**YEARLY FINANCIAL REPORT**

For the fiscal period from the 1st of January 2010 – 31st of D

(In accordance with article 4 L.3556/2007)

**Joint Stock Companies Registration Number: 41913/06/B**

**127 Egnatias Street - 54635 Thessaloniki**

**Yearly Financial Report**

**For the fiscal period from the 1st of January 2010 until the 31st of December 2010**

**In accordance with the International Standards of Financial Informing**

It is certified that the attached Brief Intermediate Financial Report is that approved by the Board of Directors of the "WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI SA" on the 29th of March 2011 and has been posted on the internet at www.eyath.gr. It is noted that the published in the press brief financial data aim to offer the reader some general financial data but they do not provide a complete picture of the financial state and results of the Group and the Company, according to the International Standards of Financial Informing. It is also noted that, for simplification's sake, in the published to the press brief financial data, there have been certain compressions and reclassification of funds.

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## STATEMENTS FROM THE MEMBERS OF THE BOARD OF DIRECTORS

**(In accordance with article 4 par. 2 of L. 3556/2007)**

We, the members of the Board of Directors of the S.A Company **WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A.** under the trade name EYATH S.A, based at 127 Egnatias Street, in Thessaloniki (P.C 54 635):

1. Konstantinos Kamakas, BoD Chairman,
2. Nikolaos Papadakis, Managing Director,
3. Dimitrios Asvestas, Vice Chairman of the Board of Directors

In accordance with the provisions of article 4, par. 2 of L.3556/2007, state and certify that, to the best of our knowledge:

(a) the attached yearly, company and consolidated financial statements of EYATH S.A for the fiscal period 01.01.2010-31.12.2010, drawn up according the current International Standards for Financial Informing, truthfully show the assets and liabilities data, the net worth and the results for the fiscal period of EYATH S.A, as well as of the companies included in the integration as a total

(b) The yearly report of the Board of Directors of EYATH S.A truthfully shows the development, results and financial state of EYATH S.A as well as of the companies included in the integration as a total, including the description of the risks and uncertainties they face

Thessaloniki, 29th of March 2011

The Certifying Members

| | | |
|---|---|---|
| Konstantinos Kamakas | Nikolaos Papadakis | Dimitrios Asvestas |
| Chairman of the BoD<br>I.D Card No: AA 942423 | Managing Director<br>I.D Card No: AZ 187068 | Vice Chairman of the BoD.<br>I.D Card No: Λ 184072 |

**MANAGEMENT REPORT**

**OF THE BOARD OF DIRECTORS OF EYATH S.A.**

(in accordance with the provisions of article 4 L.3556/2007 and the respective decisions of the Bod of the Capital Market Committee for the fiscal period from the 1st of January 2010 - 31st of December 2010)

Dear Shareholders,

According to the provisions of L.3556/2007 and the respective decisions of the Capital Market Committee, we submit the present Yearly Report of the BoD for the current fiscal period (1/1/2010-31/12/2010).

The present report offers brief financial information on the financial state and the results of the Company EYATH S.A and the Group of companies EYATH S.A, a description of the most important facts that took place during the closing fiscal period, a description of the important facts that took place after the balance sheet date, a description of the expected development of Group and Company activities, information regarding the management of significant financial risks which the Group and the Company are called to face, a list of the important transactions drawn up between Company and the Group and associated persons as well as other information regarding stocks, equity capital and important agreements valid on the ending of the closing fiscal period.

**Brief financial information on the Group and the Company**

The Group includes the Company «WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A. », under the trade name EYATH (hereafter "COMPANY" or "EYATH S.A") was founded in 1998 ( Law no. 2651/3-11-1998 (GN. A΄ 248/2-11-1998) deriving from the merging of the S.A "Thessaloniki Water Supply Organization S.A"(OYTH S.A.) and the «Thessaloniki Sewerage Systems Company S.A" (OATH S.A) which had been turned into S.A's in 1997, and the subsidiary company EYATH Services S.A aiming to supply water supply and sewerage services of any type, telecommunication services as well as the production and sale of electricity.

**FINANCIAL DATA – WORK PROGRESS**

The below financial data regard the EYATH S.A Group.

The Group's turnover for the closing fiscal period reached € 71.182 as opposed to € 77.376 during the respective fiscal period last year thus decreasing by € 6.194 or 8%. Cost of sales amounted to € 44.878 against € 47.054 in 2009, thus decreasing by € 2.176 or 4, 62%. Likewise, there has been a decrease in earnings before taxes for the Group in 2010, amounting to € 20.878 against € 22.093 in the previous fiscal year, thus decreasing by € 1.215 or 5, 49%.

Finally, earnings after taxes for 2010 amounted to € 12.402 against € 14.390 in 2009, thus decreasing by € 1.988 or 13, 81%.

The company turnover resulted from sales of water supply and sewerage systems services as well as from performing works on behalf of third parties. (L.A.O's, EYATH Fixed Assets, Ministry for the Environment, Planning and Public Works).

The decrease in the turnover is attributed mainly to the decrease of water consumption and the general economic recession in the field of constructions.

The decrease on net earnings is attributed to the decrease of turnover and the increased income tax due to the special tax payment of L.3845/2010 and the provision for tax audit balances as was completed in August 2010. Gross profit in 2010 amounted to € 26.304 against € 30.322 in the previous year. That is, the decrease in gross profit amounted to € 4.018 or 13, 25%.

Earnings before interest, taxes and depreciations (EBITDA), of EYATH S.A. for the current fiscal period amounted to € 24.830 against € 26.083 thus decreasing by € 1.253 ή 4, 8%.

Finally, cash reserves and equivalents for the ending of the fiscal period on the 31/12/2010, amounted to € 14.364 against € 15.166 on the 31/12/2009 thus decreasing by € 802 or 5, 28%.

| | 2010 | 2009 | Deviation |
|---|---|---|---|
| **PERFORMANCE AND PROFITABILITY INDEXES** | | | |
| **Gross Profit Margin** | 36,95% | 39,19% | -2,23% |
| **Earnings before taxes, interests, depreciations and amortizations (E.B.I.T.D.A)** | 34,88% | 33,71% | 1,17% |
| **Earnings before interest and taxes (E.B.I.T.)** | 26,71% | 26,57% | 0,14% |
| **Earnings before taxes margin (E.B.T.)** | 29,33% | 28,55% | 0,78% |
| **Earnings after taxes margin (E.A.T.)** | 17,42% | 18,60% | -1,17% |
| **CAPITAL PROFITABILITY INDEXES** | | | |
| **Net pre tax earnings / Equity Capital (ROE)** | 19,30% | 21,96% | -2,66% |
| **Net pre tax earnings / Total Assets (ROA)** | 12,46% | 13,99% | -1,53% |
| **CASH FLOW INDEXES** | | | |
| **General Flow (Current Assets/ Short Term Liabilities)** | 2,18 | 2,28 | -9,55% |
| **CAPITAL STRUCTURE AND VIABILITY INDEXES** | | | |
| **Equity Capital / Foreign Capital** | 182,32% | 175,52% | 6,80% |
| **INVESTMENT INDEXES** | | | |
| **Earnings per share after taxes** | 0,3417 | 0,3964 | -5,48% |

## Invoicing Policy

The Company's Board of Directors with the number 517/2006 decision has approved the new invoicing policy for the five year period 2007 – 2011, validated by the number 11741/29-12-2006 JMD of the Minister of Economy and Finance and Minister of Macedonia Thrace, (G.N 202, Issue B' 16-2-2007) applied since May 2007, regarding water consumptions from the 1/1/2007 providing for a yearly re adjustment of the cost of any kind of water supply and sewerage systems services.

On the 18.11.2008 the Board of Directors decide to freeze water invoices (price of water) and sewerage services (sewerage percentage) for 2009 to the 2008 prices for the first three grades of consumption (low and middle incomes) and to further decrease by 20% for 2009 invoices for families with more than three children.

On the 30.06.201the Regular General Stockholders Meeting decided to maintain the same prices regarding household invoices for a further 4 months, that is, until the 31st of August of the current year and to apply the JMD11741/2006 (G.N.202 issue B΄16-2-2007), starting September of the current year to prices current in 2010.

## IMPORTANT FACTS OF 2010

The new company management wishes to adopt modern technologies for the inspection and better quality of water as well as to upgrade treatment methods for the treatment of sewage. With respect to the environment and water resources, the company aims to the protection of the Thermaikos Gulf.

Within this frame the following are planned and set in motion:

- The upgrading of the Sewage Processing Unit in co operation with E.T.V.A as the agent responsible for the management of the Industrial Area of Sindos.
- The electronic monitoring of the Water Supply and Sewerage systems networks so as to have a detailed image regarding the operation and maintenance of the networks.
- The replacement of conventional water meters with electronic ones which will ensure a faster and more precise recording of water consumption.

In the same direction and within the NSRF framework, the Ministry for the Environment, Energy and Climate Change has approved two works of networks upgrading and infrastructure works of € 59 thousand.

The first, of € 36,2 thousand, regards the construction of the $2^{nd}$ branch of the central sewerage duct of the city and the second of € 22,8 thousand, regards the expansion of the water processing plant of Thessaloniki.

Finally, aiming to wider business activities, the further exploitation of the sewerage network is planned, by installing a fiber optics network, for the supply of electronic services.

## PROSPECTS-RISKS FOR 2011

### PROSPECTS

The Company Strategy aims to fulfill its obligations as a Public Utility Company in combination with the increase of the stockholders wealth. For this reason it always seeks to improve the quality of the supplied services through its investment program, through the improvement of infrastructure, the expansion of Technological infrastructure and the use of sophisticated software and development of specialized computer applications. The company's driving force is the staff of EYATH S.A.

According to article 26 of L. 2937/2001, the Company's territorial jurisdiction, within which it can supply its services and perform activities are the following:

According to article 26 of L. 2937/2001, the Company's territorial jurisdiction, within which it can supply its services and perform activities are the following:

**REGARDING WATER SUPPLY**: the Municipalities of Thessaloniki, Ampelokipoi, Kalamaria, Neapoli, Sikies, Agios Pavlos, Menemeni, Polichni, Efkarpia, Triandria, Eleftherio Kordelio, Evosmos, Stavroupoli, Panorama, Pylea, Oreokastro, Pefka as well as the Thessaloniki industrial zone.

✶ **REGARDING SEWERAGE SYSTEMS**: EYATH S.A 's territorial jurisdiction is divided in five areas:

«**Area A**» includes the Municipalities of Thessaloniki, Ampelokipoi, Kalamaria, Neapoli, Sikies, Agios Pavlos, Menemeni, Polichni, Triandria, Diavata, Eleftherio Kordelio, Evosmos, Stavroupoli, Pilea, Panorama, Oreokastro in the districts of Ionia and Kalochori of the Municipality of Echedoros and the Community of Efkarpia.

«**Area B**» includes the area between the Gallikos and Axios rivers until the sea, in which the industrial zone of the wider Thessaloniki region is included, the district of Sindos of the Municipality of Echedoros, the districts of Agios Athanassios, Agchialos, Gefira of the Municipality of Agios Athanassios and the districts of Chalastra and Anatoliko of the Municipality of Chalastra.

«**Area C**» includes the zone of the high ground of the city complex of Thessaloniki and includes the Community of Pefka and the Districts of Asvestochori, Exochi, Filiro of the Municipality of Chortiatis.

«**Area D»** extends from the Municipalities of Kalamaria and Panorama to the municipal baths of Sedes and to the Mikra airport and includes the industrial area and Districts of Thermi, Nea Raidestos, Neo Risio and Tagarades of the Municipality of Thermi and the Agia Paraskevi district of the Municipality of Vassilika.

«**Area E»** extends from the Mikra airport and the districts of Neo Risio and Tagarades, Agia Paraskevi until the sea and includes the Districts of Agia Triada, Perea, Neoi Epivates of the Municipality of Thermaikos and the districts of Nea Michaniona , Emvolo, Aggelochori of the Municipality of Michaniona.

The Company, by signing a contract with the relevant Municipality and EYATH Fixed Assets, can undertake the existing network of the L.A.O in any one of the above mentioned areas and the obligation to supply water supply and sewerage systems services to the Municipality they signed with.

By a contract signed by the relevant municipality and EYATH Fixed Assets and approved by the joint decision of the Ministers for Decentralization and Electronic Governing, of Finance and Financial Affairs, Development, Infrastructure-Transportation & Networks, the Company can extend its activities in areas of a Local Authority Organization outside the above mentioned areas.

Within 2011, the completion of the processes is expected regarding the expansion of Company activities in co operation with Municipalities under the Kallikratis plan, Municipality of Delta, of Pylea-Panorama-Chortiati and the Municipality of Thermaikos.

Within 2009 the internal water supply networks in the area of Nikopolis were completed, an area that belongs by 80% to the Municipality of Stavroupoli and by 20% to the Municipalities of Polichni and Evosmos. Moreover, the external ramifications have been constructed all the way to the valves for each building. Within 2011 certain issues are expected to be settled, issues deriving from the prior state of water supply, so that the Company can immediately proceed with the water supply of the area.

**GROUP AND COMPANY ACTIVITY IN THE FIELD OF RESEARCH AND DEVELOPMENT**
The Group in the current fiscal period realized research and development expenses of € 609 in total, which regarded the development of new products.

**SAFETY, ENVIRONMENT AND STAFF TRAINING**
Workplace safety, the protection of the environment, the peaceful co existence with the local community and the continual training of staff, remain as primary goals of the Company, directly related to the Company operation.

**COMPANY BRANCHES**
The Company in the current fiscal period, just as in the previous one, did not keep any branches through which to perform its business activity.

**OWN STOCKS OWNED BY THE GROUP AND THE COMPANY**

At the ending of the current fiscal period there were no shares of the parent company owned by the Company itself or by any other company included in the integration.

## RISKS

### Risks regarding the field the Group is active in

With regard to the possibility of a future free market, in relation to European law and the possible consequences such a thing would have on the company, it is mentioned that due to the nature of the existing infrastructure ( mainly underground networks and tanks), the water supply and sewerage systems field is a fine example of a natural monopoly, where it would be extremely difficult to develop alternative networks, and to create competition where consumers could choose their own suppliers of processed water (drinking water).

It is also noted that in the total of European Union countries, as well as in the rest of the world, water supply and sewerage systems services are provided by private or state companies (or Local Authorities) without the possibility of competition within the specific geographical limits where such companies are to provide their services.

The very specific characteristics of the field of water supply and sewerage systems (which distinct the specific field of Public Utility), are recognized by the European Union and up to today there has not been any issue regarding the abolishing of the monopoly of the field and development of competition, as for example there has been in the field of telecommunications services.

Therefore, we consider that there is no such possibility in the foreseeable future at least for the development of competition in the specific field. The only case for which, a possible, future European Union legislation could impose some form of competition is, if it demands, that the selection of a provider of services for water supply and sewerage systems will take place only after an open bid, so that the element of competition can be achieved through these means and not to a level of service supply but to a level of selecting the legal entity who would manage the existing water supply and sewerage systems networks to supply services to consumers.

**Factors of financing risks**

The main financing tools of the Group are cash, bank deposits, commercial and other claims and liabilities and bank loans. The Group's Management regularly examines and reviews the relevant policies and procedures regarding the management of the financial risks, such as the credit risk and the flow risk, which are described below:

**Market Risk**

*(i) Exchange Risk*

The Group does not face any exchange risks as during the ending fiscal period it had not performed any transactions in foreign currency and the total of its assets and liabilities was in Euros.

*(ii) Price Risk*

Regarding the price risk the Group is not exposed to a significant risk of fluctuation of the variables which determine revenues and cost. The invoicing policy of EYATH S.A has been determined for the time period from the 1/1/2007 until the 31/12/2011 for water supply and sewerage services, providing for an average increase of approximately 4%.

*(iii) Cash flows and risk of reasonable value interest*

The Group faces no interest risk as its loans are on fixed interest rate.

On the contrary, the Group faces limited interest rate risk in the sigh deposits and therefore, income and operational cash flows are up to a point dependent on the changes in the interest rate market.

The Management continually monitors the fluctuations in interest rates and evaluates the duration and type of sight deposits accordingly per case.

**Credit Risk**

Credit risk is managed on Group basis. Credit risk derives from cash flows and bank deposits, as well as from credit reports to clients including important claims and performed transactions.

The Group has a clear credit policy which is thoroughly applied. Moreover, it has a large number of clients and therefore the wide disperse of its customer base contributes to a low credit risk in relation to the claims. The Group's management continuously tracks the financing state of its customers, the size and the limits of the given credit. At the end of the fiscal period, the Management deemed that there is no significant credit risk that would not be covered by a provision of doubtful debt. The maximum exposure to credit risk can be reflected by the height of each element of the assets.

**Liquidity Risk**

Liquidity risk is kept at low levels through the availability of adequate cash flow.

## IMPORTANT TRANSACTIONS BETWEEN THE COMPANY AND ASSOCIATED PERSONS

The Group and the Company consider as associated persons the members of the Board of Directors, the Executive Members and the stockholders holding a percentage larger than the 5% of its capital stock (including their associated persons). The transactions and the balances of the associated persons of the Group and the Company, for the fiscal period 1/1 – 31/12/2010 and the 31st of December 2010 respectively, are analyzed in the below board:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| Amounts in thousands of Euros | **1/1-31/12/2010** | **1/1-31/12/2009** | **1/1-31/12/2010** | **1/1-31/12/2009** |
| Revenues | 0 | 0 | 66 | 4 |
| Expenses | 0 | 0 | 791 | 550 |
| Transactions and fees of executive members and managerial members | 823 | 937 | 811 | 807 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| Amounts in thousands of Euros | **31/12/2010** | **31/12/2009** | **31/12/2010** | **31/12/2009** |
| Claims | 0 | 0 | 28 | 6 |
| Liabilities | 0 | 0 | 37 | 27 |
| Claims from executive members and managerial members | 13 | 9 | 13 | 9 |
| Liabilities towards executive members and managerial members | 9 | 25 | 6 | 16 |

**COMPANY CAPITAL STOCK STRUCTURE**

The Company capital stock is forty million six hundred fifty six thousand Euros (€ 40.656.000) divided into thirty six million three hundred thousand (36.300.000) common bearer shares with a voting right, of nominal value one Euro twelve cents (€ 1,12) each.

