciation	(3.088)	(6.911)	(52.110)	(45.865)	(24.894)	-	(132.868)
Carrying Amount	250.389	5.421	298.280	278.443	8.247	127.081	967.861
31/12/2005							
Cost	262.507	12.786	389.401	337.435	35.015	105.092	1.142.236
Accumulated Depreciation	(3.967)	(8.779)	(67.291)	(55.262)	(28.623)		(163.922)
Carrying Amount	258.540	4.007	322.110	282.173	6.392	105.092	**978.314**

(all amounts in euro thousands unless otherwise stated)

19. TANGIBLE ASSETS *(continued)*

	Land & Buildings	Machinery & Mechanical Equipment	Water Supply Network	Sewerage Networks	Motor Vehicles & Furnitures	Constructions-in-progress	Total
Carrying Amount at 1 January 2004	248.226	5.580	269.821	277.076	10.936	132.272	943.911
Additions	2.886	1.531	41.768	10.544	3.017	49.464	109.210
Disposals		(1)	(52)		(15)	(54.655)	(54.723)
Depreciation charge of the period	(723)	(1.689)	(13.257)	(9.177)	(5.691)	-	(30.537)
Carrying amount 31 December 2004	250.389	5.421	298.280	278.443	8.247	127.081	**967.861**
1/1/2004:							
Cost	250.590	10.802	308.680	313.764	30.257	132.272	1.046.365
Accumulated Depreciation	(2.364)	(5.222)	(38.859)	(36.688)	(19.321)	-	(102.454)
Carrying Amount	248.226	5.580	269.821	277.076	10.936	132.272	943.911
31/12/2005							
Cost	253.477	12.332	350.390	324.308	33.141	127.081	1.100.729
Accumulated Depreciation	(3.088)	(6.911)	(52.110)	(45.865)	(24.894)	-	(132.868)
Carrying Amount	250.389	5.421	298.280	278.443	8.247	127.081	**967.861**

20. INVESTMENTS IN ASSOCIATES

Investments in associates of €144 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%.

As at the 31 December 2005 the acquisition cost of E.A.P. was €315 and the impairment losses at €171.

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

(all amounts in euro thousands unless otherwise stated)

20. 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, where information about the impact of the method of cost or fair value on the accounts of the balance sheet and the income statement, is in abeyance.

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

21. INVESTMENTS AVAILABLE-FOR-SALE

	31 December 2005	31 December 2004
Fair Value (EYATH)	644	486
	644	**486**

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.

22. LONG-TERM RECEIVABLES

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

	31 December 2005	31 December 2004
Long Term Receivables from Municipalities	6.342	6.780
Staff Loans (Note 26)	2.196	2.754
Construction contracts	89.663	85.114
Guarantees (Public Power Corp., Real Estate)	267	251
	98.468	**94.899**

(all amounts in euro thousands unless otherwise stated)

22. 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 28 Municipalities, according with which the carrying amounts during the signing of the contract are arranged with monthly interest-free payments of equal amounts, the number of which are 10 to 60 installments. Furthermore trade receivables with additional 13 Municipalities were settled. These long-term receivables are presented in the financial statements in their unamortized cost.

Construction contracts

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

	31 December 2005	31 December 2004
Ministry of Environment, Physical Planning and Public Works	**49.104**	**47.168**
Paid Subsidies /Advances	(1.022)	(1.022)
	48.082	**46.146**
Public Entity EYDAP fixed Assets	**95.591**	**92.978**
Paid Subsidies /Advances	(54.010)	(54.010)
	41.581	**38.968**
	89.663	**85.114**

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

22. LONG-TERM RECEIVABLES *(continued)*

Construction contracts (continued)

According to the existing legal framework the Company constructs anti-flooding projects on behalf of the 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 2005 and 2004 respectively is charged to revenues.

(all amounts in euro thousands unless otherwise stated)

23. DEFERRED TAXATION

Below are the main assets and liabilities from deferred taxation recorded by the Company and their movements at the years ending at 1.1-31.12.2005 and 31.12.2004.

