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 2007

DOMICILIATION :
OROPOU 156
GALATSI

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The Financial Statements, page 4 to 61, were approved by the Board of Directors on 26 March 2008 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 26 March 2008,

The Chairman of the Board of Directors	The Chief Executive Officer	The Chief Financial Officer	The Supervisor of the Accounting Department
Kostoulas Konstantinos	Vartholomeos Antonios	Kakou Evagelia	Misailidis Michael

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 2007
Period:	12 months
Form of Financial Statements:	Annual
Date of Approval of Financial Statements:	26 March 2008
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 2007 & 2006

	Notes	31.12.2007	31.12.2006
		Amounts in thousands of Euro	
Turnover	**10**	388.417	361.995
Cost of Services	**11**	(204.314)	(195.726)
Gross Profit		**184.103**	**166.269**
Other Operating Income	**10**	3.207	3.560
General and administration expenses	**11**	(84.219)	(79.714)
Distribution and selling expenses	**11**	(36.788)	(32.866)
Profit from operating activities		**66.303**	**57.249**
Other operating expenses		(3.108)	(4.120)
Finance income net	**14**	2.889	2.503
Finance costs net	**15**	(7.602)	(4.474)
Profit from ordinary activities before income taxes		**58.482**	**51.158**
Income tax expense	**16**	(15.200)	(17.835)
Net profit for the year		**43.282**	**33.323**
Earnings per share (in €)	**17**	**0,41**	**0,31**
Proposed divident (in €)	**17**	**0,14**	**0,11**

3.BALANCE SHEETS FOR THE YEARS ENDED AT 31 DECEMBER 2007 & 2006

	Notes	31.12.2007	31.12.2006
ASSETS			
		Amounts in thousands of Euro	
Non-current assets			
Goodwill	**18**	3.357	3.357
Other Intangible assets	**19**	3.260	2.896
Property, plant and equipment, net	**20**	976.255	973.692
Investment in associates	**21**	347	203
Available-for-sale Investments	**22**	1.669	864
Long-term receivables	**23**	103.205	97.467
Deferred tax assets	**24**	49.664	46.917
Total non-current assets		**1.137.757**	**1.125.396**
Current assets			
Materials and spare parts, net	**25**	19.263	17.039
Trade receivables, net	**26**	246.434	230.066
Other receivables, net	**27**	26.298	26.620
Cash and cash equivalents	**28**	14.486	14.018
Total Current assets		306.481	**287.743**
Total Assets		**1.444.238**	**1.413.139**
Equity			
Share Capital	**29**	63.900	63.900
Share Premium		40.502	40.502
Reserves	**30**	378.130	374.783
Retained Earnings	**31**	331.166	302140
Total Equity		**813.698**	**781.325**
Liabilities			
Long Term liabilities			
Long term loans and borrowings	**32**	0	5.833
Liabilities for employees benefits	**33**	179.025	169.043
Provisions	**34**	40.198	38.980
Deferred subsidies and customer contributions	**35**	204.731	205.173
Consumers' guarantees	**36**	15.864	14.877
Total long term liabilities		**439.818**	**433.906**
Current Liabilities			
Operating Current Liabilities	**37**	38.379	40.927
Current tax liabilities		4.186	5.995
Short term loans and borrowings	**32**	115.840	114.522
Other current liabilities	**37**	32.317	36.464
Total Current Liabilities		**190.722**	**197.908**
Liabilities and Shareholder’s Equity		**1.444.238**	**1.413.139**

4. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2007 & 2006

2007	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Other Reserves	Retained Earnings	**Total Equity**
Equity Balance at the beginning of the year 2006	63.900	40.502	16.500	358.283	377	301.763	781.325
Profit / (Losses) of the year, after tax			2.164			41.118	43.282
Dividends						(11.715)	(11.715)
Net Profit from revaluation of available-for-sale investments					806		806
Equity Balance at the end of the year 2007	**63.900**	**40.502**	**18.664**	**358.283**	**1.183**	**331.166**	**813.698**

2006	Share Capital	Share Premium	Legal reserve	**Other non-taxable reserves**	Revaluation Surplus	Retained Earnings	**Total Equity**
Equity Balance at the beginning of the year 2005	63.900	40.502	14.834	358.283	158	277.561	755.238
Profit / (Losses) of the year, after tax			1.666			31.657	33.323
Dividends						(7.455)	(7.455)
Net Profit from revaluation of available-for-sale investments					219	0	219
Equity Balance at the end of the year 2006	**63.900**	**40.502**	**16.500**	**358.283**	**377**	**301.763**	**781.325**

5. CASH FLOW STATEMENTS FOR THE YEARS ENDED AT 31 DECEMBER 2007 & 2006

	1.01-31.12-2007	1.01-31.12-2006
Cash Flows from operating activities	*Amounts in thousands of Euro*	
Profit before tax	58.482	51.158
Adjustments for:		
Provisions	4.706	4.995
Customers' Write-offs		0
Depreciation and amortization	29.866	29.367
Amortization of customers' contributions and subsidies	(8.589)	(8.346)
Investment income	(24)	(21)
Impairment of investments	(53)	0
Interest and related income	(2.812)	(2.482)
Interest and related expense	7.602	4.474
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(19.788)	(44.859)
Other receivables	(7.692)	(7.867)
Long-term receivables	(5.737)	1.000
Materials and spare parts	(2.293)	364
Increase in (Decrease in)		
Operating Current Liabilities	(3.338)	(3.486)
Other current liabilities	(4.147)	4.483
Consumers' guarantees	987	842
Reserve for employees benefits	9.982	8.341
Minus:		
Interest and related expenses paid	(5.420)	(3.908)
Income Tax paid	(18.702)	(23.251)
Net cash from operating activities (a)	**33.030**	**10.804**
Cash Flows from investing activities		
Dividends received	24	21
Interest and related income received	2.120	1.453
Purchases of property, plant, and equipment	(28.132)	(23.550)
Purchases of intangible assets	(1.895)	(3.822)
Proceeds from customers' contributions and subsidies	8.148	5.250
Investments in associates	(91)	(60)
Net cash from investing activities (b)	**(19.826)**	**(20.708)**
Cash Flows from financing activities		
Proceeds from borrowings	87.495	94.905
Repayments of borrowings	(92.667)	(76.266)
Dividends paid	(7.564)	(6.938)
Net cash from investing activities (c)	**(12.736)**	**11.701**
Net (decrease) increase in cash and cash equivalents (a) + (b) + (c)	**468**	**1.797**
Cash and cash equivalents, beginning of period	**14.018**	**12.221**
Cash and cash equivalents, end of period	**14.486**	**14.018**

6.ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY

GENERAL INFORMATION

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

The Company is involved in 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 8.251 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.