The Company shares are introduced for negotiation in the Athens Stock Exchange (Category: High Capitalization). Shareholder rights deriving from shares depend on the percentage of the capital to which the paid share value responds.

Each share offers all rights in accordance with relative Laws and the Company statute, in particular:

- The right to a dividend cut on Company yearly earnings.

A percentage of 35% on the net earnings after deducting the regular reserves only is distributed each fiscal year to the shareholders as first dividend unless otherwise directed by the General Meeting, while an additional dividend is also decided on likewise by the General Meeting. For the 2010 dividend a 0,114 €/share is suggested so as to avoid likely cash flow issues due to the large investment program the Company is currently employing. Every shareholder is entitled to a dividend cut on the date of dividend beneficiary determination. The dividend cut for each share is paid to the shareholder within two (2) months from the date the Regular General Meeting approved the Yearly Financial Statements. The when and how the dividend is paid is announced in the press. The right to the dividend is erased and the respective amount is transferred to the Greek state after five years from the ending of the fiscal year in which the dividend cut was approved by the General Meeting.

- The right to withdraw the contribution during the settlement or respectively the amortization of the capital that responds to the share if so decided by the General Meeting.
- The preference right in each capital stock increase by the Company in cash payment and the acquisition of new shares.
- The right to receive a copy of the Financial Statements and the Chartered Auditors' Reports and the Board of Directors' Report.
- The right to participate in the General Meeting, in particular in the following rights: legalization, presence, participation in discussions, suggestion submissions on daily agenda issues, registration of views in the records and voting rights.
- The General Meeting of Company Shareholders maintains all its rights during the settlement.

Shareholders accountability is limited to the Nominal value of the owned shares.

**LIMITATIONS ON TRANSFER OF COMPANY SHARES**

The transfer of shares is carried out in accordance with Law 2190/1920 article 8b and there are no limitations regarding the transfer of shares in the statute. The shares are bearer shares introduced in the Athens Stock Exchange. In addition, article 18, par.8, L. 2937/2001 (GN 169/26-7-2001) provides that *«the Greek State may make shares available to investors up to a percentage of 49% of the occasional capital stock of the Company»*.

**IMPORTANT DIRECT OR INDIRECT PARTICIPATIONS, UNDER THE PROVISIONS OF ARTICLE 9 TO 11, L.3556/2007.**

Stockholders with a percentage larger than 2 % on the 31/12/2010 were the following:

| STOCKHOLDER | NUMBER OF STOCKS OWNED | PARTICIPATION PERCENTAGE ON THE 31/12/2010 |
|---|---|---|
| Greek State | 26.868.000 | 74,02% |
| SUEZ ENVIRONMENT | 1.936.504 | 5,46% |
| Other Stockholders with a participation percentage lower than 2,0 % | 7.495.496 | 20,52% |
| **TOTAL** | **36.300.000** | **100,00%** |

**OWNERS OF ANY KIND OF SHARES OFFERING SPECIAL CONTROL RIGHTS**

There are no Company shares that offer owners any special control rights.

**LIMITATIONS ON VOTING RIGHTS – DEADLINE FOR PRACTISING THE RELEVANT RIGHTS**

The Company statute does not provide limitations on the voting rights that derive from its shares.

**AGREEMENTS AMONG COMPANY SHAREHOLDERS**

The Company is not aware of the existence of agreements between shareholders, which would conclude in limitations in the transfer of shares or the practicing of voting rights which derive from the shares.

**RULES REGARDING THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND STATUTE AMENDMENTS**

The rules provided in the Company statute for the appointment and replacement of members of the Board of Directors and the amendment of the statute provisions do not differ than what is mentioned in E.L. 2190/1920.

**COMPETENCY OF THE BOARD OF DIRECTORS OR OF CERTAIN MEMBERS FOR THE ISSUANCE OF NEW SHARES OR THE PURCHASE OF OWN SHARES**

According to article 5 of the Company statute, by a General Meeting decision of a two thirds (2/3) majority at least, subject to article 7b E.L. 2190/1920 as valid, may give the BoD the right to increase capital stock fully or partially, by issuing new stocks up until the amount of capital paid at the date the BoD received the respective competency. For the purchase of own shares, the Board of Directors competency does not differ than what is mentioned in article 16 E.L.2190/1920. There is no opposing provision in the Company statute.

**EACH IMPORTANT AGREEMENT THE COMPANY HAS SIGNED, THAT COMES INTO EFFECT, IS AMENDED OR EXPIRES IN CASE OF CHANGE IN COMPANY CONTROL FOLLOWING A PUBLIC MOTION**

There are no agreements that become valid, are amended or expire in the case of a change in the control of the Company following a public motion.

**EACH AGREEMENT THE COMPANY HAS SIGNED WITH MEMBERS OF THE BOARD OF DIRECTORS OR ITS STAFF, WHICH PROVIDES FOR COMPENSATION IN CASE OF RESIGNATION, REDUNDANCY WITHOUT PLAUSIBLE CAUSE OR EXPIRATION OF TERM OR EMPLOYMENT DUE TO A PUBLIC MOTION**

There are no Company agreements with members of the Board of Directors or its staff, which provide for the payment of compensation particularly in case of resignation or redundancy without plausible cause or termination of term or employment due to a public motion.

**DIVIDEND POLICY**

Given the prosperity of the Company, the Company Management has suggested a dividend cut of € 0,114 per share. In particular, the Dividend is suggested at € 4.138 for the fiscal year 2010, which regards a percentage of 35% of net earnings after deducting only the regular reserves in accordance with the current law, against € 4.828 in the previous fiscal year 2009, for the total of the 36.300.000 bearer shares.

## COMPANY MANAGEMENT STATEMENT

### I. Company Management Principles

With the present statement, the Company, following the provisions of paragraph 3d, article 43a of E.L. 2190/20, announces that the Company Management Code is applied for the introduced companies of the Association of Business and Industries (SEV), as published in January 2011 which can be found in the respective SEV webpage www.sev.org.gr.

The Company Management Principles followed have been incorporated in the Company's Internal Regulation of Operation, which is available to the public in written form at the company main offices.

The Company generally applies the company management principles in accordance with the Company Management Code of SEV and has not proceeded with any company management practices besides those provided for by relevant laws. Any likely deviations from the code, whose applications are currently examined, are explained below.

### II. Main characteristics of the Internal Control and Risk Management in relation to the procedure for drawing up the financial statements

The Company has adopted and applies procedures and policies in the total of its Managements, which are described in the Company Regulation of Operation, which are in essence safety valves, so as to ensure the correct depiction of the financial state and performance by the yearly report and the intermediate financial statements regarding:

- The identification and evaluation of existing risks with regards to the credibility of the financial statements.
- The managerial planning and monitoring with regards to financial figures.
- The prevention and disclosure of fraud.
- The determined responsibilities of members with regards to payment, collection and safety of Company assets procedures.
- The closing of the fiscal year procedures as well as those of drawing up the company and consolidated financial statements.
- The assurance of integrity and precision of the offered financial data from Company computer systems.

In particular, regarding risk management, a detailed report is included in the main body of the Board of Directors' Report.

### III. Manner of Operation and General Shareholders Meeting, basic authorities, as well as description of shareholder rights and the way in which these rights can be practiced.

#### a) Manner of operation and General Shareholders Meeting authorities

The manner of operation of the General Shareholders Meeting and their authorities, as well as the shareholders rights and the way in which these rights can be practiced, are included in detail in articles 27 to 38 of the Company statute, which is available to the public in written form at the Company main offices.

The General Shareholders Meeting according to the statute is the highest instrument of management, that decides on every Company case and the General Meeting's legal decisions bind all shareholders.

The General Shareholders Meeting is assembled by the Board of Directors regularly at a time and place determined by the Board of Directors, within the first semester since the ending of each fiscal year.

The assembly of the General Meeting is called at least twenty days prior to the actual realization, by invitation which clearly mentions the time and place of the meeting, the daily agenda and the procedure required so that shareholders can have participation and voting rights.

The General Meeting assembles and is considered in quorum if 1/5 of the total capital stock is represented except for cases where an increased quorum of 2/3 of the total capital stock is required in accordance with the statute.

Shareholders, who participate in the General Meeting and have voting rights, elect a Chairman and Secretary. Daily agenda issues are then discussed and decisions are made on these issues by absolute majority.

Records are kept on the issues discussed and decided on, signed by the Chairman and the Secretary of the meeting.

The General Meeting is solely competent to decide on the below issues:

a) The extension, change, merging or dissolution of the company

b) The amendment of the statute after the permission of the Capital Market Committee

c) The increase or decrease of capital stock

d) The election of members of the BoD, the chartered auditors and evaluators

e) The approval of the yearly financial statements

f) The distribution of earnings

**b) SHAREHOLDERS' RIGHTS**

Shareholders rights as well as the rights of holders of minority shares are mentioned in the aforementioned articles of the statute.

Company shareholders rights which derive from company shares are in proportion with the percentage of capital to which the paid value of the share responds. Each share offers all rights in accordance with E.L.2190/1920, as current and amended, and the company statute. In particular:

- The right to a dividend cut on Company yearly earnings. A percentage of 35% on the net earnings after deducting the regular reserves only is distributed each fiscal year to the shareholders as a dividend cut, while an additional cut is decided on in the General Meeting. Every shareholder, who is registered in the Company shareholder records, is entitled to a dividend cut on the date of dividend beneficiary determination. The dividend cut for each share is paid to the shareholder within two (2) months from the date the Regular General Meeting approved the Yearly Financial Statements. The when and how the dividend is paid are announced in the press. The right to the dividend is erased and the respective amount is transferred to the Greek state after five years from the ending of the fiscal year in which the dividend cut was approved by the General Meeting
- The preference right in each capital stock increase by the Company in cash payment and the acquisition of new shares
- The right to receive a copy of the Financial Statements and the Chartered Auditors' Reports and the Board of Directors' Report.
- The right to participate in the General Meeting, in particular in the following rights: legalization, presence, participation in discussions, suggestion submissions on daily agenda issues, registration of views in the records and voting rights
- The right to withdraw the contribution during the settlement or respectively the amortization of the capital that responds to the share if so decided by the General Meeting

- The General Meeting of Company Shareholders maintains all its rights during the settlement

Shareholders accountability is limited to the Nominal value of the owned shares.

**IV. Composition and operation of the Board of Directors and other managerial, administrative or supervising bodies or committees.**

a) Composition and operation of the Board of Directors

The Composition and operation of the Company Board of Directors are included in detail in articles 12 to 25 of the statute, as well as the internal regulation of the Company which is available to the public in printed form a the Company main offices. Up until the drawing up of the present statement, there is no committee for the selection of candidacy.

The Board of Directors which governs the Company today was elected by the Special General Meeting of shareholders on the 10th of December 2009, for a five year term, which expires on the 10th of December 2014 and is composed of the following 11 members:

1. Konstantinos Kamakas, Chairman of the BoD, executive member
2. Nikolaos Papadakis, Managing Director, executive member
3. Dimitrios Asvestas, Vice Chairman, executive member
4. Apostolos Tsolakis, Vice Chairman, executive member
5. Dimitrios Zakalkas, non executive member
6. Thomas Algianakoglou, non executive member
7. Christos Koutrakis, non executive member
8. Savvas Ladopoulos, Independent non executive member
9. Thomas Siampiris, Independent non executive member
10. Georgios Archontopoulos, non executive member
11. Dimitrios Vassiliadis, non executive member

b) Independence of the BoD members

The two independent members of the Board of Directors meet all the requirements of the Code regarding dependence relationships.

c) Board of Directors Meetings

During the fiscal year, 1.1.2010 – 31.12.2010, the Board of Directors assembled in 33 meetings in which all the above mentioned members of the Board of Directors participated either in person or by a legal representative.

d) Committees of the Board of Directors

Control Committee

According to the internal regulation of the Company, a Control Committee operates in the Board of Directors, composed of the non executive members of the BoD, Thomas Algianakoglou and Dimitrios Zakalkas and the independent non executive member of the BoD Thomas Siampiris,

On the regular meetings of the above mentioned committee, realized during the fiscal period 1.1.2010 – 31.12.2010, in which all above mentioned members participated in person, and during which they dealt with the following issues: i) the monitoring of the financial informing process for the fiscal year 2009 and of the 1st and 3rd trimester and 1st semester of 2010, ii) the monitoring of the effective operation of the internal control system and the risk management system, as well as the monitoring of the proper operation of the Director of the company

Internal Control Service, Mr. Ioannis Kasioulas, iii) the monitoring of the course of mandatory audits of the respective financial statements by the chartered auditors Ioannis Kalogeropoulos (C.A Reg. No. 0741) and Evangelos Pagonis (C.A Reg. No. 14211) iv) the review and monitoring of issues regarding the presence and maintenance of the objectivity and independence of the above mentioned Chartered Auditors and the familiar auditing company BAKER TILLY HELLAS, regarding in particular the supply of other services as well to the Company.

**e) Evaluation and payment of the members of the Board of Directors**

Up until the drawing up of the present statement there is no payment committee and no evaluation procedures for the Board of Directors and its Committees.

The evaluation of the members of the BoD and the determination of their salaries as well as the salary of the Managing Director is performed by the General Meeting.

The members of the Board of Directors do not receive additional payment from the Company, with the exception of the Managing Director and the two non executive members of the BoD who represent employees.

**f) Management and Company members' behavior**

All Management and Company members are obliged to fully abide by the Ethics and Professional Behavior Regulation of the Company, which is included in the Company Internal Regulation of Operation.

Thessaloniki, 29th of March 2011

For the Board of Directors

| | | |
|---|---|---|
| Konstantinos Kamakas | Nikolaos Papadakis | Dimitrios Asvestas |
| Chairman of the BoD<br>I.D Card No: AA 942423 | Managing Director<br>I.D Card No: AZ 187068 | Vice Chairman of the BoD.<br>I.D Card No: Λ 184072 |

## AUDITORS' REPORT

**To the stockholders of the company**

**"WATER SUPPLY & SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A."**

**Notes on the Financial Statements**

We have audited the attached Financial Statements of the company "WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI S.A." (the "Company"), that consist of the balance-sheet of December 31st 2010, and the statements of results, adjustments of owner's funds and cash flows of the fiscal year that expired on this date, as well as summary of the significant accounting policies and other explanatory notes. **Responsibility of the Management for the Financial Statements**

The management of the Company is liable to draw up and present in a plausible way these Financial Statements, in compliance with the International Financial Information Standards, as they have been adopted by the European Union. This responsibility includes the planning, implementation and maintenance of the internal control system with regard to the drawing up and the rational presentation of Financial Statements, without any significant inaccuracies due to fraud or error.

**Auditors' Responsibility**

Our own responsibility is the formulation of an opinion on these Financial Statements, based on our audit. We perform the audit according to the Greek Accounting Standards that are harmonised with the International Accounting Standards. These Standards require our conformity with the rules of ethics and the planning and performance of our audit, aiming at the reasonable guarantee that the Financial Statements do not exhibit any significant inaccuracies. The audit includes the performance of processes for the collection of auditing evidence, with regard to the sums and the data included in the financial statements. The processes are selected according to the opinion of the auditor and include the risk estimation of any significant inaccuracy in the financial statements due to fraud or error. For the estimation of such risk, the auditor takes into consideration the internal control system with regard to the drawing up and rational presentation of the financial statements, aiming at the planning of the auditing processes of the financial statements and not for the formulation of an opinion on the effectiveness of the internal control system of the Company.

This audit also includes the evaluation of the appropriateness of the accounting policies applied and reasonability of the estimations made by the management, as well as evaluation of the overall presentation of the financial statements. We believe that the auditing evidence that we have collected have been sufficient and suitable for the formulation of our opinion.

**Opinion**

According to our opinion, the attached Financial Statements reasonably present, on all essential aspects, the financial situation of the Company on December 31st 2010, its financial performance and its Cash Flows for the fiscal year that expired on this date, according to the International Financial Information Standards, as they were adopted by the European Union.

**Report on other legal and normative issues**

a) In the Management report of the BoD a company management statement is included which offers the informative data required in accordance with paragraph 3d article 43 of C.L 2190/1920.

b) We have verified the agreement and correspondence of the contents of this report by the Board of Directors to the attached company consolidated financial statements in the frame of what is determined in articles 43a, 107 and 37 of E.L 2190/1920.

Athens, the 29th of March 2011

The Chartered Auditors

**Ioannis B. Kalogeropoulos**

Chartered Auditors Reg. No: 10741

**Evangelos N. Pagonis**

Chartered Auditors Reg. No: 14211

BAKER TILLY HELLAS

Chartered Auditors S.A.