Deferred Assets

	2004				2005	
	Opening Balance	Credit to profit/loss of the period	Charge to profit/loss of the period due to adjustment of the tax rate	Ending Balance	Credit to profit/loss of the period	Total
Expensing of intangible assets	1.812	(522)	(233)	1.057	(528)	529
Slow moving Inventory	469	40	(134)	375	38	413
Employee Benefits liabilities	18.649	1.831	(5.328)	15.152	1.575	16.727
Provisions for Bad Debt	3.760	1.343	(1.074)	4.029	(581)	3.448
Other Provisions	5.861	418	(1.675)	4.604	2.175	6.779
Customer Contributions	17.684	685	(5.052)	13.317	680	13.997
Other Deferred tax assets	2.117	274	(173)	2.218	2.341	4.559
	50.352	**4.069**	**(13.669)**	**40.752**	**5.700**	**46.452**

Deferred Liabilities

	2004				2005	
	Opening Balance	Credit to profit/loss of the period	Charge to profit/loss of the period due to adjustment of the tax rate	Ending Balance	Credit to profit/loss of the period	Total
Accrual revenues	3.340	(575)	(454)	2.311	(164)	2.147
	3.340	**(575)**	**(454)**	**2.311**	**(164)**	**2.147**

Final amount of deferred taxation as at the 31 December of 2005	**44.305**

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)

24. MATERIALS AND SPARE PARTS

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

	31 December 2005	31 December 2004
Consumables and spare parts	16.651	16.937
Network extensions-in-progress	1.025	1.627
	17.676	**18.564**

25. TRADE RECEIVABLES

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

	31 December 2005	31 December 2004
Domestic customers and users	53.351	53.166
Municipalities and Greek State	115.527	92.210
Industrial Customers	4.307	5.449
Sewerage Customers, exclusively	5.474	2.437
	178.659	**153.262**
Accrual revenues	32.524	30.917
	211.183	**184.179**
Less: Bad debt allowances	(23.288)	(18.181)
	187.895	**165.998**

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 accrual revenues.

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 2005	31 December 2004
Opening Balance	18.181	19.788
Provisions of the period	5.107	2.952
Write-offs	0	(4.559)
Ending Balance	**23.288**	**18.181**

Provisions has been estimated on the basis of defaults of the past years and the statistical data over the collectability of these accounts.

(all amounts in euro thousands unless otherwise stated)

25. TRADE RECEIVABLES *(continued)*

The Company calculates surcharges over the mature debts with a rate of 1% per month (plus a 3,6% stamp-duty), which is equal to the rate of surcharges to mature debts to the Greek State, as specified by the Ministry of Economy.

26. OTHER RECEIVABLES

The account is analyzed as follows

	31 December 2005	31 December 2004
Loans and advances to personnel	6.197	6.181
Advances to subcontractors and suppliers	3.764	3.751
Advances for purchase of inventories	1.480	1.153
Other advances	2.413	2.416
Receivable based on the participation of the Greek State for the coverage of Employees' end-of-service indemnity	8.350	6.879
Other receivables	3.871	4.629
	26.075	**25.009**

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 the loans to personnel as at 31 December 2005 and 31 December 2004 is amounted to €2.196 and €2.754 respectively and is included in the long-term receivables (Note 22).

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.

(all amounts in euro thousands unless otherwise stated)

26. OTHER RECEIVABLES *(continued)*

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

	1.1.2005-31.12.2005	**1.1.2004-31.12.2004**
Accumulated surplus/(deficit) opening balance	6.879	0
Payments to employees	10.789	9.268
Employees' retentions	(2.439)	(2.389)
Receipts from the Greek State	(6.879)	0
Accumulated surplus / (deficit) claimed from the Greek State closing balance	**8.350**	**6.879**

27. CASH AND CASH EQUIVALENTS
The account is analyzed as follows:

	31 December 2005	**31 December 2004**
Cash at hand	562	225
Sight deposits	11.659	13.096
	12.221	**13.321**

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 at the 31 December 2005 and 2004 were €5.429 and €8.661 respectively.

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

28. CREDIT RISK

The main financial assets of the Company carried on the balance sheet, include bank accounts, cash and cash equivalents, trade receivables, other receivables and investments.

The credit risk is mainly focused on trade receivables. Provision for impairment loss is formed when there is a recognizable event of loss, which based on past experience, is evidence of decrease in the recoverability of cash flows. The Company has no significant concentration of credit risk because of the large diversity of the customer base.