General Information (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 to 2007 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. ADOPTION OF NEW AND REVISED STANDARDS

7.1 Standards and Inerpretations valid in the current economic use
IFRS 7 "Financial Instruments -Disclosures" is implemented for the annual financial periods beginning on or after January 1st 2007 together with the revisions of IAS 1"Financial Statements Presentation".
The adoption of IFRS 7 together with the revisions of IAS 1 result in the expansion of disclosures given in these financial statements concerning financial instruments and capital management
Four interpretations issued by the IFRS Interpretation Committee are valid in the current annual fiancial period.

- IFRIC 7 :Implementation of the retsatement's approximation based on IAS 29 " Financial Statements in Hyperinflationary Economies"
- IFRIC 8 :Area of implementation of IFRS 2.
- IFRIC 9 :Reassessment of incorporated derivatives.
- IFRIC 10 : Interim financial reporting and impairment

The adoption of these Interpretations has no effect in the Company's Accounting policies.

7.2 Standards and Interpretations which have been issued but not yet adopted
At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IAS 23- Borrowing Costs – Revised. A revised IAS 23 Borrowing costs was issued in March 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. The revisions to the Standard have not yet been endorsed by the EU.
IFRS 3- Business Combinations
The revision is going to become effective for the financial years beginning on or after 1 July 2009.It mainly concerns the accounting handle of combinations costs ,the handling of the possible fair value change as a result of events occured after the combination ,the right in using the "absolute goodwill" method for the entries concerning goodwill ,the necessary adjustments needed during the possession of investment's control in its already recognised assets and liabilities ,the handling of the partial disinvestment in an affiliate either by keeping or losing its control,the acquisition of extra shares in an affiliate under control and finally the standard's extension in mutual companies and combinations occuring without the need of paying any price.
IAS 1- Presentation of Financial Statements – Revised
A revised IAS 1 Presentation of Financial Statements was issued in September 2007 and becomes effective for financial years beginning on or after January 2009. The standard was revised to require statement of changes in equity to include only transactions with shareholders. A new statement of comprehensive income is introduced and dividends to equity holders are shown only in the statement of changes of equity or notes to the financial statements.
IFRS 8 Operating Segments (effective for financial years beginning on or after 1 January 2009)
IFRS 8 replaces IAS 14 and specifies how and entity must present information regarding the operating segments in the Financial Statements and following the revision of IAS 34 Interim Financial Presentation ,requires an entity to present selected information relating to its operations segments in the Interim Financial Statements .Furthermore it sets the requirements of relevant disclosures for the products and services ,the geographical area and the significant clients.

Adoption of new and revised Standards (continued)

IFRIC 11, IFRS 2 - Group and Treasury Share Transactions (effective for financial years beginning on or after 1 March 2007). This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity. This Interpretation has not been endorsed yet by the EU.
IFRIC 12- Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008).The inerpretation refers to concession services between public and private entities .This Interpretation has not yet been endorsed by the EU.
IFRIC 13- Customer loyalty programs (effective for financial years beginning on or after 1 July 2008).This Interpretation has not yet been endorsed by the EU.
IFRIC 14- The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction. (effective for financial years beginning on or after 1 January 2008).This Interpretation has not yet been endorsed by the EU.
Amendment to IFRS 2 -'Share based payment: vesting conditions and cancellations (effective for financial years beginning on or after 1 January 2009). The amendment to the Standard has not yet been endorsed by the EU.
Amendment to IFRS 27 "Consolidated and Separated Financial Statements"
The amendment mainly concerns the accounting manipulation of partial disinvestment in affiliates either by keeping or losing their control,as also the manipulation of partial disinvestment in associated companies and combinations and the classification of the related revenues as revenues from investments in non associated-controlled companies. It is going to be implemented for the annual accounting periods beginning on July 1st 2009.The amendment has not been endorsed yet by the E.U.

Management estimates that the adoption of these new and revised Standards and Interpretations would not have any significant effect in the annual accounting period of adoption.

8. SIGNIFICANT ACCOUNTING POLICIES

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

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

Investments in associates
An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current* Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-

acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are recognised only in the degree that the Company has incurred legal or assumed constructive obligations or it has made payments on behalf of the associate .
Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.
Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill
Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition.
Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

Significant Accounting Policies (continued)

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

Revenue recognition

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

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.
The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.
Interest revenue is accrued on a time basis, by reference to the principal owing and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

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

Significant Accounting Policies (continued)

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.

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

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

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

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the 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. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

Significant Accounting Policies (continued)

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

Foreign currencies

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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

• exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in

the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.
Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.
EYDAP SA obtains subsidies from the European Union (E.U.) in order to fund specific projects executed through a specific time period. Furthermore EYDAP's customers are required to participate in the initial network connection cost (metering devices, distribution network, connections, etc) or in the upgrade/expansion of the Company's networks. Subsidies and customers' contributions are deferred and amortized into income, over the period necessary to match them with the related costs that they are intended to compensate, in the accompanying balance sheets. Amortization is included in depreciation and amortization in the accompanying statements of operations.
Government grants for the training of personnel are recognized in profit or loss in the periods required for the matching with the related expenses and they are presented as a deduction from them.

Retirement benefit costs

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

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out 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.
Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Significant Accounting Policies (continued)

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax for the period

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

Property, plant and equipment

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

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

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

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

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

Intangibles assets

Intangible assets acquired separately

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

Internally-generated intangible assets – research and development expenditure

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

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

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

Significant Accounting Policies (continued)

- sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

Intangible assets acquired in a business combination

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

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

Impairment of tangible and intangible assets excluding goodwill

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.Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Significant Accounting Policies (continued)

Inventories

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

Provisions

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

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

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

Onerous contracts

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

Restructurings

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

Warranties

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

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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

Effective interest method

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

Financial assets at FVTPL

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

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

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available for sale (AFS) financial assets

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 44. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised

directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.
Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

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

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

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

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

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

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

Significant Accounting Policies (continued)

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Compound Financial instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the
fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

• the amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

• the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial liabilities

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

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

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

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing in the near future; or

• it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

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

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

Significant Accounting Policies (continued)

Other financial liabilities

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

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

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

Deletion-Stop-Discontinuance of recognition

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

Areas of Operations

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

Items Reclassifications

Certain Items of the 2006 Financial Statements reclassified to conform with those of the current use.