396, Mesogeion Ave. , Aghia Paraskevi

Chartered Auditors Reg. No : 148

## Balance Sheet

| **BALANCE SHEET** | | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|---|
| **ASSETS** | **Note** | **31/12/2010** | **31/12/2009** | **31/12/2010** | **31/12/2009** |
| **Fixed Assets** | | | | | |
| Tangible assets | 7 | 91.255 | 90.465 | 91.255 | 90.463 |
| Intangible assets | 8 | 112 | 143 | 111 | 142 |
| Participations in subsidiaries | 9 | 0 | 0 | 60 | 60 |
| Deferred Tax Liabilities | 26 | 577 | 0 | | |
| Other Long term liabilities | 10 | 366 | 365 | 366 | 365 |
| ***Fixed assets total*** | | ***92.310*** | ***90.972*** | ***92.368*** | ***91.030*** |
| **Current Assets** | | | | | |
| Reserves | 11 | 2.247 | 1.867 | 2.247 | 1.867 |
| Customers and other claims | 12 | 58.621 | 49.944 | 58.581 | 49.916 |
| Cash and cash reserves | 13 | 14.364 | 15.166 | 14.134 | 14.943 |
| ***Total current assets*** | | ***75.232*** | ***66.978*** | ***74.962*** | ***66.727*** |
| **ASSETS TOTAL** | | **167.542** | **157.950** | **167.330** | **157.757** |
| **EQUITY CAPITAL** | | | | | |
| Capital Stock and Reserves | 14 | 40.656 | 40.656 | 40.656 | 40.656 |
| Difference from issuance of stocks above par | 14 | 2.830 | 2.830 | 2.830 | 2.830 |
| Reserve Funds | 15 | 26.574 | 25.950 | 26.568 | 25.946 |
| New balance | | 38.136 | 31.186 | 38.099 | 31.117 |
| **Total of Group equity capital** | | **108.196** | **100.622** | **108.153** | **100.550** |
| Third party rights | | 0 | 0 | 0 | 0 |
| **Equity capital total** | | **108.196** | **100.622** | **108.153** | **100.550** |
| **LIABILITIES** | | | | | |
| **Long term liabilities** | | | | | |
| Loans-long term | 16 | 619 | 1.240 | 619 | 1.240 |

| | | | | | |
|---|---|---|---|---|---|
| Provisions for supplies to employees | 17 | 4.573 | 5.544 | 4.573 | 5.544 |
| Deferred tax liabilities | 26 | 0 | 378 | 0 | 378 |
| Provision for potential risks and expenses | 18 | 2.869 | 4.515 | 2.869 | 4.515 |
| Future revenues from government grants | 19 | 4.713 | 4.747 | 4.713 | 4.747 |
| Other long term liabilities | 20 | 12.133 | 11.551 | 12.133 | 11.551 |
| ***Total of long term liabilities*** | | ***24.907*** | ***27.976*** | ***24.907*** | ***27.976*** |
| **Short term liabilities** | | | | | |
| Suppliers and other liabilities | 21 | 24.534 | 21.229 | 24.380 | 21.138 |
| Loans | 16 | 621 | 689 | 621 | 689 |
| Short term tax liabilities | 22 | 9.284 | 7.434 | 9.269 | 7.404 |
| ***Total of short term liabilities*** | | ***34.438*** | ***29.352*** | ***34.271*** | ***29.231*** |
| Total liabilities | | **59.345** | **57.328** | **59.178** | **57.207** |
| **EQUITY CAPITAL AND LIABILITIES TOTAL** | | **167.542** | **157.950** | **167.330** | **157.757** |

The notifications on pages 23 to 60 are an indispensable part of these financial statements

## Results Statement

| | Note | THE GROUP 1/1-31/12/2010 | THE GROUP 1/1-31/12/2009 | THE COMPANY 1/1-31/12/2010 | THE COMPANY 1/1-31/12/2009 |
|---|---|---|---|---|---|
| **RESULTS STATEMENT** | | | | | |
| Sales | | 71.182 | 77.376 | 71.182 | 77.376 |
| Less: Cost of sales | 23 | (44.878) | (47.054) | (44.242) | (46.596) |
| Gross profit | | 26.304 | 30.322 | 26.940 | 30.780 |
| Other exploitation revenues | 24 | 3.406 | 4.748 | 3.360 | 4.553 |
| | | 29.710 | 35.069 | 30.300 | 35.333 |
| Distribution operation expenses | 23 | (3.081) | (5.745) | (3.872) | (6.294) |
| Managerial operation expenses | 23 | (5.249) | (7.489) | (5.108) | (7.287) |
| Research and Development operation expenses | 23 | (541) | (314) | (541) | (314) |
| Other operational expenses | 24 | (1.826) | (962) | (1.823) | (960) |
| **Operational results** | | **19.013** | **20.561** | **18.957** | **20.477** |
| Cost of funding | 25 | 1.865 | 1.533 | 1.864 | 1.531 |
| Results of common works | | 20.878 | 22.093 | 20.821 | 22.008 |
| Revenues from investments | | 0 | 0 | 66 | 4 |
| Pre-taxes results | | 20.878 | 22.093 | 20.887 | 22.012 |
| Income tax | 26 | (8.475) | (7.703) | (8.456) | (7.682) |
| **After taxes results** | | **12.402** | **14.390** | **12.431** | **14.331** |
| **Distributed to :** | | | | | |
| Parent Company Owner | | 12.402 | 14.390 | 12.431 | 14.331 |
| Third party rights | | 0 | 0 | 0 | 0 |
| **Other total revenues after taxes** | | **0** | **0** | **0** | **0** |
| **Accumulated total revenues after taxes** | | **12.402** | **14.390** | **12.431** | **14.331** |
| **Distributed to :** | | | | | |
| Parent Company Owner | | 12.402 | 14.390 | 12.431 | 14.331 |

| | | | | | |
|---|---|---|---|---|---|
| Third party rights | | 0 | 0 | 0 | 0 |
| **Earnings per stock (€ per stock)** | 27 | **0.3417** | **0.3964** | **0.3423** | **0.3948** |
| Basics | | | | | |

The notifications on pages 23 to 60 are an indispensable part of these financial statements

# Equity Capital Changes Statement

**GROUP EQUITY CAPITAL CHANGES STATEMENT**

| | Capital Stock | Above par difference | Regular reserves | Other reserves | New balance | Total |
|---|---|---|---|---|---|---|
| **Balances on the 01.01.2010 according to the ISFI** | **40.656** | **2.830** | **6.036** | **19.914** | **31.186** | **100.622** |
| Accumulated total revenues after taxes 1/1-31/12/2010 | 0 | 0 | 624 | 0 | 11.779 | **12.402** |
| Paid Dividends | 0 | 0 | 0 | 0 | (4.828) | (4.828) |
| **Balances on the 31.12.2010 according to the ISFI** | **40.656** | **2.830** | **6.660** | **19.914** | **38.137** | **108.196** |
| **Balances on the 01.01.2009 according to the ISFI** | **40.656** | **2.830** | **5.316** | **19.914** | **22.598** | **91.314** |
| Accumulated total revenues after taxes 1/1-31/12/2009 | 0 | 0 | 720 | 0 | 13.670 | **14.390** |
| Paid Dividends | 0 | 0 | 0 | 0 | (5.082) | **(5.082)** |
| **Balances on the 31.12.2009 according to the ISFI** | **40.656** | **2.830** | **6.036** | **19.914** | **31.186** | **100.622** |

**COMPANY EQUITY CAPITAL CHANGES STATEMENT**

| | Capital Stock | Above par difference | Regular reserves | Tax law reserves | New balance | Total |
|---|---|---|---|---|---|---|
| **Balances on the 01.01.2010 according to the ISFI** | **40.656** | **2.830** | **6.032** | **19.914** | **31.117** | **100.550** |
| Accumulated total revenues after taxes 1/1-31/12/2010 | 0 | 0 | 622 | 0 | 11.810 | *12.431* |
| Paid Dividends | 0 | 0 | 0 | 0 | (4.828) | (4.828) |
| **Balances on the 31.12.2010 according to the ISFI** | **40.656** | **2.830** | **6.653** | **19.914** | **38.099** | **108.153** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Balances on the 01.01.2009 according to the ISFI** | **40.656** | **2.830** | **5.315** | **19.914** | **22.585** | **91.301** |
| Accumulated total revenues after taxes 1/1-31/12/2009 | 0 | 0 | 717 | 0 | 13.614 | 14.331 |
| Paid Dividends | 0 | 0 | 0 | 0 | (5.082) | (5.082) |
| **Balances on the 31.12.2009 according to the ISFI** | **40.656** | **2.830** | **6.032** | **19.914** | **31.117** | **100.550** |

The notifications on pages 23 to 60 are an indispensable part of these financial statements

| CASH FLOW STATEMENT DATA | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 1/1-31/12/2010 | 1/1-31/12/2009 | 1/1-31/12/2010 | 1/1-31/12/2009 |
| **Cash flows from operational activities:** | | | | |
| Profit / (Loss) pre tax ( continuing activity) | 20.878 | 22.093 | 20.887 | 22.012 |
| **Plus (less) adjustments for:** | | | | |
| Depreciations | 6.155 | 6.520 | 6.154 | 6.520 |
| Depreciations of fixed assets investment grants | (338) | (998) | (338) | (998) |
| Provisions | 224 | 2.926 | 224 | 2.926 |
| Results (revenues, expenses, earnings and loss) from investment activity | 0 | 0 | 0 | 0 |
| Participation expenses | 0 | 0 | (66) | (4) |
| Interests and relevant expenses | (1.865) | (1.553) | (1.864) | (1.531) |
| | **25.053** | **29.009** | **24.997** | **28.925** |
| Decrease / (increase) of reserves | (21) | (355) | (21) | (355) |
| Decrease / (increase) of claims and other liabilities | (9.967) | (5.591) | (9.890) | (5.675) |
| Decrease / (increase) of claims and liabilities (except banks) | 3.873 | (1.185) | 3.812 | (1.056) |
| Decrease / (increase) of long term claims | (1) | (4) | (1) | (4) |
| (Less): | | | | |
| Interests and other relevant paid expenses | (65) | (113) | (65) | (112) |
| Paid taxes | (9.473) | (7.758) | (9.440) | (7.751) |
| **Total of inflows / (outflows) from operational activities (a)** | **9.398** | **14.002** | **9.392** | **13.972** |
| **Cash flows from investment activities:** | | | | |
| Purchase of tangible fixed assets | (6.897) | (7.912) | (6.897) | (7.912) |
| Purchase of intangible fixed assets | (16) | (33) | (16) | (33) |
| Received dividends | - | - | - | - |
| Received interests | 1.930 | 1.645 | 1.929 | 1.643 |
| **Total of inflows / (outflows) from investment activities (b)** | **(4.984)** | **(6.300)** | **(4.984)** | **(6.300)** |

**Cash flows form financing activities:**

| | | | | |
|---|---|---|---|---|
| Loan repayments | (689) | (1.181) | (689) | (1.181) |
| Collections from grants | 303 | 298 | 303 | 298 |
| Paid dividends | (4.832) | (4.580) | (4.832) | (4.580) |
| **Total of inflows / (outflows) from financing activities (c)** | **(5.217)** | **(5.462)** | **(5.217)** | **(5.462)** |
| **Net increase / (decrease) in cash flows and equivalents of fiscal periods (a)+(b)+(c)** | **(802)** | **2.242** | **(809)** | **2.209** |
| Cash flows and equivalents of beginning of fiscal period | 15.166 | 12.924 | 14.943 | 12.735 |
| **Cash flows and equivalents of ending of fiscal period** | **14.364** | **15.166** | **14.134** | **14.943** |

The notifications on pages 23 to 60 are an indispensable part of these financial statements

# NOTES ON THE FINANCIAL STATEMENT

## 1. GENERAL INFORMATION ON THE GROUP AND THE COMPANY

**«THE WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A. »** under the trade name E.Y.A.TH. S.A (or the Company) supplies water supply and sewerage services. Also, the Group, through the subsidiary company «EYATH Services S.A», aims to provide services besides those of the parent company, and any kind of telecommunication services and to become active in the production and sale of electricity.

Board of Directors:

12. Konstantinos Kamakas, Chairman of the BoD, executive member
13. Nikolaos Papadakis, Managing Director, executive member
14. Dimitrios Asvestas, Vice Chairman, executive member
15. Apostolos Tsolakis, Vice Chairman, executive member
16. Dimitrios Zakalkas, non executive member
17. Thomas Algianakoglou, non executive member
18. Christos Koutrakis, non executive member
19. Savvas Ladopoulos, Independent non executive member
20. Thomas Siampiris, Independent non executive member
21. Georgios Archontopoulos, non executive member
22. Dimitrios Vassiliadis, non executive member

Seat: 127 Egnatia Street
54 635, Thessaloniki
Greece

Joint Stock Companies

Reg. No.: 41913/ 06/ B/ 98/ 32

Auditing Company: BAKER TILLY HELLAS S.A
396 Mesogeion Avenue
15 341 Aghia Paraskevi
Athens, Greece

The Company shares negotiate in the High Capitalization Category of the Athens Stock Exchange.

## 2. Base for drawing up Financial Statements

### 2.1 Framework for the drafting of the financial statements

The present financial statements have been drafted according to the International Standards for Financial Informing (ISFI), including the International Accounting Standards (IAS) and interpretations as issued by the Board for the International Accounting Standards, adopted by the European Union up until the 31st of December 2010.

The basic accounting principles applied in drawing up the financial statements for the fiscal year that ended on the 31st of December 2010, are the same as those applied in drawing up the financial statements for the fiscal year that ended on the 31st of December 2009 and are described in those statements. When deemed necessary, the comparative data have been re classified so as to agree with any likely changes in the presentation of the data of the present fiscal period. Any differences likely to occur between funds in the financial statements and the respective funds in the notes are due to roundings of funds.

The financial statements have been drawn up based on the principle of historical cost as announced in the below accounting principles the company follows.

The drawing up of the financial statements in accordance with the ISFI's requires that certain evaluations and acceptances be adopted. It also requires that Management exercises good judgment when applying the accounting principles of the Company. The areas more likely to call for a higher degree of judgment or complexity, or the areas where assessments and evaluations are important in the financial statements, are mentioned below in note 5.

### 2.2 New standards, interpretations and alteration of standards

Particular new standards, alterations thereof and interpretations have been issued, which are mandatory for the accounting fiscal periods beginning during the current fiscal period or later. The group's estimation regarding the effect from the application of these new standards and interpretations are listed below.

<u>Mandatory standards for the current fiscal period</u>

**Reviewed ISFI 3 'Business Unions' and Altered IAS 27 'Integrated Special Financial Statements'**

The reviewed ISFI 3 introduces a series of changes in the accounting treatment of business unions which will affect the amount of recognized surcote, the results of the fiscal period in which the union takes place and future results. These changes include the turning of costs, which relate to the acquisition and identification of future changes in the reasonable value of the probable price, into expenses in the results. The altered IAS 27 requires transactions leading to changes of the participation percentages in a subsidiary to be registered in the net worth. All changes of the above standards will be applied starting on the date of their application and will affect future acquisitions and transactions with minority stockholders from that date on.

The reviewed standard changes the accounting management of losses by a subsidiary company as well as the loss of control of a subsidiary company. Moreover, the acquiring party has the option, in each business merging, to measure any likely non majority participation to the acquired party, either to fair value or the proportional percentage on the non majority participation, of the net identified assets of the acquired party. The Group applies these changes as of the 1st of January 2010.

**Alterations in the ISFI 2 'Supplies depending on Stock Value'**

This alteration aims to clarify the ISFI 2 field of application and the accounting management for fees that depend on share value and are settled in cash in the individual or consolidated financial statements of a financial entity receiving goods or services, when the financial entity has no obligation to repay the fees that depend on share value. The alteration does not affect the Group's financial statements.

**IAS 39 (Alteration) «Financing means: Identification and Measuring»**

This alteration clarifies the way in which, in certain cases, the principles that determine whether a weighed risk or part of the cash flows fall in the application field of accounting counter balancing. This alteration does not apply to the Group as the Group does not follow any accounting counter balancing in accordance with IAS 39.

**IIIFI 12 – Concession Agreements** (as adopted by the E.U, applied for yearly fiscal periods beginning on or after the 30th of March 2009)

The interpretation regards companies that participate in concession agreements. The interpretation does not apply to the Group.

**IIIFI 15 – Agreements for the construction of fixed assets** (as adopted by the E.U, applied for yearly fiscal periods beginning on or after the 1st of January 2010)

This interpretation applies to the existing various accounting ways regarding the sale of property. Certain financial entities identify the revenue according to the IAS 18 (that is, when risks and ownership benefits for property are transferred) and others identify the revenue depending on the completion stage of the property according to IAS11. This interpretation determines which standard should be applied in each case. This interpretation does not apply to the Group.

**IIIFI 16 – Balancing of a net investment from exploitation abroad** (as adopted by the E.U, applied for yearly fiscal periods beginning on or after the 1st of July 2009)

This interpretation applies to a financial entity that balances the risk of foreign currency deriving from a net investment from exploitation abroad and meets the terms of accounting balancing according to IAS 39. The interpretation offers directions on how a financial entity should determine the amounts reclassified by equity capital in the results as well as directions for the means of balancing and the balanced element. This interpretation does not apply to the Group, since the Group does not use the accounting practice of balancing for any investment from exploitation abroad.

**IIIFI 17- Distribution of non monetary assets to shareholders »** (as adopted by the E.U, applied for yearly accounting periods beginning on the or after the 1st of July 2009**)**

This interpretation provides guidance in the accounting management of the following non-reciprocal distributions of assets by the financial entity to the shareholders: a) distributions of non monetary assets and b) distributions which offer shareholders the option to receive either non monetary assets or cash. The interpretation is not expected to apply to the Group.

**IIIFI 18 Transfer of assets from clients** (in accordance with the E.U adopted standards, applied for accounting periods begin on or after the 1st of November 2009)

The interpretation clarifies the IIIFI requirements for agreements in which the financial entity receives a tangible asset from a client which must then be used to offer the client continuous access to goods or services. In certain cases, the financial entity receives cash from a client which must be used only to acquire or construct the tangible asset. The interpretation does not apply to the Group.

**Alterations in standards that comprise part of the annual improvements program of the IASC (International Accounting Standards Council) for 2009:**

The below alterations describe the most important changes in the ISFI's as a consequence of the results of the annual improvements program of the IASC published in April 2009. These alterations have not yet been adopted by the European Union. The below alterations apply for the current fiscal period. Moreover, unless otherwise mentioned, these alterations do not significantly affect the Group's financial statements.

**ISFI 2 (Alteration) «Supplies that Depend on Share Value»**

The alteration confirms that the contributions of a company for the establishment of a Joint Venture and the mutual inspection transactions are exempt from the ISFI 2 field of application

**ISFI 5 Non circulating assets owned for sale and interrupted activities**

This alteration clarifies required announcements regarding the non circulating assets that are classified as owned for sale or interrupted activities.

**ISFI 8 – Fields of activity**

This alteration offers clarifications on the publication of information regarding the field's assets.

**IAS 1 Presentation of Financial Statements**

This alteration offers clarification regarding the fact that a possible settlement of a liability with the issuance of participative titles is not related to the liability's classification as circulating or non circulating asset.

**IAS 7 Cash Flow Statements**

This alteration requires that only expenses that end up as an identified asset in the balance sheet can be classified as investment activity.

**IAS 17 Leases**

This alteration offers clarification regarding the classification of leases, fields and buildings as financing or operational leases.

• **IAS 18 Revenues**

This alteration offers additional guidance regarding the determination as to whether a financial entity acts as an agenting orderer or as an agent.

• **IAS 36 Depreciation of Assets Value**

This alteration clarifies that the largest unit of cash flow creation in which surcote must be allocated for depreciation control purposes is an operational field as determined by paragraph 5 of ISFI 8 ( that is, prior to gathering/adding the fields).

• **IAS 38 Intangible Assets**

These alterations clarify (a) claims in accordance with ISFI 3 (reviewed) regarding the accounting management of the intangible assets acquired during a business merging and (b) the description of the depreciation methods widely used by the financial entities during the allocation of fair value of the intangible assets acquired during a business merging that do not negotiate in active markets.