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 € 130.503 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 € 5,86 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 €5,86 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 €0,58 (two hundred drachmas) each. According to the same Law the remaining amount of 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 €0,58 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 €0,58 par value each (two hundred drachmas).

(all amounts in euro thousands unless otherwise stated)

29. SHARE CAPITAL *(continued)*

On May 2001 EYDAP decided to denominate its shares in Euro, through the increase of its nominal value from €0,58 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 at 31 December 2005 and 31 December 2004 was equal to €63.900 consisting of 106.500.000 ordinary shares of €0,60 par value.

30. RESERVES

The account in the accompanying financial statements is as follows:

	31 December 2005	**31 December 2004**
Legal reserve	14.834	13.308
Special Non-taxable reserve of Law 2744/99	352.065	352.065
Reserve from non-taxable revenues	2.518	2.518
Reserve from special taxed revenues	3.687	3.687
Other reserves	13	13
	373.117	**371.591**

Legal reserve: According to the Greek corporate law corporations are required to transfer a minimum of five percent 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.

(all amounts in euro thousands unless otherwise stated)

30. RESERVES *(continued)*

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 of taxed with a special treatment revenues: They are related with income from interest that are either non-taxable or have been taxed with a 15% withholding tax. 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.

31. Retained earnings

The account in the accompanying financial statements is analyzedas follows:

Balance at 01.01.2004	**275.171**
Dividends paid	(13.845)
Profit for the year 2004	4.084
Others	83
Balance at 01.01.2005	**265.493**
Dividends paid	(6.390)
Profit for the year 2005	18.458
Others	158
Balance at 31.12.2005	**277.719**

(all amounts in euro thousands unless otherwise stated)

32. BORROWINGS

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

	31 December 2005	31 December 2004
Bank Loans	97.934	88.929
Greek State Loans	3.142	3.142
	101.076	**92.071**
The borrowings are repayable as follows:		
On demand or within on year	83.576	62.904
In the second year	11.667	11.667
Between the third and the fifth year	5.833	17.500
After five years		
	101.076	**92.071**
Less: Amount due for settlement within 12 months (shown under current liabilities)	83.576	62.904
Amount due to settlement after 12 months	**17.500**	**29.167**

The Company's bank borrowings are denominated in Euro 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.

All loans are stated in Euros (€). The fair values of the loans approximate their existing carrying amounts due to floating exchange rates.

The Company has the following loan contracts:

a) Interest-bearing loan with a closing balance of € 29.167 at 31 December 2005 and € 35.310 at 31 December 2004 with a repayment period of 5 years and a 2 years exception period for the repayment of the interest. The interest rate of the loan is estimated on the basis of 6m Euribor, plus 0.825% and it will be repaid in 6 equal amount installments in the period November 2005 to May 2008. The starting date of the loan contract is the 24 May 2003.

32. BORROWINGS *(continued)*

b) Bank overdraft account with a credit line of € 40.000 and closing balance at 31 December 2005 of €13.054. The interest rate of the loan is estimated on the basis of the 1m Euribor, plus a spread of 0,60%. The initial loan contract was signed on December 2004 with an expansion option.

c) Bank overdraft account with a credit line of €40.000 with a closing balance at 31 December 2005 and 31 December 2004 of € 25.415 and € 19.000 respectively. The interest rate of the loan is estimated on the basis of overnight Euribor plus a spread of 0,60%. The loan contract was signed on October 2004 with an expansion option.

d) Bank overdraft account with a credit line of €40.000 and a closing balance at 31 December 2005 and 31 December 2004 of €30.298 and €34.541 respectively. The interest rate of the loan is estimated on the basis of 1m Euribor, plus a spread of 0,60%. The loan contract was signed on December 2004 with an expansion option.

e) Bank overdraft account with a credit line of €0 and a closing balance at 31 December 2005 and 31 December 2004 of zero and € 78 respectively. The interest rate of the loan is estimated on the basis of 1m Euribor, plus a spread of 0,75%. The initial loan contract was signed on August 2002.

Greek State: This closing balance is related with the syndicated loan of 1925 for the construction of the Marathon Dam. The remaining balance of the syndicated loan was repaid by the Greek State on behalf of the Company based of a related Ministerial Decision and thus the obligation has been converted to a short-term liability towards the Greek State. This short-term liability is interest-free.