More specific:

During the period 1/1/2006 to 31/12/2006 amount of € 2.689 transferred from "Cost of Sales" to "Selling expenses".As a result Gross profit increased by the same amount.

9. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying accounting policies

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

Investment program

The Company according to its establishment Law 2744/99, has signed a contract with the Greek State, according to which the Greek State undertakes the commitment for the subsidization of EYDAP either from the Community Funds or from the Program of Public

Significant Accounting Policies (continued)

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 2007 an amount of € 385,46 millions, for which it has the right to receive a subsidy of around € 231,28 millions (385,46*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 2007 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 € 222,20 millions (231,28-9,08). Therefore this amount has not recorded in the

Investment program (continued)

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 € 4,6 millions and € 4,2 respectively and the net equity will be improved by around €29,4 millions. It must be clarified that a decision made by the Extraodinary Shareholders Meeting of August 10th 2004 modified the company's investment programme ,however not affecting the above mentioned claim against the Greek State.

The Company according to the contract with the Greek State has an additional claim concerning the maintenance expenditures subsidies . However, since the corresponding amount is not feasible to be extracted from the total amount (€ 581,99 millions) of expenditures related with operation and maintenance of installations . the related subsidy has not been finalized until the conduction of the current financial statements.

Public Entity EYDAP Fixed Assets (PE)

The Public Entity was established at the time of the IPO 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.

Key sources of estimation uncertainty

The following are 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.

Litigations and claims

Lawsuits for civil law cases with claims of an amount of € 54,6 millions have been raised against the Company as at 31 December 2007. 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 €31 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a

Significant Accounting Policies (continued)

provision of €40,2 millions as at 31 December 2007 and of € 39,00 millions as at 31 December 2006, 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 years 2005 , 2006 and 2007.

(all amounts in euro thousands unless otherwise stated)

10. REVENUES

Sales of the Company are analyzed as follows:

	Year ended at 31 December of	
	2007	**2006**
Revenues from water supply and related services	275.653	259.550
Revenues from sewerage services	110.038	99.280
Revenues from constructions for third parties	1.588	1.876
Revenues from electric power sales	1.118	1.128
Stock Sales	20	161
Total Turnover	**388.417**	**361.995**
Other operating revenues	3.207	3.560
Financial revenues	2.889	2.503
Total Revenues	**394.513**	**368.058**

Total revenues represents the revenues as defined by IAS 18.

11. ALLOCATION OF EXPENSES

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

	Year ended at 31 December of 2007			
2007	**Cost of Services**	**Selling Expenses**	**Administrative Expenses**	**Total**
Wages and Salaries	124.770	26.394	71.103	222.267
Third-party allowances	17.943	4.409	3.913	26.265
Third-party expenses and fees	23.725	74	3.033	26.832
Depreciation and amortization	18.044	292	2.941	21.277
Provisions	1.286	3.420		4.706
Cost of disposals of dehydrated sludge	7.227			7.227
Other expenses (Public Entities)	4.905	2.096	2.605	9.606
Construction costs of third parties	97			97
Raw material and consumables used	10.196	103	624	10.923
Allocation of expenses to self-constructed assets	(3.879)			(3.879)
	204.314	**36.788**	**84.219**	**325.321**

(all amounts in euro thousands unless otherwise stated)

11. ALLOCATION OF EXPENSES *(continued)*

	Year ended at 31 December of 2006			
2006	**Cost of Services**	**Selling Expenses**	**Administrative Expenses**	**Total**
Wages and Salaries	118.177	23.902	68.298	210.377
Third-party allowances	16.980	4.240	3.048	24.268
Third-party expenses and fees	22.840	88	3.303	26.231
Depreciation and amortization	17.841	437	2.743	21.027
Provisions	2.306	2.689	0	4.995
Cost of disposals of dehydrated sludge	8.257	0	0	8.257
Other expenses	3.205	1.410	1.781	6.396
Construction costs	55			55
Raw material and consumables used	9.931	100	541	10.572
Allocation of expenses to self-constructed assets	(3.866)	0	0	(3.866)
	195.726	**32.866**	**79.714**	**308.306**

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

	Year ended at 31/12/2007		**Year ended at 31/12/2006**	
	Public Entity	Ministry of Environment	Public Entity	Ministry of Environment
Payroll costs	18	679	36	777
Raw material and consumables used	0	0	0	0
Sub-constructions	57	124	7	649
Other expenditures	10	0	6	13
Utilities	0	478	0	61
Allocation of overhead expenses	24	120	6	214
	97	**1.401**	**55**	**1.714**

11.3 **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)

12. DEPRECIATION AND AMORTIZATION EXPENSES

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

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

The amounts are analyzed as follows:

	Year ended at 31 December of	
	2007	**2006**
Depreciation of tangible assets	28.336	28.172
Amortization of software	1.530	1.195
Amortization of customers' contributions and subsidies for fixed assets	(8.589)	(8.346)
	21.277	**21.021**

It must be stated that in the current economic use the company's Administration redefined the useful economic life of water supply and sewerage networks resulting in their depreciation decrease by € 4.602 compared to those depreciation defined by their previous useful economic life.

(all amounts in euro thousands unless otherwise stated)

13. STAFF COSTS

	Year ended at 31 December of	
	2007	**2006**
Wages and Salaries	163.320	154.380
Social Security Costs	34.316	33.879
Provisions for staff leaving indemnities	3.498	3.525
Provisions for staff leaving indemnity (special account)	190	220
Provisions for post-employment medical care	20.943	18.373
Total (Note 10)	**227.267**	**210.377**

The total number of employees as at 31 December 2006 and 2007 were 3.846 and 3.677 respectively.

14. FINANCIAL REVENUES

	Year ended at 31 December of	
	2007	**2006**
Interest from customers	2.376	2.218
Dividends	24	21
Other revenues	489	264
	2.889	**2.503**

15. FINANCIAL EXPENSES

The financial expenses of amounts €4.274 and €7.602 at 31 December 2006 and 2007, respectively, are mainly concern with the Company’s loans interests .

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(all amounts in euro thousands unless otherwise stated)

16. INCOME TAX

	Year ended at 31 December of	
	2007	**2006**
Current Tax	16.887	19.458
Deferred Tax (Note 23)	(2.747)	(2.612)
Tax of unaudited by tax authorities fiscal years	1.060	989
	15.200	**17.835**

The current tax was calculated with 25% according to the existing Tax law of the period's taxable profit. The corresponding tax of 2006 has been calculated with the official tax rate of 29%. .