• **IAS 39 Financing means: Identification and Measuring**

The alterations mainly concern (a) clarification on dealing with penalties/fines from premature loan repayments as derivatives directly associated with the main contract, (b) the acquittal field for business merging contracts (c) clarifications that the profit/loss from the offsetting of cash flows of an anticipated transaction should be re classified by equity capital in the results of the fiscal period during which the offset anticipated cash flow affects the results.

• **IIIFI 9 Re evaluation of Incorporated Derivatives**

This alteration clarifies that the IIIFI 9 does not apply in a possible re evaluation, on the date of acquisition, of the incorporated derivatives in contracts acquired in a business merging regarding financial entities under joint control.

**• IIIFI 16 – Balancing of a net investment from exploitation abroad**

This interpretation mentions that to balance a net investment from exploitation abroad, proper balancing means may be owned by any financial entity within the Group, including the exploitation abroad itself, provided certain requirements are met.

***Standards and Interpretations mandatory for fiscal periods beginning on or after the 1st of January 2011***

**ISFI 9 «Financial means» (applied in the yearly accounting periods starting on or after the 1st of January 2013).**

The ISFI 9 is the first part of the first phase in the International Accounting Standards Council (IASC) effort to replace the IAS 39. The IASC intends to expand the ISFI 9 in 2010, so as to add new requirements for the classification and measurement of financial liabilities, the de-identification of financial means, the depreciation of value and the counter balanced accounting. According to the ISFI 9, all financial assets are initially measured in their fair value plus, in the case of an asset that is not in its fair value through the results, particular transaction costs. The later measurement of financial assets is performed either at the amortized cost or the fair value and depends on the business plan of the financial entity regarding the management of financial assets and the conventional cash flows of the financial asset. The ISFI 9 forbids re classifications except for rare cases where the business plans of the financial entity changes; in that case, the financial entity must later re classify the affected financial assets. According to the ISFI 9 principles, all investments in participative titles must be measured in fair value. However, the management has the option to present in other total revenues the realized and non realized fair value profit and loss of participative titles that are not owned for commercial exploitation. This determination is performed during the initial identification for each financial means separately and it cannot change. The fair value profit and loss are not transferred later to results, while the revenues from dividends shall continue to be identified in the results. The ISFI 9 abolishes the exception of measuring as cost any stocks that are not introduced in the stock market and the derivatives to non introduced stocks, but offers guidance regarding when the cost can be a representing estimate of fair value. The ISFI 9 has not yet been adopted by the European Union. The group is in the process of evaluating the affect of the ISFI9 in the financial statements. The ISFI 9 cannot apply the standard earlier as it has not yet been adopted by the European Union. Only when the standard is adopted will the Group decide whether or not to apply the standard earlier than the 1st of January 2013.

**IAS 12 (Alteration) «Income Tax» (applied on yearly accounting periods starting on or after the 1st of January 2012).**

The alteration of the IAS 12 offers a practical method for measuring the deferred tax liabilities and deferred tax assets when investment property is measured using the reasonable value method in accordance with IAS 40 «Investments on property». According to the IAS 12, the measuring of the deferred taxation depends on the manner by which the financial entity expects to recover the asset: by use or sale. Due to the difficulty and subjectivity in the determination of value recovering, the investment property is measured in reasonable value in accordance with IAS 40, the alteration of which suggests that the investment property shall be fully recovered by sale. This suggestion cannot stand if the property is amortized and is part of a business model with the aim to recover the financial benefits lying in the investment property by use and not by sale. This suggestion cannot stand as well, for sports fields that constitute investment property, since the value of sports fields can only be recovered by sale. This alteration has not yet been adopted by the European Union.

**IAS 24 (Alteration) Notifications of associated parties (applied on yearly accounting periods starting on or after the 1st of January 2011).**

The present alteration attempts to decrease the notifications of transactions among associated government related entities and to clarify the meaning of associated person. In particular, the government related entities' obligation to publish the details of all transaction with the state and other associated government entities is abolished; it also clarifies and simplifies the definition of 'associated person' and imposes the publication of not only the relationships, transactions and balances among associated parties but of their commitments in the individual as well as the consolidated financial statements. The Group will apply these alterations starting the day they are set in effect.

**IAS 32 (Alteration) Financing means: Presentation (applied for yearly accounting periods starting on or after the 1st of February 2010)**

The alteration in the IAS 32 offers explanations regarding how certain rights should be listed. In particular, rights, concession rights or share purchase rights for the acquisition of a specific number of own participative titles of the financial entity for a specific amount in any currency, are participative titles if the financial entity offers these rights, concession rights or share purchase rights proportionally to all stockholders of the same category of non productive, participative titles. The specific alteration is not expected to affect the Group's financial statements.

**ISFI 7 «Financing Means: Announcements» Transfers of financial assets** (to be applied for accounting periods beginning on or after the 1st of July 2011)

This review offers the announcements for transferred financial assets which have not been fully de indentified as well as the transferred assets fully identified but in which the Group remains involved. It also offers guidance on how to apply the required announcements. This alteration has not yet been adopted by the European Union.

**IIIFI 19 «Deletion of Financial Liabilities with participative titles»** (applied for yearly accounting periods beginning on the or after the 1st of July 2010)

Interpretation 19 regards the accounting management by a financial entity that issues participative titles to a creditor, in order to settle fully or in part, a financial liability. This interpretation does not apply to the Group.

**IIIFI 14 – (Alteration) Assets limits for defined benefits, minimum required formed capital and their interaction** (applied for fiscal periods beginning on/after the 1st of January 2011)

These alterations only apply in limited cases: when the financial entity is subject to a minimum required formed capital and proceeds with a premature payment of contributions to cover those claims. These alterations allow such a financial entity to deal with debt from such a premature payment as an asset. This interpretation does not apply to the Group.

**Alterations on standards that are part of the yearly improvement program for 2010 of the International Accounting Standards Council**

The below alterations describe the most important changes in the ISFI's as a direct consequence of the yearly improvement program of the IASC published in May 2010. The below alterations are not expected to significantly affect the Group's statements, unless otherwise mentioned, for yearly accounting periods beginning on or after the 1st of January 2011. Moreover, unless otherwise mentioned, these alterations are not expected to have significant effect on the Group's yearly financial statements. These alterations have not yet been adopted by the European Union.

**ISFI 3 (Alteration) «Business Mergings»**

**ISFI 3 Business Mergings»**

These alterations offer additional clarifications regarding: a**)** agreements of likely price deriving from business mergings with acquisition dates prior to the application of the ISFI 3 (2008), b) the measurement of a non majority participation and c) the accounting management of payment transactions that are based on share values and are part of a business merging, including rewards based on share values that have not been replaced or have been replaced voluntarily.

**ISFI 7 «Financing Means: Announcements»**

The reviews include multiple clarifications regarding the announcements of financing means.

**IAS 1 «Presentation of Financial Statements»**

This review clarifies that financial entities can present the analysis of the composing elements of other results either in the equity capital changes statement or in the notes.

**IAS 27 « Consolidated and Special Financial Statements»**

This review clarifies that the alterations of the IAS 21, IAS 28 and IAS 31 which result from the review of the IAS 27 (2008) must be applied in the future.

**IAS 34 «Intermediate Financial Informing»**

This review emphasizes on the notification principles that should be applied in relation to important facts and transactions, including the changes regarding fair value as well as the need to update the relevant information of the most recent report.

**IIIFI 13 – Customer Loyalty Programs**

This interpretation clarifies the meaning of the term “fair value”, in the frame of measuring the rewards of the customer loyalty programs.

## 1. MAIN ACCOUNTING PRINCIPLES

### 3.1 Investments on subsidiaries

Subsidiaries are the companies on which the Group controls. The parent company acquires control through voting rights. The existence of potential voting rights that can be exercised when financial statements are drawn up is taken into consideration so as to file whether the parent company has control over the subsidiaries. Subsidiaries are fully integrated (full integration) using the method of acquisition from the date control of the subsidiaries is acquired and cease to integrate on the date that such control no longer exists.

The acquisition of a subsidiary from the Group is amortized based on the method of purchase. The acquisition cost of a subsidiary is the reasonable value of the assets given, the issued stocks and the liabilities taken over on the day of transaction, plus any prospective cost directly connected to the transaction. The personalized assets, liabilities and possible liabilities acquired during a business merging, are considered during the acquisition in their reasonable values, regardless of the percentage of participation. The cost of purchase besides the reasonable value of the side elements acquired is registered as surcote. Should the total purchase cost be lower than the reasonable value of the side elements acquired, the difference is directly registered in the results. Intra company transactions, balances and non realized profits from transactions between Group companies are erased. The unrealized losses are also erased but are taken into consideration as an indication of the amortization of the transferred asset. The accounting principles of the subsidiaries have been altered, when deemed necessary, so as to be in unison with those adopted by the Group. Investments on subsidiaries on individual financial statements of the parent company are valuated in the acquisition cost less any probable accumulated compensation losses.

### 3.2 Base for Integration:

The integrated financial statements are composed of the financial statements of the parent company and the Group’s subsidiaries. In the below board, subsidiary companies which were included in the integration are presented together with the respective participation percentages, the base country  as well as the activity for each subsidiary.

| COMPANIES | % GROUP | COUNTRY | ACTIVITY |
|---|---|---|---|
| *E.Y.A.TH S.A* | PARENT | GREECE | Water Supply and Sewerage Systems Services |
| *E.Y.A.TH SERVICES S.A.* | 100% | GREECE | Supply of any kind of Water Supply and Sewerage Systems Services, telecommunication services & production / sale of electricity |

## 3.3 Tangible fixed assets

Tangible fixed assets are presented in cost of acquisition less the accumulated amortizations and any likely depreciation. The cost of acquisition includes all the directly involved expenses regarding the acquisition of the assets. Later expenses are registered as an additional accounting value of the tangible fixed assets or as a separate fixed amount only if there is the possibility that the future financial benefits flow in the Group and their cost can be accurately be measured. The cost of repairs and maintenance is registered in results when realized.

The fields and lots are not depreciated. The depreciation of other assets of the tangible fixed assets is estimated on the basis of the constant depreciation method, throughout the estimated useful life of assets, so as to diminish cost to its residual value as follows:

| | |
|---|---|
| Buildings and technical works | 40 years |
| Machinery and installations | 5-24 years |
| Transportation means | 5-14 years |
| Furniture and other equipment | 3-14 years |

The residual values and the useful lives of the tangible assets are liable to review in every annual balance-sheet. When the book values of the tangible assets exceed their repossession value, the adjustments (depreciation) are registered as expenses in the results.

During the sale of the tangible fixed assets, the balances between the part that is received and the accounting value are registered as earnings or losses in the results. Financial expenses regarding the construction of assets are capitalized for the time period required until the completion of the construction. All other financial expenses are identified in the results for the fiscal period.

## 3.4 Intangible assets

### 3.4.1 Software

Software concerns the purchase or cost of privately owner output of software such as payroll, materials, and services as well as every expense that has been realised during the development of software in order the latter to be put in use. The expenses that strengthen or expand the efficacy of software beyond their initial specifications are acknowledged as capital expense and they are added in the initial software cost.

The depreciations of software burden the results account with the method of constant depreciation, throughout their useful life. The estimated duration of their useful life is 6 years.

### 3.4.*2* Product Research and Development Cost

The product research and development cost is discounted as it takes place. Development expenses mainly regard the development of new products and production methods. The costs regarding the development of a special program are identified as intangible assets only when the requirements of the IAS38 “Intangible assets” are met.

### 3.5 Depreciation of the value of assets

The intangible and tangible assets and other non current assets are examined for any depreciation loss, whenever facts or change of circumstances show that their book value cannot be repossessed. Whenever the book value of any asset exceeds its sum of repossession, its corresponding depreciation loss is registered in the gain of the fiscal year. The repossession value of an asset is the highest sum between the estimated net price of sale and the value of its use. Net value of sale is considered the feasible revenue from the sale of an asset in the framework of mutual transaction, in which the parties have complete knowledge and act willingly, after the deduction of any additional direct cost of disposal of this asset. Value of use is the current value of the estimated future cash flows that are expected to be realised from the continuous use of the asset and from its disposal at the end of his useful life. If does there is no possibility to estimate the repossession sum of the asset, for which there is evidence of depreciation of its value, then the repossession sum of unit that creates cash flows, in which the asset belongs, is determined.

Cross-entry of the depreciation of the value of an asset that was entered in the previous years, taken place only when there are adequate evidence that this depreciation exists no more or has been decreased. In this case, the above mentioned cross-entry is acknowledged as income.

### 3.6 Reserves

Reserves are presented in their lowest value between the acquisition or production cost and their liquid value. Cost is determined using the method of monthly weighed average. Financial expenses are not included in the expenses for the acquisition of the reserves. Net liquid value is estimated based on the current price of sale for the reserves, in the frame of usual activity decreased by the sale expenses per case.

In particular, the reserves of stock spare parts, bought during the purchase of machinery stage, are considered an indispensable part of the machinery’s value and they are amortized along with the machinery, while the replacements of used spare parts are expended at the time of their purchase. The expendable material for the maintenance of the machinery and the general spare parts are included in the reserves and included in expenses at the time they are consumed.

### 3.7 Customer and other claims

Customer claims are initially listed in their reasonable value and later assessed in unamortized cost with the use of real interest, minus the impairment damages. The impairment damages (losses from bad claims) are identified only when there is objective proof that the Group and Company are not in a position to collect all amounts that are due according to contract terms. The impairment damage amount is the difference between the accounting values of the claims and the present value of the estimated future cash flows, discounted with real interest. The impairment damage amount is listed as expenses in the results statement in the Total Revenues budget “Distribution Expenses”. Any deletion of doubtful claims balance is charged in the existing provision for doubtful claims. To delete doubtful claims balances which exceed the formed provision, the results are burdened. In case of deleted doubtful claim the amount is registered as revenue in the results of the fiscal period during which it was received.

### 3.8 Cash Flows

Reserve assets include the cash flows balances, such as sight deposits and short-term fixed deposits. Bank overdrafts payable on first demand and an indispensable part of the Group and Company’s management of available assets and are included for cash flow statements draft purposes as a component of the cash flows.

### 3.9 Capital Stock

Expenses paid to third parties regarding the issuance of new stocks appear in the equity capital less the respective tax, as a decrease in capital above par.

During the acquisition of own stocks, the paid price, including the relative expenses, is depicted less the equity capital.

### 3.10 Loans

All loans are initially listed in fair value, less the acquisition expenses of the loans. Loans are later amortized in the amortized acquisition value using the method of discount rate. Any difference between the supply (less the acquisition cost) and the payment value is identified in the results statement at the duration of the loans.

### 3.11 Income tax

Current and deferred income taxes are calculated based on the respective funds of the financial statements in accordance with the tax laws in Greece. The current income tax regards, taxation on the taxed earnings of the Group and the Company as re adjusted according to what the tax law requires and calculated based on the current tax factor.

The deferred taxation is calculated using the liability method in all temporary tax differences at the balance sheet date between the tax base and the accounting value of the assets and the liabilities.

The expected tax impact from the temporary tax differences are determined and appear either as future (deferred) tax liabilities or as deferred tax claims.

Deferred tax claims are registered for all deducted temporary differences and the transferred tax damages, to the extend that they are expected to produce earnings that can be taxed, against which the deducted temporary difference can be exploited.

The accounting value of the deferred tax claims is revised at each balance sheet date and decreased to the degree where it is no longer expected to produce adequate taxable earnings against which part of or the total of the deferred tax claims can be used.

The current tax claims and liabilities for the current and the previous fiscal periods are amortized to the amount that will be paid to the tax authorities (or acquired by them), with the use of tax rates (and tax laws) that have been established until the Balance Sheet date.

## 3.12 Dividends

Paid dividends are presented as a liability at the time they are approved by the general stockholders meeting.

## 3.13 Provisions for benefits to employees

The Group and Company obligation towards their employees for the future payment of benefits depending on their time of service, is measured and presented based on the right that is expected to be paid at the balance sheet date, discounted at the present value in relation to the estimated time of payment. The discount rate that is used is equal to the performance of the long-term bonds of the Greek state at the balance sheet date.

The relevant liability is calculated based on the financial and actuarial admissions and are determined using the Projected Unit Method. The net retirement cost of the fiscal period are included in the payroll cost in the attached results statement and include the present value of the benefits for the fiscal period, the interests on the benefits liability, the cost of previous service, the actuarial profit or losses and any other additional retirement cost. The previous service cost is identified on a regular basis on the mid term until the benefits of the program are validated. The unidentified actuarial profit and losses are identified on the average residual duration of the service supply period of active employees and are included as part of the net retirement cost of each period if, at the beginning of the period they exceed the 10% of the future estimated liability for benefits. The liabilities for retirement benefits cannot be financed.

## 3.14 Provisions and probable Claims, Liabilities

Provisions are created when the Group has a legal liability or when there seems to be a liability, as a result of a past event, and it is likely that an outflow of funds will be required in order to settle the liability, and a reliable estimation of the respective amount can be made.

Provisions are re evaluated at the end of each fiscal period and adjusted accordingly so as to present the best possible estimates and, if deemed necessary, they are discounted based on a pre tax discount rate. Probable liabilities are not listed in the financial statements but they are announced, unless the probability for an outflow of funds is minimal. Probable claims are not listed in the financial statements but they are announced if the inflow of financial benefits is likely.

### 3.15 Grants

Grants are initially identified in their nominal value when there is reasonable assertion that the grant will be assigned and that the Company will comply with all the required terms. Grants regarding current expenses are identified in the results statement at the time needed to match the expenses they are meant to compensate for. Grants regarding the purchase of tangible assets (fixed) are included in the long term liabilities as revenues of following fiscal periods and they are transferred to the results statement of the fiscal period during the working life of the granted asset.

### 3.16 Financial tools

The Group's basic financial tools are cash, bank deposits and short term claims and liabilities. Given the short term nature of these tools, the Group's management believes that their reasonable value basically identifies with the value presented in the accounting books. Moreover, management believes that the interest rates paid in relation to the loans, equal the current reasonable market rates and therefore, there are no prerequisites for any adjustment of the value presented for these liabilities. The Group does not use financial derivatives.