The Company has not undertaken any hedging activity for the offset of the cash flow interest rate risk embedded in the floating interest rates as this risk was considered negligible (the risk from the variations of future cash flows of a financial instrument due to the changes of the market interest rates).

(all amounts in euro thousands unless otherwise stated)

33. RESERVES FOR EMPLOYEES BENEFITS

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

	31 December 2005	**31 December 2004**
Employees' end-of-service indemnities	26.562	26.777
Employees healthcare scheme	133.767	127.623
Special Employees' end-of-service indemnity	373	0
	160.702	**154.400**

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:

	2005	**2004**
Inflation	3% in 2006 with gradual decrease to 2% from 2010 and afterwards	3,2% in 2005 με with gradual decrease to 2% from 2010 and afterwards
Discount Rate	4%	4,23%
Expected return on plan assets	4%	4,23%
Morbidity rates	1%	1%
Expected increase of payroll cost	1,5% annually plus inflation	1,5% annually plus inflation
Expected increase in healthcare cost	3,6% in 2006 with gradual decrease to 2,4% from 2010 and afterwards	3,8% in 2005 with gradual decrease to 2,4% from 2010 and afterwards

a. 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 retired of will be retired.

(all amounts in euro thousands unless otherwise stated)

33. RESERVES FOR EMPLOYEES BENEFITS *(continued)*

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

The liabilities for Employees' end-of-service indemnity were calculated through a actuarial study for the period 1.1-31.12.05 and 1.1-31.12.04 according to the aforementioned assumptions.

The movements of the provision for Employees' end-of-service indemnity during the years ended at 31 December 2005 and 2004were as follows:

	31.12.2005	31.12.2004
Opening Balance	26.777	26.090
Cost of Service	1.634	1.547
Interest Cost	1.364	1.492
Actuarial Losses	463	303
Benefits Paid	(3.676)	(2.655)
Closing Balance	**26.562**	**26.777**

Provision for employees' end-of-period indemnity that is recognized in the period profit/loss

	1.1.2005-31.12.2005	1.1.2004-31.12.2004
Current Service Cost	1.634	1.547
Interest Cost	1.364	1.492
Actuarial Loss (recognized)	463	303
	3.461	**3.342**

c. 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 year ended at 31 December 2005

The movement of the provision for the healthcare scheme during the years ended at 31 December 2005 and 2004 were as follows:

(all amounts in euro thousands unless otherwise stated)

33. RESERVES FOR EMPLOYEES BENEFITS *(continued)*

c. Employees Healthcare Scheme *(continued)*

Health care Liability in the Balance sheet

	31.12.2005	31.12.2004
Opening balance	127.623	120.985
Service cost	4.753	4.515
Interest cost	7.182	7.784
Actuarial losses	2.631	2.016
Benefits paid	(8.422)	(7.677)
Closing balance	**133.767**	**127.623**

Provision of healthcare recognized in the profit/loss of the year

	1.1.2005-31.12.2005	1.1.2004-31.12.2004
Current service cost	4.753	4.515
Interest cost	7.182	7.784
Actuarial loss (recognized)	2.631	2.016
	14.556	**14.315**

d. 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.

Components of Profit/(Loss) Charge

	31.12.2005
Opening balance	0
Cost of service	357
Interest cost	69
Employee Contributions	5
Expected return on plan assets	(58)
Closing balance	**373**

Net Liability in Balance sheet

	31.12.2005
Present Value of obligations	1.548
Less: Unrecognized losses	(290)
Less: Fair value of plan assets	(885)
	373

33. RESERVES FOR EMPLOYEES BENEFITS *(continued)*

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.

REASONS FOR CHANGES IN ACCOUNTING POLICIES

The reasons for the adoption of the deferred recognition approach in the balance sheet and the statement of income of the actuarial gains and losses over the expected remaining working lives of the employees falling outside the 'corridor' against the direct recognition in the balance sheet and the statement of income of the actuarial gains and losses are the following:

A) immediate recognition can cause volatile fluctuations in liability and expense. This volatility may not be a faithful representation of changes in the obligation but may simply reflect an unavoidable inability to predict accurately the future events.

B) in the long term, actuarial gains and losses may offset one another. Actuarial assumptions are projected over many years. Departures from the assumptions do not normally denote definite changes in the underlying assets or liability, but are indicators which, if not reversed, may accumulate to denote such changes in the future. They are not a gain or loss of the period but a fine tuning of the cost that emerges over the long term.