The tax for the current period was calculated as follows:

	Year ended at 31 December of	
	2007	**2006**
Profit before tax	**58.482**	**51.158**
Income tax calculation based on the current tax rate (25% for 2007 and 29% for 2006)	14.621	14.836
Deffered claim taxable recognised	(877)	0
Tax over non-deductible tax expenses	396	2.010
Tax of unaudited by tax authorities fiscal years	1.060	989
	15.200	**17.835**

(all amounts in euro thousands unless otherwise stated)

17. EARNINGS PER SHARE

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

	Year ended at 31 December of	
	2007	**2006**
Earnings attributable to ordinary shareholders	43.282	33.323
Weighted Average of ordinary shares in issue	106.500	106.500
Basic Earnings per Share	0,41	0,31

Proposed dividend

The Board of Directors decided to propose to the General Shareholders Meeting the distribution of dividend of 14 cents (€0,14) per share for the year 2007. The dividend will be approved by the Annual Shareholders Meeting and is included in the account of Retained Earnings.

18. GOODWILL

The amount of goodwill of € 3.357 as at 31 December 2007 is related with the excess in the acquisition cost over the undepreciated replacement cost of Elefsina, Aspropyprgos and Likovrisi water supply networks as it was estimated at the time of concession. The cash generating units and consequently the goodwill of the water supply networks are tested for impairment either annually or more frequently if the events of the changes of conditions indicate possible impairment. The impairment test performed at the end of 2007 by Direction of Development of New Works and Operations showed that the value of the goodwill was not impaired.

More specifically:

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

(all amounts in euro thousands unless otherwise stated)

18. GOODWILL *(continued)*

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

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

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

19. OTHER INTANGIBLES ASSETS

COST	
At 31 December 2006	7.975
Additions	1.895
At 31 December 2007	9.870
AMORTIZATIONS	
At 1 January 2006	-3.885
Charge for the period	-1.194
At 31 December 2006	-5.079
Charge for the period	-1.531
At 31 December 2007	-6.610
CARRYING AMOUNT	
At 31 December 2006	2.895
At 31 December 2007	3.260

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(all amounts in euro thousands unless otherwise stated)

20. TANGIBLE ASSETS

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

Fixed assets changes table for the financial years 2007 and 2006 :

2007	**Land & Buildings**	**Machinery & Mechanical Equipment**	**Water Supply Network & consumption meters**	**Sewerage Networks & Biological cleaning**	**Motor Vehicles & Furnitures**	**Constructions-in-progress**	**Total**
Carrying Amount at 1 January 2007	257.856	2.548	320.072	281.925	5.692	105.599	973.692
Additions	14.632	1.806	15.210	21.728	2.085	21.434	76.895
Reductions/Transfers					(119)	(45.998)	(46.117)
Disposals					119		119
Depreciation charge of the period	(1.407)	(1.685)	(13.939)	(8.386)	(2.917)		(28.334)
Carrying amount 31 December 2007	**271.081**	**2.669**	**321.343**	**295.267**	**4.860**	**81.035**	**976.255**
1/1/2007							
Cost	263.149	13.089	400.630	345.326	37.781	105.599	1.165.574
Accumulated Depreciation	(5.293)	(10.541)	(80.558)	(63.401)	(32.089)	-	(191.882)
Carrying Amount	**257.856**	**2.548**	**320.072**	**281.925**	**5.692**	**105.599**	**973.692**
31/12/2007							
Cost	277.781	14.896	415.842	367.054	39.747	81.036	1.196.356
Accumulated Depreciation	(6.700)	(12.227)	(94.499)	(71.787)	(34.887)		(220.100)
Carrying Amount	**271.081**	**2.669**	**321.343**	**295.267**	**4.860**	**81.035**	**976.255**

(all amounts in euro thousands unless otherwise stated)

20. TANGIBLE ASSETS *(continued)*

2006	Land & Buildings	Machinery & Mechanical Equipment	Water Supply Network &consumption meters	Sewerage Networks & biological cleaning	Motor Vehicles & Furnitures	Constructions-in-progress	Total
Carrying Amount at 1 January 2006	258.540	4.007	322.110	282.173	6.392	105.092	978.314
Additions							
Reductions/Tranfers	642	303	11.229	7.891	2.981	507	23.553
Disposals					(215)		(215)
Depreciation charge of the period					212		212
Carrying amount 31 December 2006	(1.326)	(1.762)	(13.267)	(8.139)	(3.678)		(28.172)
	257.856	**2.548**	**320.072**	**281.925**	**5.692**	**105.599**	**973.692**
1/1/2006:							
Cost							
Accumulated Depreciation	262.507	12.786	389.401	337.435	35.015	105.092	1.142.236
Carrying Amount	(3.967)	(8.779)	(67.291)	(55.262)	(28.623)	-	(163.922)
	258.541	**4.007**	**322.110**	**282.173**	**6.392**	**105.092**	**978.314**
31/12/2006							
Cost							
Accumulated Depreciation	263.149	13.089	400.630	345.326	37.781	105.599	1.165.574
Carrying Amount	(5.293)	(10.541)	(80.558)	(63.401)	(32.089)		(191.882)
	257.856	**2.548**	**320.072**	**281.925**	**5.692**	**105.599**	**973.692**

21. INVESTMENTS IN ASSOCIATES

Investments in associates of € 347 include:

a) Participation of the Company at the "Gas Company of the Suburbs S.A." (E.A.P.). On February 2003 the joint-venture of EYDAP S.A., ELLINIKI TECHNODOMIKI-TEV S.A. and AKTOR S.A. was awarded, in an international tender offer by EPA Attikis, the project of the promotion of natural gas connections for domestic and small professional customers in the north-eastern part of Attica, as well as a part of the Athens Municipality. For this reason the "Gas Company of the Suburbs S.A." was established and EYDAP participates with a share of 35%.

At 31st December 2007 the acquisition cost of E.A.P.climb to € 542 while the impairment losses increased to € 195.

b) Participation of the Company at Alternatives Telecommunication Networks S.A. (ETIDI) with a share of 25% have been written off as ETIDI was cleared.As a result of the clearance a € 14 revenue occurred which is involved in “Other financial revenues”.