### 3.17 Revenue identification

#### 3.17.1 Sales of products

Revenues from the sale of products are identified when the important risks and benefits of ownership are transferred to the buyer. Revenues from the supply of services are based on the completion stage, determined by the mention until now to the supplied services, as a percentage on the total supplied services.

#### 3.17.2 Revenues from interests

Interest revenues are identified on a base of time relation, considering the balance of the initial amount and the fiscal period rate until the end of the fiscal period, when it is determined that such revenues will be payable to the Group.

#### 3.17.3 Revenues from dividends

Revenues from dividends are identified as revenues on the date of approval of their distribution.

### 3.18 Expenses

#### 3.18.1 Operational leases

Payments made based on operational leases are listed in the results statement as expenses, for the duration of use of the lease

#### 3.*18*.2 Financing cost

Net financing cost includes the interests on loans, calculated according the real interest rate method.

### 3.18 Earnings per stock

Basic earnings per stock are calculated by dividing the net profits of the fiscal period with the average weighted number of common stocks that are in circulation during the specific fiscal period, excluding the average common stocks that were acquired by the Company as own stocks.

### 3.19 Leases

Fixed leases where the Group and the Company basically maintain all risks and benefits of ownership are registered as financing leases. Financing leases are capitalized at the beginning of the lease to the lowest value between the reasonable value of the fixed asset and the present value of few leases. The respective liabilities from leases, net liabilities from financial expenses, are presented in liabilities. The part of the financial expense regarding financing leases is identified in the results of the fiscal period for the duration of the lease.

Leases where basically, risks and benefits of ownership are maintained by the lessor are registered as operational leases. Payments carried out for operational leases are regularly identified in the results of the fiscal period for the duration of the lease.

### 3.20 In part analysis of Group activities

«Field » or «department» of the Group activities is any distinguished business activity with special features as to the nature of the activity and the business risks that entails (business field). There is a similar distinction based on the business environment in which the activity is taking place (geographic field).

The Group is mainly active in the fields of Water Supply-Sewerage Systems, in the wider Thessaloniki region, with the aim to rationally manage the water resources on one hand and also to collect and process sewage in a way that high quality services can be offered to society in favor of hygiene and a clean environment.

### 3.21 Offsetting

The financing assets of the Assets and Liabilities are offset and the net amount appears in the Balance Sheet when there is applicable legal right for offsetting and the intention to be paid as compensations.

### 3.22 Roundings

The amounts of the present financial statements have been rounded in Euros. Certain differences may appear due to this fact.

## 2. Financial risk management

The Group is exposed to all kinds of financial risks, most important of which being the price risk and credit risk. The risk management policies of the Group aim to minimize any negative effects from these risks to the financial position and performance of the Group. The Company's

General management is responsible for risk management and the Board of Directors approves the respective policies. The management of financial risks involves the identification, estimation and compensation of financial risks in close co-operation with the Groups operational units.

**A. Market risk**

**(i) Exchange risk**

The Group faces no exchange rate risk as all transactions are in Euros.

***(ii)* Price risk**

Regarding price risk the Group is exposed to a fluctuation of the variables that determine mainly the prices for water supply and sewerage services. EYATH S.A's invoicing policy has been determined for the period 1.1.2007 until the 31.12.2011 providing a yearly average increase of approximately 4%, with the exception of 2009 for which the Company has decided to freeze invoices for the basic levels of consumption.

Moreover, on the 30/6/2010, the Regular General Shareholders Meeting decided to maintain the same prices regarding household invoices for a further four month period, that is until the 31st of August 2010 and from September of the current year, to apply the JMD 11741/2006 (G.N.202 issue B΄16-2-2007), to the prices valid in 2010.

The Group is also affected by the change in payroll cost mainly due to the increase in salaries, as stated in the collective contract and due to the retirement of employees. Finally, the Group is also affected by the changes in the cost for the maintenance and repair of the networks. Management closely monitors the changes in the cost elements and accordingly provides for the limitation of the effects.

***(iii)* Cash flows and fair interest value risk**

The Group faces no interest rate risk in the loan liabilities as the loans are in fixed rate only. On the contrary it faces a limited risk of interest rates in the interest-bearing elements of the Assets (deferred deposits) and the revenues from interest are affected by the changes in the interest rates.

Management closely monitors the fluctuations in the interest rates and evaluates per case the duration and kind of sight deposits.

**B. Credit risk**

The Group has a clear credit policy, which is applied with great consistency. Moreover the large number of customers allows the disperse of the customer base and therefore it contributes to low credit risk in relation to such claims. Management constantly monitors the financial state of the customers, the size and limits of the supplied credit. At the end of the fiscal period, the company management maintained there was no significant credit risk that was not covered by a secure or adequate provision for foul claim. The maximum exposure to credit risk is reflected by the height of each element of the assets.

### C. Liquidation risk

Liquidation risk is kept at low levels through the availability of adequate cash flows.

The maturity of financial liabilities on the 31st of December 2010 for the Group is analyzed as follows:

**MATURITY BOARD OF FINANCIAL LIABILITIES 31/12/2010**

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **Later than 5 years** | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **Later than 5 years** |
| Bank loans | 621 | 619 | | 1.240 | 621 | 619 | | 1.240 |
| Other long term liabilities | | | 12.133 | 12.133 | | | 12.133 | 12.133 |
| Suppliers and other liabilities | 24.534 | | | 24.534 | 24.380 | | | 24.380 |
| Short term tax liabilities | 9.284 | | | 9.284 | 9.269 | | | 9.269 |
| **Total** | **34.438** | **619** | **12.133** | **47.190** | **34.271** | **619** | **12.133** | **47.023** |

**MATURITY BOARD OF FINANCIAL LIABILITIES 31/12/2009**

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **Later than 5 years** | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **Later than 5 years** |
| Bank loans | 690 | 1.240 | | 1.930 | 690 | 1.240 | | 1.930 |
| Other long term liabilities | | | 11.551 | 11.551 | | | 11.551 | 11.551 |
| Suppliers and other liabilities | 21.230 | | | 21.230 | 21.137 | | | 21.137 |
| Short term tax liabilities | 7.433 | | | 7.433 | 7.405 | | | 7.405 |
| **Total** | **29.353** | **1.240** | **11.551** | **42.144** | **29.232** | **1.240** | **11.551** | **42.023** |

### D. Capital risk management

The Group goal when managing capital is to ensure the possibility of continuous activity, in order to provide profit to the stockholders and benefits to other interested parties as well as to maintain a capital structure that would decrease the cost of capital

Capital is previewed based on a leverage factor. The factor is calculated as the net debt divided by total capital. Net debt is calculated as the total loans (including short term and long-term loans as presented in the balance sheet) less cash reserves. Total capital is calculated as equity capital appearing in the balance sheet plus net debt. More particularly:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31/12/2010** | **31/12/2009** | **31/12/2010** | **31/12/2009** |
| Total loans | 1.240 | 1.930 | 1.240 | 1.930 |
| Less: cash reserves | (14.364) | (15.166) | (14.134) | (14.943) |
| **Net debt** | **(13.123)** | **(13.236)** | **(12.894)** | **(13.013)** |
| Total of equity capital | 108.196 | 100.622 | 108.153 | 100.550 |
| **Total capital** | **95.073** | **87.386** | **95.259** | **87.536** |
| **Leverage factor** | **-13.80%** | **-15,15%** | **-13.54%** | **-14,87%** |

**Reasonable value**

The amounts by which cash reserves appear in the balance sheet, claims and short-term liabilities approach the respective reasonable values due to the short-term expiration.

## 2. IMPORTANT ACCOUNTING JUDGMENTS , ASSESSMENTS AND ASSUMPTIONS

The preparation of the financial statements in accordance with the ISFI's requires the use of certain important accounting assessments, which are likely to affect the accounting balances of the Balance Sheet with the required announcements and the use of judgments by the Management in the process of applying the accounting principles. Moreover, the use of calculations and assumptions is required, which affect the mentioned amounts of assets and liabilities, the announcement of potential claims and liabilities on the date of the financial statements and the mentioned revenues and expenses amounts during the year in question. Despite the fact that these calculations are based on the best possible Management knowledge regarding the current conditions and actions, the true future results may differ than these assessments. The management judgments and assessments are under constant re evaluation based on historical facts and expectations for future facts considered reasonable given the current data. The basic assessments and evaluations regarding facts whose development could affect the funds in the financial statements for the next twelve months are the following.

**Foul claims**

The Group and the Company depreciate the value of their commercial claims when there is data or indications that show that the payment of each claim in total or in part is not likely. The Group Management proceeds with a periodic re evaluation of the doubtful claims formed provision adequacy in relation to its credit policy and considering the data of the Legal Department, which derive based on the processing of historical data and recent developments of the cases the department manages.

**5. Provision for income tax**

The provision for the income taxis estimated by an assessment of the taxes to be paid to the tax authorities and includes the current income tax for each fiscal period and a provision for additional taxes likely to derive from future audits. In order to redefine the Group and Company provision for income taxes a substantial understanding of the above is required. The final settlement of taxes is likely to deviate from the respective amounts registered in the Group and Company financial statements and these differences will affect the income tax and provisions for deferred taxes.

**5.1 Provisions for benefits to employees**

The obligation to pay benefits to employees is determined based on an independent actuarial study. The final obligation may differ than the one of the actuarial calculation due to different actual data, regarding the discounted interest, inflation, salaries increase, demographic or other data.

**5.2 Tangible and intangible fixed assets amortization**

The Group assesses amortizations on tangible and intangible fixed assets base on the estimate of their useful life. The salvage value and useful life of these fixed assets are re examined and determined on each date of balance sheet drafting, if so deemed necessary.

## 6. Informing per Field

Group Management has been characterized as operational fields the Water Supply Services and Sewerage Systems services. The analysis per field of activity is as follows:

### 6.1 Analysis per Business Field (Primary type of Informing)

#### 6.1.1 Distributions of results per operational field

Group Data for the period 01.01-31.12.2010

| Group | Water Supply Services | Sewerage Systems Services | GROUP TOTAL |
|---|---|---|---|
| Sales to third parties | 47.891 | 23.201 | 71.182 |
| **Less:** Cost of sales total | (28.687) | (16.191) | (44.878) |
| **Gross profit (loss)** | **19.924** | **7.011** | **26.304** |
| **Pre tax profit (loss), financing and investment results** | **13.085** | **5.928** | **19.013** |
| Cost of Financing | 1.301 | 564 | 1.865 |
| Results of common works | 14.386 | 6.492 | 20.878 |
| **Pre tax results** | **14.386** | **6.492** | **20.878** |
| Income tax | (5.840) | (2.635) | (8.475) |
| **After tax results** | **8.546** | **3.856** | **12.402** |
| **Pre tax profit (loss), financing, investment results and amortizations** | **18.009** | **6.821** | **24.830** |

Group Data for the period 01.01-31.12.2009

| Group | Water Supply Services | Sewerage Systems Services | GROUP TOTAL |
|---|---|---|---|
| Sales to third parties | 52.478 | 24.898 | 77.376 |
| **Less:** Cost of sales total | (30.437) | (16.617) | (47.054) |
| **Gross profit (loss)** | **22.041** | **8.281** | **30.322** |
| **Pre tax profit (loss), financing and investment results** | **12.947** | **7.614** | **20.561** |
| Cost of Financing | 1.150 | 381 | 1.533 |
| Results of common works | 14.097 | 7.995 | 22.093 |
| **Pre tax results** | **14.097** | **7.995** | **22.093** |
| Income tax | (4.915) | (2.787) | (7.703) |
| **After tax results** | **9.182** | **5.207** | **14.390** |
| **Pre tax profit (loss), financing, investment results and amortizations** | **18.163** | **7.920** | **26.083** |

### 6.1.2 Distribution of Assets and Liabilities per field of activity.

| *Group Data - 31.12.2010* | **Water Supply Services** | **Sewerage Systems Services** | **GROUP TOTAL** |
|---|---|---|---|
| Fixed Assets | 52.787 | 38.579 | 91.367 |
| Customers and other claims | 39.514 | 19.107 | 58.621 |
| Non distributed assets elements | - | - | 17.554 |
| **Total Assets** | **92.301** | **57.687** | **107.542** |
| Future Grants | - | 4.713 | 4.713 |
| Liabilities | 17.870 | 5.252 | 23.123 |
| Loans | - | 1.240 | 1.240 |
| Non distributed liabilities elements | - | - | 138.400 |
| **Total Liabilities** | **17.870** | **11.205** | **167.542** |
| Additions of tangible and intangible immobilizations for the fiscal period | 4.616 | 2.298 | 6.914 |

| *Group Data 31.12.2009* | **Water Supply Services** | **Sewerage Systems Services** | **GROUP TOTAL** |
|---|---|---|---|
| Fixed Assets | 53.339 | 37.269 | 90.608 |
| Customers and other claims | 34.961 | 14.983 | 49.944 |
| Non distributed assets elements | 0 | 0 | 17.398 |
| **Total Assets** | **88.300** | **52.252** | **157.950** |
| Grants | | 4.747 | 4.747 |
| Liabilities | 16.027 | 5.202 | 21.230 |
| Loans | 0 | 1.929 | 1.929 |
| Non distributed liabilities elements | 0 | 0 | 130.044 |
| **Total Liabilities** | **16.027** | **11.878** | **157.950** |
| Additions of tangible and intangible immobilizations for the fiscal period | 3.644 | 4.301 | 7.945 |

## 6.2 Analysis per Geological Sector (secondary type of informing)

The Group's base is in Greece and all its activities take place in Greece.

## 3. TANGIBLE FIXED ASSETS

The Group's tangible fixed assets are analyzed below:

**THE GROUP**

| | **Fields and Land** | **Buildings and building facilities** | **Machinery & machinery facilities** | **Means of Transport** | **Furniture and other equipment** | **Fixed assets under construction or installation** | **Total** |
|---|---|---|---|---|---|---|---|
| Acquisition or valuation value | | | | | | | |
| **On the 31/12/2010** | 18.896 | 5.826 | 83.529 | 1.106 | 2.357 | 5.413 | 117.128 |
| Additions 1/1-31/12/2010 | 0 | 0 | 2.561 | 0 | 117 | 4.220 | 6.897 |
| Transfers 1/1-31/12/2010 | 0 | 0 | 5.820 | 0 | 0 | (5.820) | 0 |
| Sales 1/1-31/12/2010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total on the 31/12/2010** | **18.896** | **5.826** | **91.909** | **1.106** | **2.474** | **3.813** | **124.025** |
| Accumulated amortizations | | | | | | | |
| **On the 01.01.2010** | 0 | 874 | 23.689 | 802 | 1.300 | 0 | 26.665 |
| Additions 1/1-31/12/2010 | 0 | 146 | 5.620 | 115 | 226 | 0 | 6.106 |
| Sales 1/1-31/12/2010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total on the 31/12/2010** | **0** | **1.020** | **29.308** | **917** | **1.525** | **0** | **32.770** |
| **Unamortized value** | | | | | | | |
| **On the 31/12/2009** | **18.896** | **4.952** | **59.841** | **304** | **1.059** | **5.413** | **90.465** |
| **On the 31/12/2010** | **18.896** | **4.806** | **62.601** | **190** | **949** | **3.813** | **91.255** |

| **THE GROUP** | | | | | | |
|---|---|---|---|---|---|---|
| **Fields and Land** | **Buildings and building facilities** | **Machinery & machinery facilities** | **Means of Transport** | **Furniture and other equipment** | **Fixed assets under constructio n or** | **Total** |

| | | | | | | installation | |
|---|---|---|---|---|---|---|---|
| Acquisition or valuation value | | | | | | | |
| **On the 01.01.2009** | 18.896 | 5.826 | 77.809 | 1.106 | 2.051 | 3.528 | 109.216 |
| Additions 1/1-31/12/2009 | 0 | 0 | 486 | 0 | 307 | 7.119 | 7.912 |
| Transfers 1/1-31/12/2009 | 0 | 0 | 5.234 | 0 | 0 | (5.234) | 0 |
| Sales 01.01-31.12.2009 | | | | | | | |
| **Total on the 31/12/2009** | **18.896** | **5.826** | **83.529** | **1.106** | **2.357** | **5.413** | **117.128** |
| Accumulated amortizations | | | | | | | |
| **On the 31/12/2008** | 0 | 728 | 17.798 | 687 | 972 | 0 | 20.186 |
| Amortizations1/1-31/12/2009 | 0 | 146 | 5.890 | 115 | 326 | 0 | 6.476 |
| Sales 1/1-31/12/2009 | 0 | 0 | 0 | (0) | (0) | 0 | 0 |
| **Total on the 31/12/2009** | **0** | **874** | **23.689** | **802** | **1.298** | **0** | **26.663** |
| **Unamortized value** | | | | | | | |
| **On the 31/12/2008** | **18.896** | **5.097** | **60.011** | **419** | **1.078** | **3.528** | **89.030** |
| **On the 31/12/2009** | **18.896** | **4.952** | **59.841** | **304** | **1.059** | **5.413** | **90.465** |