(all amounts in euro thousands unless otherwise stated)

33. RESERVES FOR EMPLOYEES BENEFITS *(continued)*

Presentation of the change in the accounting policy in Employees Benefits

	31.12.2004		31.12.2003	
	As reported	As restated	As reported	As restated
Cost of Services	(197.235)	(190.997)		
General and administration expenses	(73.430)	(71.007)		
Distribution and selling expenses	(28.660)	(27.766)		
Profit before income taxes	24.133	33.687		
Income tax expense	(30.793)	(28.667)		
Net profit (loss) after tax	(6.661)	5.019		
Earnings per share	(0,06)	0,05		
Reserve for employees benefits	209.109	154.400		
Deferred tax assets	54.430	40.753		
Retained Earnings	69.361	110.392		
Opening Equity Balance 01.01.XX	700.454	741.508	720.992	750.343

	31.03.2005		31.03.2004	
	As reported	As restated	As reported	As restated
Cost of Services	(46.600)	(46.398)	(45.468)	(43.908)
General and administration expenses	(18.401)	(18.329)	(17.514)	(16.908)
Distribution and selling expenses	(7.161)	(7.136)	(6.528)	(6.304)
Profit before income taxes	3.222	3.521	(3.021)	(632)
Income tax expense	(2.051)	(2.126)	(607)	(229)
Net profit (loss) after tax	1.170	1.394	(2.414)	(862)
Earnings per share	0,01	0,01	(0,02)	(0,008)
Reserve for employees benefits	210.688	155.681	209.109 *	154.400 *
Deferred tax assets	(1) 52.065	40.637	54.430 *	40.753 *
Retained Earnings	70.531	111.786	69.361 *	110.392 *

(1) It must be noted that in the account <<Deferred tax assets>> of the reported financial statements an amount of €2.324 has been offset with an equal deferred tax liability.

(*) the amounts are related with the outstanding balances at 31.12.2004

(all amounts in euro thousands unless otherwise stated)

33. RESERVES FOR EMPLOYEES BENEFITS *(continued)*

Presentation of the change in the accounting policy in Employees Benefits *(continued)*

	30.06.2005		30.06.2004	
	As reported	**As restated**	**As reported**	**As restated**
Cost of Services	(95.160)	(94.892)	(92.252)	(89.133)
General and administration expenses	(36.290)	(36.191)	(35.954)	(34.741)
Distribution and selling expenses	(14.654)	(14.608)	(14.242)	(13.796)
Profit before income taxes	18.426	20.457	5.195	10.184
Income tax expense	(10.078)	(2) (11.800)	(1.974)	(3) (3.858)
Net profit (loss) after tax	8.348	8.657	3.221	6.326
Earnings per share	0,08	0,08	0,03	0,06
Reserve for employees benefits	212.324	157.203	209.109 *	154.400 *
Deferred tax assets	53.733	39.953	54.430 *	40.753 *
Retained Earnings	71.318	112.659	69.361 *	110.392 *

	30.09.2005		30.09.2004	
	As reported	**As restated**	**As reported**	**As restated**
Cost of Services	(142.979)	(142,639)	(144.342)	(139.664)
General and administration expenses	(54.263)	(54.142)	(53.948)	(52.130)
Distribution and selling expenses	(21.724)	(21.664)	(21.007)	(20.337)
Profit before income taxes	42.179	44.580	27.419	34.930
Income tax expense	(16.498)	(4) (18.509)	(10.387)	(5) (13.241)
Net profit (loss) after tax	25.681	26.071	17.032	21.689
Earnings per share	0,24	0,25	0,16	0,20
Reserve for employees benefits	214.471	159.244	209.109 *	154.400 *
Deferred tax assets	55.064	41.256	54.430 *	40.753 *
Retained Earnings	88.652	130.073	69.361 *	110.392 *

It must be noted that:

(2) in the account «income tax» of the restated financial statements as at 30.06.2005 an amount of €1.618 has been recorded that at the report was presented in "Other Operating Expenses"

(3) in the account «income tax» of the restated financial statements as at 30.06.2005 an amount of €211 has been recorded that at the report was presented in "Other Operating Expenses"