(all amounts in euro thousands unless otherwise stated)

21. INVESTMENTS IN ASSOCIATES *(continued)*

Because there is participation only in an associate enterprise, and the Company has no obligation to prepare consolidated financial statements - because has no participation in a subsidiary - the financial statements under IFRS are them where the associate is accounted with the equity method. In this case the preparation of individual financial statements, 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.(Decision 39 -10/2/2005 Greek Acconting Standards)

The information provided is that the accounts of the balance sheet and the statement of income at 31 December 2007 will not be materially differentiated if individual financial statements were prepared, as far as the there is no significant difference between the acquisition cost of the equity of the associate. It must be noted that the acquisition cost (with the impairments included) is not different by the equity of the associate as at the balance sheet date.

22. INVESTMENTS AVAILABLE-FOR-SALE

	31 December 2007	31 December 2006
Fair Value (EYATH)	1.669	864
	1.669	**864**

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

23. LONG-TERM RECEIVABLES

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

	31 December 2007	31 December 2006
Long Term Receivables from Municipalities	7.426	3.508
Staff Loans (Note 26)	2.286	1.998
Construction contracts	93.126	91.538
Guarantees (Public Power Corp., Real Estate)	367	423
	103.205	**97.467**

(all amounts in euro thousands unless otherwise stated)

23. LONG-TERM RECEIVABLES *(continued)*

Long-term receivables from Municipalities EYDAP supply with water (distilled or raw) various Municipalities, which operate their own water supply networks and charge their citizens. During the past years the Company faced serious delays in the payments of related trade receivables from Municipalities.
During the year 2001 (beginning from February of 2001), EYDAP went on the settlement of contracts with Municipalities, according with which the carrying amounts during the signing of the contract are arranged with monthly interest-free payments of equal amounts, the number of which are 10 to 60 installments
These long-term receivables are presented in the financial statements in their unamortized cost.

The compound interest rate implemented to Municipalities mature claims for which the company proceeded in interest rate free arrangements through monthly installments (10 to 60 installments) from 2001 up to now ,represents the real interest rate that compounds the nominal amount of the previous mentioned claims for the day of their settlement.This interest rate is for 2007 8,5%.

Construction contracts

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

	31 December 2007	31 December 2006
Ministry of Environment, Physical Planning and Public Works	**52.406**	**50.921**
Paid Subsidies /Advances	(1.022)	(1.022)
	51.384	**49.899**
Public Entity EYDAP fixed Assets	**95.752**	**95.649**
Paid Subsidies /Advances	(54.010)	(54.010)
	41.742	**41.639**
	93.126	**91.538**

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.

23. 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 2007 and 2006 respectively is charged to revenues.

(all amounts in euro thousands unless otherwise stated)

24. DEFERRED TAXATION

Below are the main assets and liabilities from deferred taxation recorded by the Company and their movements at the years ending at 31.12.2007 and 31.12.2006.

Deferred Taxes

	2006			2007	
	Opening Balance	Credit to profit/loss of the period	Ending Balance	Credit to profit/loss of the period	Total
Expensing of intangible assets	529	(240)	289	(62)	227
Slow moving Inventory	413	68	481	17	498
Employee Benefits liabilities	16.727	1.563	18.290	4.456	22.746
Provisions for Bad Debt	3.448	0	3.448	123	3.571
Other Provisions	6.779	508	7.287	304	7.591
Customer Contributions	13.997	744	14.741	1.387	16.128
Depreciation difference as a result of useful life revaluation	(74)	(1.236)	(1.310)	(1.212)	(2.522)
Revenues and Expenses accruals	1.204	1.237	2.441	(2.522)	(81)
Other Deferred tax assets	1.282	(32)	1.250	256	1.506
	44.305	**2.612**	**46.917**	**2.747**	**49.664**

The charge for deferred income taxes (deferred tax liability) in the accompanying income statements include the temporary tax differences arising from recorded revenues-profits that will be taxed in future time. The credit for deferred taxes (deferred tax assets) includes mainly temporary tax differences arising from specific provisions that are tax deductible at the time of the realization of the corresponding expenditure.

(all amounts in euro thousands unless otherwise stated)

25. MATERIALS AND SPARE PARTS

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

	31 December 2007	31 December 2006
Consumables and spare parts	17.556	16.383
Network extensions-in-progress	1.707	656
	19.263	**17.039**

26. TRADE RECEIVABLES

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

	31 December 2007	31 December 2006
Domestic customers and users	64.978	56.006
Municipalities , Greek State ,Public utilities	154.989	144.781
	219.967	**200.787**
Accrual revenues	55.864	55.256
	275.831	**256.043**
Less: Bad debt allowances	(29.397)	(25.977)
	246.434	**230.066**

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

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

26. TRADE RECEIVABLES (continued)

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

	31 December 2007	**31 December 2006**
Opening Balance	25.977	23.288
Provisions of the period	3.420	2.689
Write-offs	0	0
Ending Balance	**29.397**	**25.977**

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

The Company calculates surcharges over the mature debts with a rate of 1% per month which is equal to the rate of surcharges to mature debts to the Greek State, as specified by the Ministry of Economy.

27. OTHER RECEIVABLES

The account is analyzed as follows

	31 December 2007	**31 December 2006**
Loans and advances to personnel	6.113	5.758
Advances to subcontractors and suppliers	2.998	3.767
Advances for purchase of inventories	772	1.772
Other advances	1.556	3.088
Receivable based on the participation of the Greek State for the coverage of Employees' end-of-service indemnity	9.118	8.714
Other receivables	5.741	3.521
	26.298	**26.620**

Loans and advances to personnel*:* The Company provides both interest-bearing and interest-free loans to the personnel as well as interest-free short-term payroll advances and long-term loans with interest rates equal to the current rate of the Company's overdraft bank accounts. The long-term portion of personnel loans at 31 December 2006 and 31 December 2007 amounts to € 1.998 and €2.286 respectively and it 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)

27. OTHER RECEIVABLES *(continued)*

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

	1.1.2007-31.12.2007	1.1.2006-31.12.2006
Accumulated surplus/(deficit) opening balance	8.714	8.350
Employees' payments	11.730	11.279
Employees' retentions	(2.612)	(2.565)
Receipts from the Greek State	(8.714)	(8.350)
Accumulated surplus / (deficit) claimed from the Greek State closing balance	**9.118**	**8.714**

28. CASH AND CASH EQUIVALENTS

The account is analyzed as follows:

	31 December 2007	31 December 2006
Cash at hand	334	543
Sight deposits	14.152	13.475
	14.486	**14.018**

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 2007 and 2006 were € 4.393 and € 5.493 respectively.