The Company's tangible fixed assets are analyzed below:

| | THE COMPANY | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Fields and Land** | **Buildings and building facilities** | **Machinery & machinery facilities** | **Means of Transport** | **Furniture and other equipment** | **Fixed assets under construction or installation** | **Total** |
| Acquisition or valuation value | | | | | | | |
| **On the 01.01.2010** | 18.896 | 5.826 | 83.529 | 1.106 | 2.355 | 5.413 | 117.125 |
| Additions 1/1-31/12/2010 | 0 | 0 | 2.561 | 0 | 117 | 4.220 | 6.897 |
| Transfers 1/1-31/12/2010 | 0 | 0 | 5.820 | 0 | 0 | (5.820) | 0 |
| Sales 1/1-31/12/2010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total on the 31/12/2010** | **18.896** | **5.826** | **91.909** | **1.106** | **2.472** | **3.528** | **124.022** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Accumulated amortizations | | | | | | | |
| **On the 01.01.2010** | 0 | 874 | 23.689 | 802 | 1.297 | 0 | 26.662 |
| Amortizations 1/1-31/12/2010 | 0 | 146 | 5.620 | 115 | 226 | 0 | 6.106 |
| Sales 1/1-31/12/2010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total on the 31/12/2010** | **0** | **1.020** | **29.308** | **917** | **1.523** | **0** | **32.768** |
| **Unamortized value** | | | | | | | |
| **On the 31/12/2009** | **18.896** | **4.952** | **59.841** | **304** | **1.058** | **5.413** | **90.463** |
| **On the 31/12/2010** | **18.896** | **4.806** | **62.601** | **190** | **949** | **3.813** | **91.255** |

| | **THE COMPANY** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Fields and Land** | **Buildings and building facilities** | **Machinery & machinery facilities** | **Means of Transport** | **Furniture and other equipment** | **Fixed assets under construction or installation** | **Total** |
| Acquisition or valuation value | | | | | | | |
| **On the 01.01.2009** | 18.896 | 5.826 | 77.809 | 1.106 | 2.049 | 3.528 | 109.213 |
| Additions 1/1-31/12/2009 | 0 | 0 | 486 | 0 | 307 | 7.119 | 7.912 |
| Transfers 1/1-31/12/2009 | 0 | 0 | 5.234 | 0 | 0 | (5.234) | 0 |
| Sales 1/1-31/12/2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total on the 31/12/2009** | **18.896** | **5.826** | **83.529** | **1.106** | **2.355** | **5.413** | **117.125** |
| Accumulated amortizations | | | | | | | |
| **On the 01.01.2009** | 0 | 728 | 17.798 | 687 | 972 | 0 | 20.186 |
| Amortizations 1/1-31/12/2009 | 0 | 146 | 5.890 | 115 | 325 | 0 | 6.476 |
| Sales1/1-31/12/2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total on the 31/12/2009** | **0** | **874** | **23.689** | **802** | **1.297** | **0** | **26.662** |
| **Unamortized value** | | | | | | | |
| **On the 31/12/2008** | **18.896** | **5.097** | **60.011** | **419** | **1.076** | **3.528** | **89.027** |
| **On the 31/12/2009** | **18.896** | **4.952** | **59.841** | **304** | **1.058** | **5.413** | **90.463** |

## 4. INTANGIBLE FIXED ASSETS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **Software** | **Total** | **Software** | **Total** |
| **Acquisition or valuation value** | | | | |
| **On the 01.01.2010** | 519 | 519 | 515 | 515 |
| Additions 1/1-31/12/2010 | 16 | 16 | 16 | 16 |
| Transfers 1/1-31/12/2008 | - | | - | - |
| Sales 1/1-31/12/2008 | - | | - | - |
| **Total on the 31/12/2010** | **535** | **535** | **531** | **531** |
| **Accumulated amortizations** | | | | |
| **On the 01.01.2010** | 374 | 374 | 372 | 372 |
| Amortizations 1/1-31/12/2010 | 49 | 49 | 48 | 48 |
| Sales 1/1-31/12/2010 | - | - | - | - |
| **Total on the 31/12/2010** | **423** | **423** | **420** | **420** |
| **Unamortized value** | | | | |
| **On the 31/12/2009** | **143** | **143** | **142** | **142** |
| **On the 31/12/2010** | **112** | **112** | **111** | **111** |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **Software** | **Total** | **Software** | **Total** |
| **Acquisition or valuation value** | | | | |
| **On the 01.01.2009** | 482 | 482 | 481 | 481 |
| Additions 1/1-31/12/2009 | 33 | 33 | 33 | 33 |

| | | | | |
|---|---|---|---|---|
| Transfers 1/1-31/12/2009 | 0 | 0 | 0 | 0 |
| Sales 1/1-31/12/2009 | | | | |
| **Total on the 31/12/2009** | **515** | **515** | **514** | **514** |
| | | | | |
| **<u>Accumulated amortizations</u>** | | | | |
| **On the 01.01.2009** | 329 | 329 | 329 | 329 |
| Amortizations 1/1-31/12/2009 | 44 | 44 | 44 | 44 |
| Sales/Transfers 1/1-31/12/2009 | 0 | 0 | 0 | 0 |
| **Total on the 31/12/2009** | **372** | **372** | **372** | **372** |
| | | | | |
| **<u>Unamortized value</u>** | | | | |
| **On the 31/12/2008** | **154** | **154** | **153** | **153** |
| **On the 31/12/2009** | **143** | **143** | **142** | **142** |

## 5. PARTICIPATIONS IN SUBSIDIARIES

The Company participation in subsidiary companies and the respective activity for the current fiscal period are analyzed as follows:

| | **31/12/2010** |
|---|---|
| **Balance 01.01.2010** | **60** |
| Depreciation Provision | - |
| | 60 |
| Sale of Subsidiary Company | - |
| **Balance on the 31.12.2010** | **60** |

The Company has registered as revenue in the current fiscal year the approved dividend by the subsidiary of € 66. The dividend has not been received up until the 31.12.2010.

## 6. LONG TERM CLAIMS

Long term claims on the 31st of December 2010 represent mainly given guarantees of the Public Electricity Company of € 366 (2009: €365) .

## 7. SUPPLIES

The Group's supplies are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **On the 31/12/2010** | **On the 31/12/2009** | **On the 31/12/2010** | **On the 31/12/2009** |
| Spare parts and support material-office material | 2.488 | 2.467 | 2.488 | 2.467 |
| Supplies depreciation | (241) | (600) | (241) | (600) |
| **Total after depreciation** | **2.247** | **1.867** | **2.247** | **1.867** |

There is a depreciation provision on Group supplies of €241.

There are no pledges on Group supplies.

## 8. CUSTOMER AND OTHER CLAIMS

The total claims of the Group and the Company are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **On the 31/12/2010** | **On the 31/12/2009** | **On the 31/12/2010** | **On the 31/12/2009** |
| Customers | 45.010 | 35.576 | 44.891 | 35.569 |
| Short term claims against affiliated companies | - | 0 | 88 | 28 |
| Bad and doubtful debts | 6.123 | 4.897 | 6.123 | 4.897 |
| Various debts | 8.974 | 8.827 | 8.965 | 8.819 |
| Accounts for the management of advances and credits | 189 | 166 | 189 | 166 |
| Expenses of following fiscal periods | 161 | 142 | 161 | 142 |
| Received fiscal period revenues | 4.287 | 5.233 | 4.287 | 5.192 |
| | **64.743** | **54.842** | **64.703** | **54.813** |
| Less: Doubtful claims provisions | (6.122) | (4.897) | (6.122) | (4.897) |
| **Balance** | **49.944** | **49.944** | **58.851** | **49.916** |

All claims are short term and no discount is required on the date of the Balance Sheet. There is no credit risk concentration regarding customer claims, as the Company has a large number of customers and credit risk is dispersed.

It is noted that the account balance for «Various debts » on the 31/12/2010 of € 8.974, regards a deposit of income tax and other retained taxes of € 4.674, claims for works supervision by EYATH Fixed Assets S.A of €1.338, special grants claims from services supplied to the Ministry for the Environment, Planning and Public Works of €2.014 and claims from other debtors of € 948.

Moreover, it is noted that the account balance for «Received fiscal period revenues» on the 31/12/2010 of € 4.287, regards work revenues of EYATH S.A for the fiscal period 1/1/2010-31/12/2010 (in which they were listed) which will be invoiced at a next fiscal period of €3.331, grant revenues by the Ministry for the Environment, Planning and Public Works of €847 and other received revenues of € 109.

The credits and deposits management account on the 31/12/2010 includes mainly claims-accounts for returns by collectors and other company associates.

The change in doubtful claims and the carried out provision is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31.1.2010 | 31.12.09 | 31.12.2010 | 31.12.2009 |
| **Balance on the 1st of January** | **4.897** | **4.920** | **4.897** | **4.920** |
| Increase | 1.225 | 2.328 | 1.225 | 2.328 |
| Decrease | - | (2.350) | - | (2.350) |
| **Balance on the 31st of December** | **6.122** | **4.897** | **6.122** | **4.897** |

The maturity of trade claims board is as follows:

**MATURITY OF TRADE CLAIMS BOARD 31/12/2010**

| Group | | Company | |
|---|---|---|---|
| **Within12 months** | **Over 12 months** | **Within12 months** | **Over 12 months** |

| | | | | |
|---|---|---|---|---|
| Clients and other claims | 30.021 | 14.989 | 29.902 | 14.989 |
| Short term claims against affiliated companies | 0 | 0 | 88 | 0 |
| Bad and doubtful debts | 0 | 6.122 | 0 | 6.122 |
| **Less:** Provisions | | 6.122 | 0 | 6.122 |
| **Total** | **30.021** | **14.989** | **29.990** | **14.989** |

**MATURITY OF TRADE CLAIMS BOARD 31/12/2009**

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **Within12 months** | **Over 12 months** | **Within12 months** | **Over 12 months** |
| Clients and other claims | 29.565 | 6.011 | 29.559 | 6.011 |
| Short term claims against affiliated companies | 0 | 0 | 28 | 0 |
| Bad and doubtful debts | 0 | 4.897 | 0 | 4.897 |
| **Less:** Provisions | 0 | -4.987 | 0 | -4.987 |
| **Total** | **29.565** | **6.011** | **29.587** | **6.011** |

| *Doubtful claims analysis over 12 months* | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/12/2010** | **31/12/2009** | **31/12/2010** | **31/12/2009** |
| Claims from the public services and the wider public sector | 10.518 | 3.810 | 10.518 | 3.810 |
| Other doubtful claims | 4.471 | 2.201 | 4.471 | 2.201 |
| **Total** | **14.989** | **6.011** | **14.989** | **6.011** |

The parent Company invoices clients-water consumers three times a year. Each invoicing regards the water consumption of a four month period. Each client must pay the water consumption invoice within a month. Since 2007 the Company management has decided to charge default interest to those who were at least a month late in paying the invoice.

Customer commercial claims that were receivable within 12 months on the 31.12.2010 amounted to €30.021 (2009: €29.565). Overdue customer claims on the date the fiscal period ended reached €21.111 (2009: €10.908) of which: i) claims of €6.122 (2009: €4.897) have been characterized as doubtful and ii) claims of €14.989 (2009: €6.011) have been rendered overdue but have not been characterized as doubtful. Overdue non doubtful claims include claims from the State and the wider State sector of €10.518 (2009: €3.810) as well as claims from individuals of €4.471 (2009: €2.201), which the Company management credibly believes will be collected.

## 9. CASH RESERVES AND EQUIVALENTS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.10** | 31.12.09 | 31.12.10 | 31.12.09 |
| **Cash Reserves** | **338** | **781** | **337** | **781** |
| **Sight and time deposits** | **14.026** | **14.385** | **13.797** | **14.162** |
| Total | 14.364 | 15.166 | 14.134 | 14.943 |

Cash reserves represent the cash in the Company's cash registers and the bank deposits available upon first request. The grading of reserves based on the credit rating by the firm FITCH is as follows:

### Credit Scale on Cash Flows

| **(Fitch House)** | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **31.12.2010** | **31.12.2009** | **31.12.2010** | **31.12.2009** |
| AA- | 128 | - | 128 | - |
| A | - | 3.743 | - | 3.743 |
| BBB+ | 107 | 7.654 | 107 | 7.431 |
| BBB | 1.106 | - | 1.106 | - |
| BBB- | - | 2.167 | - | 2.167 |
| BB+ | 12.198 | - | 11.968 | - |
| Sight and time deposits in banks Non-rated by Fitch House | 487 | 821 | 487 | 821 |
| **Total** | **14.026** | **14.385** | **13.797** | **14.162** |

## 10. CAPITAL STOCK

| | 31.12.2010 | 31.12.2009 |
|---|---|---|
| **Number of nominal shares** | **36.300.000** | **36.300.000** |
| **Nominal value per share (in Euros)** | **1,12** | **1,12** |
| Nominal value | 40.656.000 | 40.656.000 |
| Balance **from the issuance of shares above par** | 2.829.985 | 2.829.985 |

The Company's stocks are introduced in the category High Capitalization of the Athens Stock Exchange. According to the Company's Stockholders Register on the 31/12/2010, stockholders with a percentage larger than 2 % were the following:

| STOCKHOLDER | NUMBER OF STOCKS OWNED | PARTICIPATION PERCENTAGE ON THE 31/12/2010 |
|---|---|---|
| Greek State | 26.868.000 | 74,02% |
| SUEZ ENVIRONMENT COMPANY | 1.936.504 | 5,33% |
| Other Stockholders with a participation percentage lower than 2,0 % | 7.495.496 | 20,65% |
| **TOTAL** | **36.300.000** | **100,00%** |

## 11. RESERVES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | On the 31/12/2010 | On the 31/12/2009 | On the 31/12/2010 | On the 31/12/2009 |
| Regular reserves | 6.659 | 6.036 | 6.653 | 6.036 |
| Tax free reserves according to special provisions of the law | 3.329 | 3.329 | 3.329 | 3.329 |

| | | | | |
|---|---|---|---|---|
| Reserves for own stocks | 1 | 1 | 1 | 1 |
| Other reserves | 16.584 | 16.584 | 16.584 | 16.584 |
| **Balance** | **26.574** | **25.950** | **26.568** | **25.950** |

According to the provisions of the Greek corporate law, the creation of a «regular reserve» - with the yearly transfer of an amount equal to the 5 % of the yearly after tax profits-is mandatory until the regular reserve reaches the $^1/_3$ of the capital stock. The «regular reserve» is distributed only upon the Company's liquidation, it can however, be compensated with accumulated loss.

The tax law reserves were created based on the provisions of the tax legislation which either offers the opportunity of transferring the taxation of certain revenues to the time of their distribution to the stockholders, or offer tax relieves as a motive for investment activities

The reserve for own stocks is a stockholders fractional right from an increase in capital stock with the free distribution of stocks on the 17/1/2003.

## 12. LOANS

Loans have been issued by the Greek State, for the financing of investment programs, until 1998 (a date anterior to the establishment of EYATH S.A). All loans are in Euros. The Group provides for accrued interests for the service of loans and burdens the financial statement of the occasional fiscal period. There are no guarantees or ownership bindings or uses on the fixed assets and the other assets of the Group

## 13. PROVISIONS FOR BENEFITS TO EMPLOYEES

The Group and the Company's obligation towards their employees in Greece, for the future payment of benefits depending on how long each employee has been employed, is added and depicted based on what is to be rightfully paid for each employee, on the date of the balance sheet, discounted in its present value in relation to the predicted time of payment. The accrued benefits for each fiscal period burden the results of the fiscal period with a respective increase in the retirement liabilities. The payment of benefits to the retiring employees decreases respectively the pension liabilities.

The number of Company employees and the respective salary cost are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | On the 31/12/2010 | On the 31/12/2009 | On the 31/12/2010 | On the 31/12/2009 |
| **<u>Employee cost analysis</u>:** | | | | |
| Payroll expenses | 14.158 | 17.646 | 14.158 | 17.646 |
| Employer contributions | 3.122 | 3.814 | 3.122 | 3.814 |
| Subsequent benefits and staff expenses | 176 | 202 | 176 | 202 |
| Staff compensation provision due to retirement from service | 45 | 732 | 45 | 732 |
| **Total cost** | **17.502** | **22.394** | **17.502** | **22.394** |
| Full time employment | **327** | **405** | **327** | **405** |

The liability of the Group and the Company for payment of compensation to employees who retire has been determined based on an actuarial study carried out by an independent company of Chartered Actuaries. The basic financial volumes and suggestions of the actuarial study are as follows:

**Changes in the Net liability identified in the Balance Sheet**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | On the 31/12/2010 | On the 31/12/2009 | On the 31/12/2010 | On the 31/12/2009 |
| Present value of non funded liability | 3.618 | 6.011 | 3.618 | 6.011 |
| Unidentified actuarial profits (loss) | 955 | -467 | 955 | -467 |
| **Net Liability identified in the Balance Sheet** | **4.573** | **5.544** | **4.573** | **5.544** |

**Amounts identified in the results account**

| | On the 31/12/2010 | On the 31/12/2009 | On the 31/12/2010 | On the 31/12/2009 |
|---|---|---|---|---|
| Cost of service | 136 | 150 | 136 | 150 |

| | | | | |
|---|---|---|---|---|
| Interest on liability | 237 | 276 | 237 | 276 |
| Identification of actuarial loss (profit) | 0 | (10) | 0 | (10) |
| Identification of cost of previous service | 0 | 317 | 0 | 317 |
| **Regular expense in the results account** | **374** | **733** | **374** | **733** |
| Cut effect/settlements/termination of service | (329) | 0 | (329) | 0 |
| **Total burden on the results of the fiscal period** | **45** | **733** | **45** | **733** |

**Changes in the net liability identified in the Balance Sheet**

| | **On the 31/12/2010** | **On the 31/12/2009** | **On the 31/12/2010** | **On the 31/12/2009** |
|---|---|---|---|---|
| Net liability at the beginning of the fiscal period | 5.544 | 5.476 | 5.544 | 5.476 |
| Employer contributions | (1.016) | (664 | (1.016) | (664 |
| Total of expenses identified in the results account | 45 | 732 | 45 | 732 |
| **Net liability at the end of the fiscal year** | **4.573** | **5.544** | **4.573** | **5.544** |
| Adjustment | - | - | - | - |
| **Net liability at the end of the fiscal year** | **4.573** | **5.544** | **4.573** | **5.544** |

**Changes in the present value of the liability**

| | | | | |
|---|---|---|---|---|
| Present value of liability at the beginning of the fiscal period | 5.805 | 7.358 | 5.805 | 7.358 |
| Cost of service | 150 | 187 | 150 | 187 |
| Interest cost | 276 | 322 | 276 | 322 |
| Benefits paid by the employer | 128 | (428) | 128 | (428) |
| Cut effect/settlements/termination of service | 0 | 0 | 0 | 0 |
| Cost of previous service in the fiscal period | (664) | (1.634) | (664) | (1.634) |
| Actuarial loss (profit) | 317 | 0 | 317 | 0 |
| **Present value of liability at the end of the fiscal period** | **6.011** | **5.805** | **6.011** | **5.805** |

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |

**Basic assumptions of actuarial study:**

| | | | | |
|---|---|---|---|---|
| Discount rate | 5.00% | 4,78% | 5.00% | 4,78% |
| Future pay rises | 2.50% | 2,5% | 2.50% | 2,5% |
| Expected remaining working life | 7.86% | 5.94% | 7.86% | 5.94% |

## 14. PROVISIONS FOR RISKS AND EXPENSES

The amount of € 2.494 is provided regarding any likely liabilities which might derive during the judicial settlement of litigations with third parties as well as with Group and Company employees.