(4) in the account «income tax» of the restated financial statements as at 30.09.2005 an amount of €1.880 has been recorded that at the report was presented in "Other Operating Expenses"

(5) in the account «income tax» of the restated financial statements as at 30.09.2005 an amount of €345 has been recorded that at the report was presented in "Other Operating Expenses"

(*)the amounts are related with the outstanding balances at 31.12.2004

(all amounts in euro thousands unless otherwise stated)

33. RESERVES FOR EMPLOYEES BENEFITS *(continued)*

Presentation of the change in the accounting policy in Employees Benefits *(continued)*

The accounts affected by the change of the accounting policy in Cash Flow Statement were the following:

	Profit before income taxes		Adjustments for changes in Reserves for Employees Benefits	
Period	**As reported**	**As restated**	**As reported**	**As restated**
1.1 - 31.03.2004	(3.021)	(632)	3.917	1.528
1.1 - 31.03.2005	3.222	3.521	1.580	1.281
1.1 - 30.06.2004	5.195	10.184	9.927	4.938
1.1 - 30.06.2005	18.426	20.457	3.215	1.184
1.1 - 30.09.2004	27.419	34.930	14.114	6.603
1.1 - 30.09.2005	42.179	44.580	5.363	2.962

34. PROVISIONS FOR PENDING LITIGATION

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

	31 December 2005	31 December 2004
Provisions for pending litigations with employees	20.178	18.417
Provisions for civil law pending litigations	16.769	9.831
	36.947	**28.248**

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 39.1

(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 2005	**31 December 2004**
Cost:		
– Investment Subsidies	191.327	189.956
– Customer Contributions	76.145	71.327
	267.472	**261.283**
Accumulated Amortization		
– Investment Subsidies	(39.044)	(32.923)
- Customer Contributions	(20.158)	(18.059)
	(59.202)	**(50.982)**
Carrying Amount		
– Investment Subsidies	152.283	157.033
– Customer Contributions	55.987	53.268
	208.270	**210.301**

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 in the balance sheet 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.

36. CONSUMERS' GUARANTEES

The amount 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.

(all amounts in euro thousands unless otherwise stated)

37. OPERATING AND OTHER CURRENT LIABILITIES

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

	31 December 2005	**31 December 2004**
Trade creditors	15.469	17.750
Taxes withheld	10.739	11.056
Social insurance contributions and other funds	7.481	7.657
Customer Advances	3.538	2.375
Dividends payable	14.105	16.856
Operating Current Liabilities	**51.332**	**55.694**
Payable Expenses	15.889	5.229
Outstanding Credit Accounts	5.429	8.661
Other Current liabilities	6.462	6.548
Short-term Consumers Guarantees	4.200	3.639
Other Current Liabilities	**31.980**	**24.077**

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

Payable expenses account includes an amount of €10.374 related with the expenditures for the transportation and disposal of dehydrated sludge from Psytallia Wastewater.

38. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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 €38 millions have been raised against the Company as at 31 December 2005. 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 €20,2 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of €36,9 millions as at 31 December 2005 and of € 28,2 millions as at 31 December 2004, which are considered as sufficient.

Insurance coverage

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

Unaudited by tax authorities fiscal years

The tax authorities had not audited the Company, until the fiscal period ended as at 31 December 2004. The accompanying financial statements include a related provision for the additional taxes and fees that are probable to be levied at the finalization of the tax year 2005.

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 at 31 December 2005 an amount of € 326,58 millions, for which it has the right to receive a subsidy of around €195,95 millions (326,58*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 2005 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 €186,87 millions (195,95-9,08). 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 €5,00 millions and the net equity will be improved by around €20,50 millions.

(b) In addition to these claims the Company has a claim for a subsidy for the maintenance expenditures according to the contract with the Greek State. However it is not feasible to extract the amount that corresponds to maintenance only from the amount of expenditures that are related with the operation and maintenance of installations that amounts to €368,51 millions. The corresponding subsidy that amounts to €221,10 millions it must be finalized after an arrangement with the Greek State.