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

29. SHARE CAPITAL

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

The initial share capital of the Company was set to € 130.503 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).

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.

(all amounts in euro thousands unless otherwise stated)

30. RESERVES

The account in the accompanying financial statements is as follows:

	31 December 2007	31 December 2006
Legal reserve	18.664	16.500
Special Non-taxable reserve of Law 2744/99	352.078	352.065
Reserve from non-taxable revenues	2.518	2.518
Reserve from special taxed revenues	3.687	3.687
Other reserves	1.183	390
	378.130	**375.160**

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.

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.

(all amounts in euro thousands unless otherwise stated)

31. Retained earnings

The account in the accompanying financial statements is analyzedas follows:

Balance at 01.01.2006	**277.561**
Dividends paid	(7.455)
Profit for the year 2005	33.323
Transfer to Legal Reserve	(1.666)
Balance at 01.01.2007	**301.763**
Dividends paid	(11.715)
Profit for the year 2006	43.282
Transfer to Legal Reserve	(2.164)
Balance at 31.12.2007	**331.166**

(all amounts in euro thousands unless otherwise stated)

32. BORROWINGS

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

	31 December 2007	**31 December 2006**
Bank Loans	112.698	117.213
Greek State Loans	3.142	3.142
	115.840	**120.355**
The borrowings are repayable as follows:		
On demand or within on year	115.840	114.522
In the second year		5.833
Between the third and the fifth year		
After five years		
	115.840	**120.355**
Less: Amount due for settlement within 12 months (shown under current liabilities)	115.840	114.522
Amount due to settlement after 12 months	**0**	**5.833**

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

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

The Company has the following loan contracts:

a) Interest-bearing loan with a closing balance of € 5.833 at 31 December 2007 and € 17.500 at 31 December 2006 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 arrangement is the 24 May 2003.

32. BORROWINGS *(continued)*

b) Bank overdraft account with an open credit of € 40.000 and closing balance of €17.372 and € 17.294 at 31 December 2007 and 2006 respectively. The interest rate of the loan is estimated on the basis of the 1m Euribor, plus a spread of 0,60% at 31 December 2007. The initial loan arrangement was signed on December 2004 with an expansion option.

c) Bank overdraft account with an open credit of €40.000 and a closing balance at 31 December 2007 and 31 December 2006 of € 17.000 and € 21.935 respectively. The interest rate of the loan is estimated on the basis of the bank's working capital rate plus a spread of 0,60% at 31 December 2006 for an open credit of € 25.000 and 0,70% for a credit that exceeds the € 25.000 line. The loan arrangement was signed on October 2004 with an expansion option.

d) Bank overdraft account with an open credit of €40.000 and a closing balance at 31 December 2007 and 31 December 2006 of € 150 and €14.690 respectively. The interest rate of the loan is estimated on the basis of 1m Euribor, plus a spread at 31 December 2007 of 0,60%. The initial loan arrangement was signed on December 2004 with an expansion option.The account closed at 30th November 2007.

e) Bank overdraft account with an open credit of €25.000 and a closing balance at 31 December 2007 and 31 December 2006 of € 16.085 and € 19.442 respectively. The interest rate of the loan is estimated on the basis of Euribor,(overnight EONIA or monthly floating that changes every day) increased by a 0,60% spread per year. The initial loan arrangement was signed on March 2006 with an expansion option.

f) Bank overdraft account with an open credit of € 40.000 and a closing balance at 31 December 2007 and 31 December 2006 of € 17.484 and € 26.270 respectively. The interest rate of the loan is estimated on the basis of Euribor, (monthly ,three months ,six months) plus a spread of 0,60% at 31 December 2006. The initial loan arrangement was signed on July 2006 with an expansion option.

g) Bank overdraft account with an open credit of € 25.000 and a closing balance at 31 December 2007 of € 15.069. The interest rate of the loan is estimated on the basis of one month Euribor plus a spread of 0,59% at 31 December 2007. The initial loan arrangement was signed on November 2007 with an expansion option.

h) Bank overdraft account with an open credit of € 25.000 and a closing balance at 31 December 2007 of € 23.076. The interest rate of the loan is estimated on the basis of one month Euribor plus a spread of 0,59% at 31 December 2007. The initial loan arrangement was signed on November 2007 with an expansion option.

Greek State: This closing balance is related with the syndicated loan of 1925 for the construction of the Marathon Dam. On March 2000 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.

(all amounts in euro thousands unless otherwise stated)

33. LIABILITIES FOR EMPLOYEES BENEFITS

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

	31 December 2007	**31 December 2006**
Employees' end-of-service indemnities (Provision)	26.977	26.798
Employees healthcare scheme	151.266	141.653
Special Employees' end-of-service indemnity	782	592
	179.025	**169.043**

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:

	2007	**2006**
Inflation	3,3% for 2008 with a gradual decrease to 2% from 2011 and afterwards	3% for 2007 με with a gradual decrease to 2% from 2010 and afterwards
Discount Rate	5%	4,40%
Expected return on plan assets	4,5%	5%
Morbidity rates	1%	1%
Expected increase of payroll cost	1,5% annually plus the inflation rate	1,5% annually plus the inflation rate
Expected increase in healthcare cost	4,0% for 2008 with a gradual decrease to 2,4% from 2011 and afterwards	3,6% for 2007 with a 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 ended at 31.12.06 and 31.12.05 according to the aforementioned assumptions.

The movements of the provision for Employees' end-of-service indemnity during the years ended at 31 December 2007 and 2006 were as follows:

	31.12.2007	**31.12.2006**
Opening Balance	26.798	26.562
Cost of Service	1.602	1.647
Interest Cost	1.420	1.325
Actuarial Losses	476	553
Benefits Paid	(3.319)	(3.289)
Closing Balance	**26.977**	**26.798**

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

	31.12.2007	**31.12.2006**
Current Service Cost	1.602	1.647
Interest Cost	1.420	1.325
Actuarial Loss (recognized)	476	553
	3.498	**3.525**

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 2007

The movement of the provision for the healthcare scheme during the years ended at 31 December 2007 and 2006 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

	31.12.2007	31.12.2006
Opening balance	141.653	133.767
Service cost	5.375	5.288
Interest cost	9.712	7.959
Actuarial losses	5.098	4.596
Benefits paid	(10.572)	(9.957)
Closing balance	**151.266**	**141.653**

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

	31.12.2007	31.12.2006
Current service cost	5.375	5.288
Interest cost	9.712	7.959
Actuarial loss (recognized)	5.098	4.596
	20.185	**17.843**

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.