During the ending fiscal period, the tax audit of the unaudited fiscal years 2004 to 2008 was completed and there have been tax balances of €4.051, which were covered by the already existing provisions. For the fiscal years 2009 and 2010 which remain unaudited the respective formed provision amounted to € 375.

| **Provisions** | **GROUP AND COMPANY** | | |
|---|---|---|---|
| **Long term provisions** | **Pending Judicial Cases** | **Tax Provisions** | **Total** |
| **1 January 2010** | **2.165** | **2.350** | **4.515** |
| Additional provisions for the fiscal year | 328 | 2.076 | **2.405** |
| Used provisions for the fiscal year | - | (4.051) | **(4.051)** |
| **31 December 2010** | **2.494** | **375** | **2.869** |

## 15. GRANTS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31.12.2010 | 31.12.2009 | 31.12.2010 | 31.12.2009 |

| | | | | |
|---|---|---|---|---|
| **Balances on the beginning of the fiscal period:** | 4.747 | 5.447 | 4.747 | 5.447 |
| Received new grants | 303 | 299 | 303 | 299 |
| Grants amortization by transfer to the results of the fiscal period | (338) | (998) | (338) | (998) |
| Balances at the ending of the fiscal period | 4.713 | 4.747 | 4.713 | 4.747 |

## 16. OTHER LONG TERM LIABILITIES

These are received guarantees of new water services customers for water consumption and the installation of water meters.

## 17. SUPPLIERS AND OTHER LIABILITIES

The total Group and Company liabilities towards suppliers and other third parties are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.2010** | **31.12.2009** | **31.12.2010** | **31.12.2009** |
| Suppliers | 6.732 | 6.030 | 6.721 | 5.947 |
| Payable checks | 2.261 | 85 | 2.158 | 85 |
| Other taxes and duties | 1.411 | 1.109 | 1.334 | 1.074 |
| Insurance Organizations | 435 | 806 | 435 | 806 |
| Liabilities towards associated companies | - | - | 70 | 37 |
| Fiscal period accrued expenses | 782 | 2.046 | 769 | 2.044 |
| Customer deposits | 24 | - | 8 | - |
| Payable dividends | 20 | 24 | 20 | 24 |
| Various Creditors | 12.868 | 11.124 | 12.864 | 11.115 |
| Other transitive liability accounts | - | 6 | - | 6 |
| **Total** | **24.534** | **21.230** | **24.380** | **21.138** |

The balance for the account "Various Creditors" on the 31/12/2010 of € 12.868, regards liabilities towards the company EYATH Fixed Assets for the purchase of water and cover of various operational needs to the amount of € 12.618 and liabilities towards other creditors to the amount of € 250.

The expiration for Suppliers and Other Liabilities for the Group and the Company is analyzed as follows:

| 31.12.2010 | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **Within 6 months** | **From 6 to 12 months** | **Within 6 months** | **From 6 to 12 months** |
| Suppliers | 6.732 | - | 6.721 | - |
| Payable checks | 2.261 | - | 2.158 | - |
| Insurance Organizations | 435 | - | 435 | - |
| Customer deposits | 24 | - | 8 | - |
| Payable dividends | 20 | - | 20 | - |
| Liabilities towards associated companies | - | - | 70 | - |
| Various Creditors | 250 | 12.618 | 246 | 12.618 |
| Later fiscal periods revenues | - | - | - | - |
| Fiscal period accrued expenses | 782 | - | 769 | - |
| Other taxes and Duties | 1.411 | - | 1.334 | - |
| Other transitive liability accounts | - | - | - | - |
| **Total** | **11.915** | **12.618** | **11.762** | **12.618** |

| 31.12.2009 | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **Within 6 months** | **From 6 to 12 months** | **Within 6 months** | **From 6 to 12 months** |
| Suppliers | 6.030 | - | 5.947 | - |
| Payable checks | 85 | - | 85 | - |
| Insurance Organizations | 806 | - | 806 | - |
| Customer deposits | 0 | - | - | - |
| Payable dividends | 24 | - | 24 | - |
| Liabilities towards associated companies | - | - | 37 | - |
| Various Creditors | 259 | 10.865 | 250 | 10.865 |
| Later fiscal periods revenues | - | - | - | - |
| Fiscal period accrued expenses | 2.046 | - | 2.044 | - |
| Other taxes and Duties | 1.109 | - | 1.073 | - |

| | | | | |
|---|---|---|---|---|
| Other transitive liability accounts | 6 | - | 6 | - |
| | **10.365** | **10.865** | **10.272** | **10.865** |

## 18. SHORT TERM TAX LIABILITIES

The Group and Company short term tax liabilities are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | On the 31/12/2010 | On the 31/12/2009 | On the 31/12/2010 | On the 31/12/2009 |
| Income tax | 7.076 | 6.088 | 7.062 | 6.088 |
| Special Tax Payment | 2.208 | 1.345 | 2.208 | 1.345 |
| **Balance** | **9.284** | **7.433** | **9.269** | **7.433** |

Regarding the special tax payment in accordance with article 2 L.3808/2009 (for the 2008 fiscal year incomes) of €1.345 in total on the 31/12/2009, the company up until the 31/12/2010 has paid the amount in full.

Regarding the special tax payment of L.3845/2010 (for the 2009 fiscal year incomes) the total amount is €2.208.

## 19. EXPENSES ANALYSIS PER FIELD

Expenses per category are analyzed as follows for the fiscal year 2010 for the Group and the Company:

**THE GROUP**

| For the fiscal period ending on the 31.12.2010 | | | | | |
|---|---|---|---|---|---|
| | **Production cost** | **Distribution expenses** | **Managerial operation expenses** | **Research and development expenses** | **Total** |
| Cost of supplies | 1.528 | - | - | - | 1.528 |
| Own production | (579) | - | - | - | (579) |
| Staff fees and expenses | 13.316 | 1.384 | 2.622 | 179 | 17.502 |
| Third party fees | 2.226 | 22 | 950 | 78 | 3.275 |
| Electricity | 10.823 | 12 | 47 | - | 10.882 |
| Leases | 297 | 43 | 287 | - | 627 |
| Maintenance and repair expenses | 10.251 | 56 | 109 | 6 | 10.421 |
| Other third party supplies | 47 | 125 | 223 | - | 395 |
| Expenses from taxes and duties | 387 | 58 | 149 | 47 | 640 |
| Various expenses | 1.093 | 31 | 553 | - | 1.677 |
| Tangible and intangible assets immobilizations | 5.489 | 126 | 309 | 231 | 6.155 |
| Doubtful claims provision | - | 1.225 | - | - | 1.225 |
| **Total** | **44.878** | **3.081** | **5.249** | **541** | **53.749** |

**THE COMPANY**

| For the fiscal period ending on the 31.12.2010 | | | | | |
|---|---|---|---|---|---|
| | **Production cost** | **Distribution expenses** | **Managerial operation expenses** | **Research and development expenses** | **Total** |
| Cost of supplies | 1.528 | - | - | - | 1.528 |
| Own production | (579) | - | - | - | (579) |
| Staff fees and expenses | 13.316 | 1.384 | 2.622 | 179 | 17.502 |
| Third party fees | 1.602 | 813 | 816 | 78 | 3.309 |
| Electricity | 10.823 | 12 | 47 | - | 10.882 |
| Leases | 297 | 43 | 287 | - | 627 |
| Maintenance and repair expenses | 10.251 | 56 | 109 | 6 | 10.421 |
| Other third party supplies | 47 | 125 | 223 | - | 395 |
| Expenses from taxes and duties | 387 | 58 | 149 | 47 | 640 |
| Various expenses | 1.081 | 30 | 547 | - | 1.658 |
| Tangible and intangible assets immobilizations | 5.489 | 126 | 308 | 231 | 6.154 |
| Doubtful claims provision | - | 1.225 | - | - | 1.225 |
| **Total** | **44.242** | **3.872** | **5.108** | **541** | **53.762** |

Expenses per category are analyzed as follows for the fiscal year 2009 for the Group and the Company:

**THE GROUP**

| For the fiscal period ending on the 31.12.2009 | | | | | |
|---|---|---|---|---|---|
| | **Production cost** | **Distribution expenses** | **Managerial operation expenses** | **Research and development expenses** | **Total** |
| Cost of supplies | 1.899 | - | - | - | 1.899 |
| Own production | (607) | - | - | - | (607) |
| Staff fees and expenses | 16.043 | 2.748 | 3.387 | 216 | 22.394 |
| Third party fees | 2.184 | 235 | 1.507 | 58 | 3.984 |
| Electricity | 10.153 | 9 | 36 | - | 10.198 |
| Leases | 325 | 47 | 316 | - | 688 |
| Maintenance and repair expenses | 10.012 | 40 | 74 | 1 | 10.127 |
| Other third party supplies | 65 | 130 | 218 | - | 413 |
| Expenses from taxes and duties | 332 | 55 | 135 | 39 | 561 |
| Various expenses | 1.187 | 23 | 925 | - | 2.135 |
| Tangible and intangible assets immobilizations | 5.462 | 169 | 890 | - | 6.521 |
| Doubtful claims provision | - | 2.291 | - | - | 2.291 |
| **Total** | **47.054** | **5.745** | **7.489** | **314** | **60.602** |

**THE COMPANY**

| For the fiscal period ending on the 31.12.2009 | | | | | |
|---|---|---|---|---|---|
| | **Production cost** | **Distribution expenses** | **Managerial operation expenses** | **Research and development expenses** | **Total** |
| Cost of supplies | 1.899 | - | - | - | 1.899 |
| Own production | (607) | - | - | - | (607) |
| Staff fees and expenses | 16.043 | 2.748 | 3.387 | 216 | 22.393 |
| Third party fees | 2.184 | 784 | 1.507 | 58 | 3.933 |
| Electricity | 10.153 | 9 | 36 | - | 10.198 |
| Leases | 325 | 47 | 316 | - | 688 |
| Maintenance and repair expenses | 10.012 | 40 | 74 | 1 | 10.127 |
| Other third party supplies | 50 | 130 | 218 | - | 398 |
| Expenses from taxes and duties | 332 | 55 | 135 | 39 | 561 |
| Various expenses | 1.180 | 23 | 890 | - | 2.093 |
| Tangible and intangible assets immobilizations | 5.461 | 169 | 890 | - | 6.520 |
| Doubtful claims provision | - | 2.291 | - | - | 2.291 |
| **Total** | **47.054** | **6.294** | **7.287** | **314** | **60.491** |

## 20. OTHER OPERATIONAL EXPENSES – OTHER EXPLOITATION REVENUES

Other exploitation revenues as well as other operational expenses are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **1/1-31.12.2010** | **1/1-31.12.2009** | **1/1-31.12.2010** | **1/1-31.12.2009** |
| **OTHER EXPLOITATION REVENUES** | | | | |
| Revenues from grants | 277 | 185 | 277 | 185 |
| Compensations for management and maintenance of rain water collection network | 1.920 | 1.654 | 1.920 | 1.654 |
| Revenues from services | 598 | 481 | 598 | 369 |
| Leases | 48 | 86 | 4 | 4 |
| Grants amortizations | 338 | 998 | 338 | 998 |
| Other revenues | 225 | 1.343 | 223 | 1.343 |

| | | | | |
|---|---|---|---|---|
| **Total of exploitation revenues** | **3.406** | **4.748** | **3.360** | **4.553** |

| | | | | |
|---|---|---|---|---|
| **OTHER OPERATIONAL EXPENSES** | | | | |
| Compensations from third parties for damages to the water supply and sewerage networks | 139 | 23 | 139 | 23 |
| Compensations from judicial decisions | 263 | 289 | 261 | 289 |
| Other expenses provisions and damages | 1.424 | 650 | 1.421 | 648 |
| **Total of operational expenses** | **1.826** | **962** | **1.823** | **960** |

## 23. Cost of financing

The financing revenues (expenses) are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 1/1-31.12.2010 | 1/1-31.12.2009 | 1/1-31.12.2010 | 1/1-31.12.2009 |
| Red Interests from bank liabilities | 53 | 100 | 53 | 100 |
| Other financial expenses | 13 | 12 | 13 | 12 |
| **Total of financing expenses** | **65** | **112** | **65** | **112** |
| Black Interests and relevant revenues | 1.930 | 1.645 | 1.929 | 1.643 |
| Other financing revenues | 0 | 0 | 0 | 0 |
| **Total of financing revenues** | **1.930** | **1.645** | **1.929** | **1.645** |
| **Net financing revenues (expenses)** | **1.865** | **1.533** | **1.864** | **1.531** |

It is noted that the account balance « Black interests and relevant revenues» on the 31/12/2010 of € 1.930 includes default interests for customer accounts of € 1.599 and deposit interests of € 329. The policy for charging for default interest for customer accounts has been in use since the BoD decisionn on the 16-5-2007.

## 24. Income Tax

The taxation on results has been determined as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 1/1-31/12/2010 | 1/1-31/12/2009 | 1/1-31/12/2010 | 1/1-31/12/2009 |
| Income tax for the fiscal period | 5.065 | 5.856 | 5.046 | 5.834 |
| Charged taxes regarding previous fiscal periods | 1.701 | 0 | 1.701 | 0 |
| Large Property tax | 81 | | 81 | |
| Special Tax payment | 2.208 | 1.345 | 2.208 | 1.345 |
| Provision for taxation on unaudited fiscal periods | 375 | 250 | 375 | 250 |
| Deferred tax | (955) | 253 | (955) | 253 |
| **Total** | **8.475** | **7.704** | **8.456** | **7.682** |

The tax amount in "Income Tax" in the results statement differs to the theoretical amount that would derive using the current tax rate, on Company profits. The difference is as follows:

| | THE GROUP | THE GROUP | THE COMPANY | THE COMPANY |
|---|---|---|---|---|
| | 1/1-31/12/2010 | 1/1-31/12/2009 | 1/1-31/12/2010 | 1/1-31/12/2009 |
| **Pre tax profits** | **20.878** | **22.093** | **20.887** | **22.012** |
| Tax estimated by the Company tax rate (2009: 25 %, 2010: 24 %) | 5.011 | 5.523 | 5.013 | 5.503 |
| Expenses non deducting from income tax | 636 | 586 | 631 | 584 |
| Provision for taxation on unaudited fiscal periods | 375 | 250 | 375 | 250 |
| Large Property tax | 81 | | 81 | |
| Special Tax payment | 2.208 | 1.345 | 2.208 | 1.345 |
| Revenues free of income tax | (1.714) | 0 | (1.730) | 0 |
| Effect from changes in tax rates | 177 | 0 | 177 | 0 |
| Charged taxes regarding previous fiscal periods | 1.701 | 0 | 1.701 | 0 |
| **Total of taxes in the Results Statement for the fiscal period** | **8.745** | **7.704** | **8.465** | **7.682** |

The fact that in certain cases revenues and expenses are identified in accounting at a different time than when income is taxed or expenses deducted, for reasons of determining the taxed income, creates the need for the identification in accounting of deferred tax assets or deferred tax liabilities. The recognized deferred tax liability from the Group and the Company is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | On the 31/12/2010 | On the 31/12/2009 | On the 31/12/2010 | On the 31/12/2009 |
| Deferred tax claims | 1.493 | 3.287 | 1.493 | 3.287 |
| Deferred tax liabilities | (916) | (3.665) | (916) | (3.665) |
| **Total of deferred taxes in the Financial Statement** | **577** | **(378)** | **577** | **(378)** |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | On the 31/12/2010 | On the 31/12/2009 | On the 31/12/2010 | On the 31/12/2009 |
| Balance at the beginning of the fiscal period | (378) | (125) | (378) | (125) |
| Results tax | 955 | (253) | 955 | (253) |
| **Balance at the ending of the fiscal period** | **577** | **(378)** | **577** | **(378)** |

| | THE GROUP | | |
|---|---|---|---|
| | 01.01.2010 | Result Charges(Credits) | On the 31/12/2010 |
| **Deferred tax liabilities** | | | |
| Financial depreciations of tangible fixed assets | (2.180) | 1.085 | (1.095) |
| Adjustment of grants for fixed assets | (91) | 270 | 179 |
| | **(2.271)** | **1.355** | **(916)** |
| **Deferred tax claims** | | | |
| De-Identification of expenses of long term depreciations and adjustment of depreciations of intangible fixed assets | 125 | (64) | 60 |
| Adjustment of value of received accounts | 1.147 | (168) | 979 |

| | | | |
|---|---|---|---|
| Reserves depreciation adjustment | 144 | (86) | 58 |
| Staff compensation provision due to retirement from service | 477 | (81) | 396 |
| | **1.893** | **(400)** | **1.493** |
| **Net deferred claims in the Balance Sheet** | **(378)** | **(955)** | **577** |
| **Appearance on the Balance Sheet** | | | |
| Deferred tax claims | 0 | | 577 |
| Deferred tax liabilities | (378) | | 0 |
| | **(378)** | | **(577)** |

| | **THE COMPANY** | | |
|---|---|---|---|
| | **01.01.2010** | **Result Charges(Credits)** | **On the 31/12/2010** |
| **Deferred tax liabilities** | | | |
| Financial depreciations of tangible fixed assets | (2.180) | 1.085 | (1.095) |
| Adjustment of grants for fixed assets | (91) | 270 | 179 |
| | **(2.271)** | **1.355** | **(916)** |
| **Deferred tax claims** | | | |
| De-Identification of expenses of long term depreciations and adjustment of depreciations of intangible fixed assets | 125 | (64) | 60 |
| Adjustment of value of received accounts | 1.147 | (168) | 979 |
| Reserves depreciation adjustment | 144 | (86) | 58 |
| Staff compensation provision due to retirement from service | 477 | (81) | 396 |
| | **1.893** | **(400)** | **1.493** |
| **Net deferred claims in the Balance Sheet** | **(378)** | **(955)** | **577** |
| **Appearance on the Balance Sheet** | | | |

| | | |
|---|---|---|
| Deferred tax claims | 0 | 577 |
| Deferred tax liabilities | (378) | 0 |
| | **(378)** | **(577)** |

## 21. EARNINGS PER STOCK

The estimate of basic earnings (loss) per stock is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 1/1-31.12.2010 | 1/1-31.12.2009 | 1/1-31.12.2010 | 1/1-31.12.2009 |
| **Net profit delivered to the company's common stockholders** | **12.402** | **14.390** | **12.431** | **14.331** |
| Average weighted number of stocks in circulation | 36.300.000 | 36.300.000 | 36.300.000 | 36.300.000 |
| **Less:** Average weighted number of own stock | 0 | 0 | 0 | 0 |
| Total average weighted number of stocks in circulation | **36.300.000** | **36.300.000** | **36.300.000** | **36.300.000** |
| **Basic earnings (loss) per stock (in €)** | **0,3417** | **0,3964** | **0,3423** | **0,3948** |

## 26. Transactions and Balances with Associated Persons

The Group and the Company consider as associated persons the members of the Board of Directors, the Executive Members and the stockholders holding a percentage larger than the 5% of its capital stock (including their associated persons). The transactions and the balances of the associated persons of the Group and the Company, for the fiscal period 1/1/2010-31/12/2010 and the 31st of December 2010 respectively, are analyzed in the below board:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| ***Amounts in thousands of Euros*** | 1/1-31/12/2010 | 1/1-31/12/2009 | 1/1-31/12/2010 | 1/1-31/12/2009 |
| Revenues | 0 | 0 | 66 | 4 |
| Expenses | 0 | 0 | 791 | 550 |
| Transactions and fees of executive members and management members | 823 | 937 | 811 | 807 |

| *Amounts in thousands of Euros* | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1/1-31/12/2010 | 1/1-31/12/2009 | 1/1-31/12/2010 | 1/1-31/12/2009 |
| Claims | 0 | 0 | 88 | 28 |
| Liabilities | 0 | 0 | 70 | 37 |
| Claims from executive members and management members | 13 | 9 | 13 | 9 |
| Liabilities towards executive members and management members | 9 | 25 | 6 | 16 |

The company expenses of €791 regard water meter measurement services supplied by the subsidiary company «EYATH SERVICES S.A. ». The company claim of €66 regards the dividend approved by the subsidiary company «EYATH SERVICES S.A». The company claim for €88 mainly regards the claim against the approved dividend. The Company liability of €70 regards services of distribution of receipts and water meter measurements towards the subsidiary « EYATH SERVICES S.A».