(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 2005	31 December 2004
– Salaries (Chairman & CEO and Executive Directors)	443	347
– Salaries & participation fees of the Members of the Board of Directors	138	132
	581	**479**

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

	31 December 2005	31 December 2004
1) Transactions		
– Revenues	59.640	57.265
– Cost of sales (construction contracts)	(4.291)	(6.807)
– Provisions	(4.908)	(2.952)
2) Outstanding amounts		
– Long term receivables (construction contracts)	89.663	85.114
– Long term receivables (Arrangements of Municipalities)	6.342	6.779
– Trade receivables	90.894	73.101
– Other receivables (coverage of Employees' end-of-service indemnity)	8.350	6.879

41. 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 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.

(all amounts in euro thousands unless otherwise stated)

42. EXPLANATION OF TRANSITION TO IFRSs

The accompanying financial statements have been prepared in accordance with the Standards issued by the International Accounting Standards Committee (IASC) after the amendments of the Law 2190/1920. The more recent financial statements prepared according to the National Accounting Standards were prepared for the year ended at 31 December 2004 and consequently the date of transition to the IFRSs was the 1 January 2004.

Reconciliation Table of Equity at 1/1/2005 and 1/1/2004 between the Greek Accounting Standards and IFRS

The following table (Reconciliation Table) presents in brief the impact of the most significant post-adjustment journal entries over equity as at 1 January 2005 and 2004, that were applied on the financial statements of the Company prepared according to the Greek Accounting standards in order to be conformed with the IFRSs:

	01/01/2005	**01/01/2004**
Equity's Opening Balance according to the Greek Accounting Standards	953.342	797.732
Presentation of Dividends in the period approved by the shareholders GM	6.390	13.845
Transfer of Subsidies from equity to deferred revenues	(157.033)	(160.507)
Revaluation adjustment of property	0	156.382
Impact from non-recognition of formation expenses as an asset	(3.465)	(5.175)
Provision for slow moving inventory	0	(1.341)
Provision for bad debt	(2.755)	(10.742)
Provision for pending litigations	(18.417)	(16.746)
Provisions for employees benefits according to IAS 19	737	4.316
Delivery of water supply projects to the Public Entity and Anti-flooding projects to the Ministry of Environment at no consideration	(22.948)	(22.948)
Sub-contractor fee for water supply and anti-flooding projects	7.969	7.560
Adjustment of revenues related with customer contributions	(53.268)	(50.526)
Adjustment of revenues / expenses to conform with IFRS requirements	(7.431)	(8.472)
Other adjustments	(47)	(47)
Deferred taxation	38.434	47.012
Equity's Opening Balance restated according to the IFRS	**741.508**	**750.343**

(all amounts in euro thousands unless otherwise stated)

42. EXPLANATION OF TRANSITION TO IFRSs *(continued)*

Reconciliation Table of Income Statement at 31.12.2005 between the Greek Accounting Standards and the IFRSs.

The following table (Reconciliation Table) presents in brief the impact of the most significant post-adjustment journal entries over income statements as at 31 December 2004, that were applied on the financial statements of the Company prepared according to the Greek Accounting standards in order to be conformed with the IFRSs:

Reconciliation Table of Income Statement at the 31.12.2004

	31.12.2004
Income Statement according to the Greek Accounting Standards	**28.797**
Impact from non-recognition of formation expenses as assets	1.710
Provision for slow moving inventories	1.341
Provision for bad debt	7.987
Provision for pending litigations	(1.671)
Provision for employees benefits according to the IAS 19	(3.610)
Sub-contractor fee for water supply and anti-flooding projects	408
Adjustment of revenues related with customer contributions	(2.740)
Tax audit differences	2.782
Provision for disposal of dehydrated sludge from Psytallia Wastewater Treatment Plant	(120)
Adjustment of revenues / expenses to conform with IFRS requirements	(1.197)
Deferred Taxation	(8.570)
Current Income Tax	(20.097)
Income Statement restated according to the IFRS	**5.020**

42. EXPLANATION OF TRANSITION TO IFRSs *(continued)*

Reconciliation Table of Income Statement at 31.12.2004 between the Greek Accounting Standards and the IFRSs.

a. ***Investment grants and customers' contributions for the construction of plant assets:*** According to the Greek Accounting Standards, investment grants and customers' contributions collected for the refinancing of the purchase and / or the construction of Company's plant assets are recorded in equity and amortized over the useful life of the related assets. According to the IFRSs, these investment grants and customer contributions are recorded as deferred revenues (deferred subsidies and customers' contributions) and amortized over the useful life of the related assets.