	31.12.2007	31.12.2006
Opening balance	593	373
Cost of service	168	193
Financial cost	90	62
Actuarial losses	1	6
Fair value on plan assets	(71)	(41)
Closing balance	**782**	**593**

Components of Profit/(Loss) Charge

	31.12.2007	31.12.2006
Cost of service	168	193
Financial cost	91	62
Actuarial losses	1	6
Expected return on plan assets	(71)	(41)
	189	**220**

(all amounts in euro thousands unless otherwise stated)

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.

34. PROVISIONS FOR PENDING LITIGATION

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

	31 December 2007		**31 December 2006**
Provisions for pending litigations with employees	26.271		22.772
Provisions for civil law pending litigations	13.927		16.208
	40.198		**38.980**

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 2007	31 December 2006
Cost:		
– Investment Subsidies	191.537	191.371
– Customer Contributions	89.337	81.350
	280.874	**272.721**
Accumulated Amortization		
– Investment Subsidies	(51.316)	(45.159)
- Customer Contributions	(24.827)	(22.389)
	(76.143)	**(67.548)**
Carrying Amount		
– Investment Subsidies	140.221	146.212
– Customer Contributions	64.510	58.961
	204.731	**205.173**

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 2007	**31 December 2006**
Trade creditors	18.395	15.005
Taxes withheld	8.738	9.470
Social insurance contributions and other funds	7.616	7.520
Customer Advances	1.921	2.660
Dividends payable	1.709	6.272
Operating Current Liabilities	**38.379**	**40.927**
Payable Expenses	10.977	19.545
Outstanding Credit Accounts	4.393	5.493
Other Current liabilities	12.466	6.859
Short-term Consumers Guarantees	4.781	4.567
Other Current Liabilities	**32.317**	**36.464**

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

Payable expenses account includes an amount of € 8.100 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, the contract for the construction of a combined thermo-electric power station of 14MW using biogas at the Wastewater Treatment Plant of Psytallia is in the stage of the final agreement signature.

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

In the development of operations EYDAP now places as a top priority it's geographical expansion As a result the company has already routed the delivery and incorporation of the water networks of New Peramos and Megara Municipalities in order to reinforce them, thus decreasing any problems resulting from water supply.Discussions are also in progress for further Municipaslities network absorptions.

39. COMMITMENTS AND CONTINGENT LIABILITIES –ASSETS

39.1 Liabilities

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

Litigations and claims

Lawsuits for civil law cases with claims of an amount of €54,6 millions have been raised against the Company as at 31 December 2007. 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 € 31 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of € 40,2 millions as at 31 December 2007 and of € 39 millions as at 31 December 2006, 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 years 2005 ,2006 and 2007.

Committments from unexecuted contracts :

The company's committments concerning with expansions ,improvements, and conservation of networks and installations as also supply works of electrical and thermal coproduction units are € 57 mil.at 31st December 2007.

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 2007 an amount of € 385,46 millions, for which it has the right to receive a subsidy of around € 231,28 millions (385,46*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 2007 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 € 222,20 millions (231,28-9,08). 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 € 4,6 and € 4,2 millions respectively and the net equity will be improved by around €29,4 millions. It must be clarified that a decision made by the Extraodinary Shareholders Meeting of August 10th 2004 modified the company's investment programme ,however not affecting the above mentioned claim against the Greek State.

(b) In addition to these claims the Company has a claim for a subsidy for the maintenance expenditures according to the contract with the Greek State. However it is not feasible to extract the amount that corresponds to maintenance only from the amount of expenditures that are related with the operation and maintenance of installations that is € 581,99 millions. The corresponding subsidy between the Company and the Greek State has not been finalized until the conduction of the current Financial Statements.

(all amounts in euro thousands unless otherwise stated)

40. RELATED PARTY TRANSACTIONS

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

	31 December 2007	31 December 2006
– Salaries (Chairman & CEO and Executive Directors)	207	206
– Salaries & participation fees of the Members of the Board of Directors	140	148
	347	**354**

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

	31 December 2007	31 December 2006
1) Transactions		
– Revenues	75.625	61.674
– Cost of sales (construction contracts)	(1.498)	(1.770)
– Provisions	(3.146)	(2.581)
2) Outstanding amounts		
– Long term receivables (construction contracts)	93.126	91.538
– Long term receivables (Arrangements of Municipalities)	7.426	3.508
– Trade receivables	138.101	124.979
– Other receivables (coverage of Employees' end-of-service indemnity)	9.118	8.714

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 years 2000-2006 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. Capital risk management

The company manages its capital in a way that guarantees the continuity of its operations over time while the maximization of shareholders returns through the optimization of the relation between debt and net worth is secured.The company's Capital structure consists of debts involved in "Borrowing" (note 32) ,cash and equivalents and the net worth which consists of the issued capital ,reserves and the carrying amount (notes 29,30,31).
The company reviews its capital structure on an ongoing basis ,the cost of capital and the risks connected with each capital category.
According to Management suggestions the company balances its total capital structure through divident payments and short term borrowing.
The total strategy of the company remained unchangeable from 2006.

43. Financial Risk Management

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

a) Market Risk

Exchange rate risk
The main part of the Company's operations is processed in the Eurozone under Euro.As a result exchange rate risk is immaterial.
Interest rates variability risk
The Company doesn't possess any substantial interest financial items .Thus its operating revenues and cashflows are independent from changes in interest rates.
Loan liabilities are based on variable interest rates which are in accordance with market conditions.thus could be either remain variable or it may convert in fixed.
The Company doesn't use financial derivatives.As a result interest rates risk mainly concerns long term loans.
Loans under variable rate result in cash flow risk for the Company while loans under fixed rates result in changes in fair value risk which is immaterial as these loans are short termed.

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

Amounts in €	**Interest rates Variability**	**Effect in EAT**
	+1%	664
2007 Use	-1%	(664)
2006 Use	+1%	554
	-1%	(554)

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

(all amounts in euro thousands unless otherwise stated)

43. Financial Risk Management (continued)

b) Credit Risk

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

Categories of financial items	**31.12.2007**	**31.12.2006**
Financial items in disposal	1.669	8 64
Cash flows and cash equivalents	14.486	14.018
Commercial and other claims	272.732	256.686
Long term claims	103.205	97.467
Investments in associates	347	203
Total	**392.439**	**369.238**

The Company checks its claims on an ongoing basis either separately or by grouping the respective items and incorporates these data in credit control procedures.The Company's long term claims are concern with the State ,Municipalities .As a result credit risk is immaterial.
Cash flows and cash equivalents do not involve credit risk because they mainly concern with deposits in banks with adequate credit rating.Commercial and other claims involve receivables from private customers which have the lowest degree of loss mainly because of the extensive dispersion of claims,while for Municipalities claims the Company examines the potential to activate the article 16 par.2 of the Law 2307/1995 which concerns the collection of Municilpalities due debt to Athens Water Supply and Sewerage SA.from Central Self contained funds.
None of the Company's financial assets is insured by mortgage or any other form of credit insurance.
The timetable of claims on maturity is analysed as follows :

2007	**0-1 Months**	**1-6 Months**	**6Months-2 Years**	**2Years-5 Years**	**>5 Years**	**Total**
Private customers	8.501	14.128	9.829	5.595	1.347	39.400
Greek Public	1.555	3.889	6.649	8.517	16.342	36.952
Municipalities	4.725	13.416	41.667	42.154	14.214	116.176
Total	**14.781**	**31.433**	**58.145**	**56.266**	**31.903**	**192.528**
2006	**0-1 Months**	**1-6 Months**	**6Months-2 Years**	**2Years-5 Years**	**>5 Years**	**Total**
Private customers	8.583	13.010	11.823	8.458	4.182	46.056
Public	4.904	6.119	10.970	9.141	8.616	39.750
Municipalities	2.459	13.611	30.183	25.668	10.636	82.557
Total	**15.946**	**32.740**	**52.976**	**43.267**	**23.434**	**168.363**

The accounting value of claims which have been renegotiated was at 31st December 2007 and 31st December 2006 € 7.426 € 3.508 respectively.

(all amounts in euro thousands unless otherwise stated)

43. Financial Risk Management (continued)

c) Liquidity Risk

Liquidity risk is confronted by the preservation of sufficient cash for the reassurance of bank credits.The existing available and approved to the Company bank credits are enough for the purpose of confronting any probable shortage of cash.
The following table analyses the Company's financial liabilities which are classified in groups according to their expiration date and calculated according to the time balance arising at the balansheet date to the contractual arrangement ending date in non discounted figures.
The timetable of the Company's liabilities on maturity date is analysed as follows

2007	**0-1 Months**	**2-3 Months**	**3Months-6 Months**	**6 Months-12 Months**	**1-5 Years**	**>5 Years**	**Total**
Loans	1.475	0	5.907	108.458	0	0	115.840
Creditors & others	37.619	16.142	15.561	35.760	94.397	138.101	337.580
Total	**39.094**	**16.142**	**21.468**	**144.218**	**94.397**	**138.101**	**453.420**
2006	**0-1 Months**	**2-3 Months**	**3Months-6 Months**	**6 Months-12 Months**	**1-5 Years**	**>5 Years**	**Total**
Loans	1.331	0	5.913	107.278	5.833	0	120.355
Creditors & others	29.182	18.209	20.039	45.243	89.215	128.719	330.607
Total	**30.513**	**18.209**	**25.952**	**152.521**	**95.048**	**128.719**	**450.962**

Assession of fair values

The financial value of items bargain in active markets (stock exchanges),i.e.(derivatives,stocks,bonds,mutual funds).is assessed based on published prices that stand at the balansheet date.
The fair value of financial items which are not bargain in active makets is assessed by the use of valuation techniques and assumptions which are based on market data at the balansheet date.
The nominal value minus provisions of bad and doubtful debts is estimated in a way that approximates its real value.
The real values of financial liabilities for the purpose of their presentation in the financial statements are calculated relied on the present value of future cash flows.
The cash flows result from specific contractual arrangements. and the basis of calculation is the current available to the Company interest rate .

INDEPENDENT AUDITORS' REPORT

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

<u>Report on the financial statements</u>

We have audited the accompanying financial statements of the "Athens Water Supply and Sewerage SA (E.YD.A.P. S.A.)" (the "Entity"), which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management of the Entity is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as these were adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

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

1. The Company according to its establishment Law 2744/99, signed an Agreement with the Greek State whereby the State committed to granting E.YD.A.P. S.A. either from European Union's financial resources or from the State's Programme of Public Investments funds to cover 60% of the capital expenditure that E.YD.A.P. S.A. will spend for the maintenance, renovation, improvement and or the expansion of the water supply and sewerage system for the eight year period from 2000 to 2008. Against the above mentioned Investment Programme, amounting to approximately Euro 1,22 billion, which includes maintenance expenses, the Company as of 31.12.2006 has incurred expenses for capital expenditure amounting to approximately Euro 385 million for which it should receive a subsidy amounting to approximately Euro 231 million (ie 385 * 60%) while in accordance with the aforementioned contract the Company claims is also a subsidy for maintenance expenses. The Company against the subsidy to which it is entitled to, has received as of 31.12.2006 an amount of approximately Euro 9 million. In accordance with the principle of prudence, the above receivable of the Company from the Greek State amounting to Euro 222 million approximately (231 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 would have been improved (profit) by Euro 4.6 million approximately, the previous year's results by Euro 4,2 approximately and Shareholders Equity increased by Euro 29,4 million approximately.

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

2. As already mentioned in our above matter of emphasis number 1, the amount of approximately Euro 222 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 582 million approximately, it was not possible to isolate the amount related to maintenance expenses. Even though in the relevant contract signed by the Company and the Greek State (Appendix 4 – Financial commitments under the title "Subsidies for capital expenditure guaranteed by the State") it is mentioned that the State guarantees the granting to E.YD.AP S.A. of a subsidy amount representing 60% of the capital expenditure incurred by the Company relating to maintenance, renovation, improvement or expansion of the water supply and sewerage system for any year from 2000 to 2008, as of the date of completion of our audit, the amount due by the State relating to the subsidy for maintenance expenses had not been agreed upon between the Company and the State.

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

Report upon Other Legal and Regulatory Requirements

The Report of the Board of Directors which is presented in the consolidated financial statements contains the information required by articles 43a paragraph 3 of Law 2190/1920 and article 11a of Law 3371/2005 and its content is consistent with the accompanying financial statements.

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Athens, March 28, 2008

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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