b. ***Revenue recognition from construction contracts on the basis of percentage-of-completion method:*** The percentage-of-completion method was applied for the recognition of revenue related with the projects constructed from the Company on behalf of the Ministry Of Environment and the Public Entity, according to IAS 11. In the financial statements prepared according to the Law 2190/20 the cost of these projects is recorded in assets as work-in-progress for third parties and the relevant revenue and cost is not recognized in the current income statements according to the percentage-of completion method but, instead, it will be recognized at the time of delivery.

c. ***Capitalized expenditures:*** According to the Greek Accounting Standards some expenses (project studies expenses, increase of share capital expenses etc) may be capitalized and amortized either instantly at the time of realization or gradually in 5 years, while according to the IFRSs, while under IFRSs the capitalization of these expenses is not permitted.

d. ***Provisions for employees' end-of-service indemnities:*** According to the Greek Accounting Standards, corporations must form a relevant provision of at least equal to the 40% of the accumulated liability, payable under the assumption that all the staff will be fired at the December 31 of each year. According to the IFRSs such provisions must be formed on the basis of relevant actuarial studies according to IAS 19.

e. ***Valuation of long-term receivables and liabilities:*** According to IAS 39 long-term receivables and liabilities with fixed maturity dates are estimated at their present value on the basis of the effective interest rate method.

f. ***Deferred Income Tax:*** The Greek Accounting Standards do not permit the recognition of deferred income taxes, something that is obligatory under the provisions of IFRSs.

AUDITORS' REPORT

To the Shareholder's of the Athens Water Supply and Sewerage SA (E.YD.A.P. S.A.)

We have audited the accompanying financial statements of E.YD.A.P S.A., as of and for the year ended December 31,2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company as of December 31, 2005 and of the results of its operations and their cash flows and changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

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

1. The Company according to its establishment Law 2744/99, signed a Contract with the Greek State whereby the State committed to granting E.YD.A.P. S.A. either from European Union's financial resources or from the State's Programme of Public Investments amounts to cover 60% of the capital expenditure that E.YD.A.P. S.A. will spend for the maintenance, renovation, improvement and or the expansion of the water supply and sewerage system for the eight year period from 2000 to 2008. Against the above mentioned Investment Programme, amounting to approximately Euro 1,22 billion, which includes maintenance expenses, the Company as of 31.12.2005 has made expenses for capital expenditure amounting to Euro 327 million approximately for which it should receive a subsidy amounting to Euro 196 million approximately (ie 327 * 60%) while in accordance with the aforementioned contract it is also due a subsidy for maintenance expenses. The Company against the subsidy to which it is entitled to, has received as of 31.12.2005 the amount of Euro 9 million approximately. In accordance with the principle of conservatism, the above receivable of the Company from the Greek State amounting to Euro 187 million approximately (196 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 year's financial results as well as the previous year's results for the period would have been improved (profit) by Euro 5,00 million approximately and Shareholders Equity increased by Euro 21 million approximately.

2. As already mentioned in our above matter of emphasis number 1, the amount of approximately Euro 187 million does not include the receivable arising from the subsidisation of maintenance expenses, because from the total expenses relating to operations and maintenance amounting to Euro 369 million approximately, it was not possible to isolate the amount related to maintenance expenses. Even though in the contract signed by the Company and the Greek State (Appendix 4 – Financial commitments under the title "Subsidies for capital expenditure guaranteed by the State") it is mentioned that the State guarantees the granting to E.YD.AP S.A. a subsidy amount 60% of the capital expenditure incurred by the Company relating to maintenance, renovation, improvement or expansion of the water supply and sewerage system for any year from 2000 to 2008, as of the date of completion of our audit, the amount due by the State relating to the subsidy for maintenance expenses had not been agreed upon between the Company and the State.

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

4. As further explained in the note 33 to the financial statements, certain accounts of the interim financial statements concerning the first quarter, semester and nine month period of 2005 as well as of 2004, have been restated due to the change in the accounting principle followed relating to "Employee Benefits".

Athens, March 30, 2006

The Certified Public Accountants

Michael Hadjipavlou	Epaminondas Giouroukos
I.C.P.A Reg. No. 12511	I.C.P.A Reg. No. 10351

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