## 29. Commitments and Potential Liabilities

### 29.1 Potential liabilities from litigations or disputes under arbitration

On the 31/12/2010 there are legal actions, solicitor's letters and in general future claims against the Group of € 2.494 in total. For these cases, there has been a provision for € 2.494, which is included in the long term liabilities account «Provisions for potential risks and expenses».

The Group's legal department estimates that the judicial outcome of the above cases cannot significantly affect the operation and financial state of the Group.

### 29.2 Commitments from operational leases

The Company on the 31/12/2010 had signed contracts regarding the operational lease of property and means of transport which expire partially until 2013. The lease expenses for the operational leases included in the results statement of the current fiscal period amount to € 627 (31/12/2009: 549).

The future minimum lease payments for operational leases based on the non voidable contract of operational lease, are as follows:

| | 31.12.2010 | 31/12/2009 |
|---|---|---|

| | | |
|---|---|---|
| Up to 1 year | 361 | 395 |
| From 1 to 5 years | 443 | 816 |
| Over 5 years | 0 | 0 |
| | **804** | **1.210** |

### 29.3 Other potential liabilities

The Group on the 31/12/2010 had issued good performance contract guarantees of €305 (31/12/2009: €356) in total.

The Company has not been audited by the respective tax authorities for the fiscal years 2009 and 2010. The Company has formed a provision of €375 for the likelihood of additional taxes.

The subsidiary company has not been audited for the fiscal year 2010. No additional taxes are expected therefore no such provision has been formed.

## 30. Number of employees

The Group and the Company's number of employees at the end of the current fiscal period were 327 people, while at the end of the respective previous fiscal period it was 405 people.

## 31. IMPORTANT FACTS FOR THE FISCAL PERIOD 1/1/2010 – 31/12/2010

The new company management wishes to adopt modern technologies for the inspection and better quality of water as well as to upgrade processing methods for the processing of sewage. With respect to the environment and water resources, the company aims to the protection of the Thermaikos Gulf.

Within this frame the following are planned and set in motion:

- The upgrading of the Sewage Processing Unit in co operation with E.T.V.A as the agent responsible for the management of the Industrial Area of Sindos.
- The electronic monitoring of the Water Supply and Sewerage systems networks so as to have a detailed image regarding the operation and maintenance of the networks.
- The replacement of conventional water meters with electronic ones which will ensure a faster and more precise recording of water consumption.

In the same direction and within the NSRF framework, the Ministry for the Environment, Energy and Climate Change has approved two works of networks upgrading and infrastructure works of € 59 thousand.

The first, of € 36, 2 thousand, regards the construction of the 2nd branch of the central sewerage duct of the city and the second of € 22, 8 thousand, regards the expansion of the water processing plant of Thessaloniki.

Finally, aiming to wider business activities, the further exploitation of the sewerage network is planned, by installing a fiber optics network, for the supply of electronic services.

**32. Chartered Auditors' Fees**

The total fees charged in the fiscal year 2010 by the auditing company are analyzed as follows:

-Fees for the mandatory audit of the financial statements €74,448.

**33. Facts posterior to the Balance Sheet**

There are no facts posterior to the balance sheet of the 31st of December 2010, which could significantly affect the Company's financial state for the fiscal period ending on that date or facts which should be mentioned in the financial statements.

**Thessaloniki, the 29th of March 2011**

| Konstantinos Kamakas | Nikolaos Papadakis | Maria Samara |
|---|---|---|
| BoD Chairman | Managing Director | Financial Manager |

# DISTRIBUTION OF RAISED CAPITAL BOARD

**WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A.**

**''EYATH S.A.''**

**JOINT STOCK COMPANIES REGISTER NUMBER : 41913/06/B/98/32**

**Seat: 127 Egnatias Street- 54635 Thessaloniki**

It is announced that, according to the 2.8.2001 decision of the Athens Stock Exchange S.A, capitals of net amount of Euros 5.430.623,54 (Euros 5.910.000 minus expenses Euros 479.376,46) were raised from the increase in the company's Capital Stock by cash payment carried out based on the 27.7.2001 decision of the Special General Stockholders Meeting of EYATH S.A and the no.1/223/7.8.2001 decision of the Board of Directors of the Capital Market Committee. The time period when the right to registration could be exercised was from the 24.8.2001 until the 29.8.2001. From this increase 1.500.000 new nominal stocks derived which were introduced for negotiation on the 21.9.2001. The validation of the Capital Stock increase from the company's BoD took place on the 13.9.2001. The raised funds in relation to those mentioned in the Informative Bulletin, following the change that took place by the 30.12.2002, 30.06.2005, 29.12.2006 and 26-6-2009 decisions of the company's Stockholders General Meetings, were available until the 31.12.2010, according to the below board which was drafted based on decision 33 of the Board of Directors of the Athens Stock Exchange ( 24-11-2005 Meeting).

**DISTRIBUTION OF RAISED FUNDS FROM THE INCREASE IN CAPITAL STOCK IN CASH**

| MANNER OF RAISED FUNDS DISTRIBUTION (KIND OF INVESTMENT) | Initial program according to the approved by the BoD of the ASE S.A & CM Informative Bulletin of Introduction | | | Program according to the 30.12.2002 decision of the Special General Meeting | | | Completion of Investment for the purchase of means of transport A΄trimester 2003 | Program according to the 30.06.2005 decision of the Regular General Meeting | | | Total of spent capital for the construction of building from the 1.1.2006 until the 31.12.2006 | Program according to the 29.12.2006 decision of the Special General Meeting | | | Total of spent capital for the construction of building from the 1.1.2007 until the 31.12.2008 | Program according to the 26.06.2009 decision of the Regular General Meeting | | | Total of spent capital for the construction of building from the 1.1.2009 until the 31.12.2009 | Remaining Balance for Distribution in thousands of Euros 31.12.2009 | Total of spent capital for the construction of building from the 1.1.2010 until the 31.12.2010 | Remaining Balance for Distribution in thousands of Euros 31.12.2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | Total in thousands of Euros | 2003 | 2004 | Total in thousands of Euros | | 2005 | 2006 | Total in thousands of Euros | | 2007 | 2008 | Total in thousands of Euros | | 2009 | 2010 | Total in thousands of Euros | | | | |
| Buildings-Fields | 2.348 | 2.348 | 4.696 | 2.348 | 2.348 | 4.696 | 0 | 2.348 | 2.348 | 4.696 | 127 | 2.284 | 2.285 | 4.569 | 801 | 1.256 | 2.513 | 3.769 | 55 | 3.714 | 0 | 3.714 |
| Means of transport | 440 | 294 | 734 | 440 | 294 | 734 | 734 | | | | | | | | | | | | | | | |
| **Total** | **2.788** | **2.642** | **5.430** | **2.788** | **2.642** | **5.430** | **734** | **2.348** | **2.348** | **4.696** | **127** | **2.284** | **2.285** | **4.569** | **801** | 1.256 | 2.513 | **3.769** | **55** | **3.714** | **0** | **3.714** |

Notes: 1) The remaining amount to be distributed of € 3.714, on the 31.12.2010 lies in short term deposits and is included in the Balance Sheet under 'Cash Flow and Equivalents".
2) According to the 17.12.2010 decision of the Board of Directors which remains to be approved by the next Regular General Meeting it was decided to alter the raised funds time-schedule for the construction of a building in the years 2011-2012.

**Thessaloniki, the 29th of March 2011**

| THE CHAIRMAN | THE MANAGING DIRECTOR | THE FINANCIAL MANAGER |
|---|---|---|
| **KONSTANTINOS KAMAKAS** | **NIKOLAOS PAPADAKIS** | **MARIA SAMARA** |
| **I.D. CARD No. AA 942423** | **I.D. CARD No. AZ 187068** | **HC LICENSE NO 71414 A' GRADE** |
| | | **I.D CARD No. Σ 342116** |

To the Board of Directors of the Company "EYATH S.A"- Water Supply and Sewerage Systems Company of Thessaloniki S.A:
According to the order received by the BoD of the company EYATH S.A (hereafter «Company»), we have carried out the below agreed in advance procedures in the frame of what is provided by the regulatory framework of the Athens Stock Exchange as well as the relative legislation of the stock market, regarding the Distribution of Raised Capital Report of the Company, which regards the capital stock increase by cash payment, carried out on the 13-09-2001. The Company Management is responsible for drafting the above mentioned Report. We have undertaken this project in accordance with the International Standard of Relative Services 4400, which governs any «Assignments to Perform Agreed in Advance Procedures Relative to Financial Informing». It is our responsibility to perform the below agreed in advance procedures and announce the results.

Procedures:

1. We have compared the amounts mentioned as disbursements in the attached «Distribution of Raised Capital Report from the Capital Stock Increase by cash payment», with the respective amounts recognized in the Company books and data, for the time period they are mentioned.
2. We have examined the thoroughness of the Report, the consistency of its contents with what was mentioned in the Informative Bulletin, issued by the Company for this purpose, as well as with the respective decisions and announcements of the competent Company departments including what was mentioned in the alteration of the timetable for the distribution of raised funds.

Results:

1. The amounts per fiscal year that show up as disbursements in the attached «Distribution of Raised Capital Report from the Capital Stock Increase by cash payment», agree with the Company books and data at the time period they are mentioned.
2. The contents of the Report include the minimum information required for this purpose according to the regulatory framework of the Athens Stock Exchange and the relative legislation of the stock market and is consistent with what is mentioned in the Informative Bulletin and the relative decisions and announcements of the responsible Company departments including what was mentioned in the alteration of the timetable for the distribution of raised funds.

Given that the performed work is neither an audit nor a review, according to the International Auditing Standards or the International Assignment Review Standards, we do not express any other assurance other than what we have mentioned above. Had we performed additional procedures or performed an audit or review we would be likely to have found further issues other than those we mentioned in the previous paragraph.
The present Report is addressed exclusively to the Company's BoD, in the frame of its obligations according to the regulatory framework of the Athens Stock Exchange and the relative legislation of the stock market. Therefore, this Report is not to be used for other purposes as it is limited to the data mentioned above and it does not extend to the financial lists drafted by the Company for the fiscal period which ended on the 31/12/2010 for which we have issued a separate Review Report, dated 29th of March 2011.

Αθήνα, 29 Μαρτίου 2011
Οι Ορκωτοί Ελέγκτές Λογιστές

BAKER TILLY HELLAS
Ορκωτοί Ελεγκτές Λογιστές Α.Ε.
Λ. Μεσογείων 396,Αγ. Παρασκευή
ΑΜ ΣΟΕΛ: 148

Ιωάννης Β. Καλογερόπουλος
ΑΜ ΣΟΕΛ: 10741

Ευάγγελος Ν. Παγώνης
ΑΜ ΣΟΕΛ: 14211

# DATA AND INFORMATION

WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A.

JOINT STOCK COMPANIES REGISTER NUMBER.: 41913/06/B/98/32

**Seat: 127 Egnatias Street- 54635 Thessaloniki**

**DATA AND INFORMATION OF THE FISCAL PERIOD from the 1st of January 2010 until the 31st of December 2010**

**(published based on E.L 2190/1920, article 135 for businesses who draw up yearly financial statements, consolidated or not, in accordance with the IAS.)**

The following data and information deriving from the financial statements aim to a general informing on the financial state and the results of the Group and the Company «WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A.». We therefore recommend to all our readers, prior to any investment activity or any other transaction with the Company, to refer to the Company website where the periodic financial statements are posted as well as the review report of the chartered auditor when required.

| | |
|---|---|
| **Competent Agency-Prefecture:** | Ministry of Development |
| Website: | www.eyath.gr |

Board of Directors Composition:
Kamakas Konstantinos - Chairman, executive member, Papadakis Nikolaos - Managing Director, executive member, Asvestas Dimitrios - Vice Chairman, executive member, Tsolakis Apostolos - Vice Chairman, executive member, Zakalkas Dimitrios - Non executive member, Algianakoglou Thomas - Non executive member, Koutrakis Christos - Non executive member, Ladopoulos Savvas - Independent non executive member, Siampiris Thomas - Independent non executive member, Archontopoulos Georgios - Employee Representative, non executive member, Vassiliadis Dimitrios - Employee Representative, non executive member.

| | |
|---|---|
| Financial Statements Confirmation Date by the Board of Directors: | 29th of March 2011 |
| Chartered Auditor: | Ioannis B. Kalogeropoulos (S.N 10741), Evangelos N. Pagonis (S.N 14211) |
| Auditing Company: | BAKER TILLY HELLAS S.A. (S.N 148) |
| Type of Review Report: | In accordance |

**BALANCE SHEET DATA**
(The amounts are expressed in thousands of Euros)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **ASSETS** | **31/12/2010** | **31/12/2009** | **31/12/2010** | **31/12/2009** |
| Tangible fixed assets used by owners | 91.255 | 90.465 | 91.255 | 90.463 |
| Intangible fixed assets | 112 | 143 | 111 | 142 |
| Other non current assets | 943 | 365 | 1.003 | 425 |
| Stock | 2.247 | 1.867 | 2.247 | 1.867 |
| Customer claims | 49.297 | 40.809 | 49.178 | 40.761 |
| Other current assets | 23.687 | 24.301 | 23.536 | 24.098 |
| **TOTAL ASSETS** | **167.542** | **157.950** | **167.330** | **157.757** |
| **TOTAL NET WORTH AND LIABILITIES** | | | | |
| Equity Capital | 40.656 | 40.656 | 40.656 | 40.656 |
| Other net worth data | 67.540 | 59.966 | 67.497 | 59.894 |
| **Parent company owners total net worth (a)** | **108.196** | **100.622** | **108.153** | **100.550** |
| Minority rights **(b)** | 0 | 0 | 0 | 0 |
| **Total Net Worth (c) = (a) + (b)** | **108.196** | **100.622** | **108.153** | **100.550** |
| Long term loan liabilities | 619 | 1.240 | 619 | 1.240 |
| Provisions / Other long term liabilities | 24.288 | 26.736 | 24.288 | 26.736 |
| Short term loan liabilities | 621 | 689 | 621 | 689 |
| Other short term liabilities | 33.818 | 28.663 | 33.650 | 28.542 |
| **Total liabilities (d)** | **59.345** | **57.328** | **59.178** | **57.207** |
| **TOTAL NET WORTH AND LIABILITIES (c) + (d)** | **167.542** | **157.950** | **167.330** | **157.757** |

**TOTAL REVENUES DATA STATEMENT**

(The amounts are expressed in thousands of Euros)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **1/1-31/12/2010** Continuing | **1/1-31/12/2009** | **1/1-31/12/2010** Continuing | **1/1-31/12/2009** |
| Turnover | 71.182 | 77.376 | 71.182 | 77.376 |
| Gross Profit/(Loss) | 26.304 | 30.322 | 26.940 | 30.780 |
| Pre tax Profit/(Loss) of funding and investement returns | 19.013 | 20.561 | 18.957 | 20.477 |
| Pre Tax Profit/(Loss) | 20.878 | 22.093 | 20.887 | 22.012 |
| Less Taxes | (8.475) | (7.703) | (8.456) | (7.682) |
| **After tax Profit/ (Loss) (A)** | **12.402** | **14.390** | **12.431** | **14.331** |
| **Distributed to :** | | | | |
| Parent Company Owners | 12.402 | 14.390 | 12.431 | 14.331 |
| Minority Rights | 0 | 0 | 0 | 0 |
| Other total revenues after taxes (B) | 0 | 0 | 0 | 0 |
| Total revenues after taxes (A)+(B) | 12.402 | 14.390 | 12.431 | 14.331 |
| **Distributed to :** | | | | |
| Parent Company Owners | 12.402 | 14.390 | 12.431 | 14.331 |
| Minority Rights | 0 | 0 | 0 | 0 |
| After tax profit/(loss) per share - basically (in €) | 0,3417 | 0,3964 | 0,3425 | 0,3948 |
| Pre tax profits from funding, investment results and total depreciations | 24.830 | 26.083 | 24.773 | 25.999 |

**DATA OF NET WORTH CHANGE STATEMENT OF THE FISCAL PERIOD**
(The amounts are expressed in thousands of Euros)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **1/1-31/12/2010** | **1/1-31/12/2009** | **1/1-31/12/2010** | **1/1-31/12/2009** |
| **Total own shares at the beginning of the fiscal period (01/01/2010 and 01/01/2009 respectively)** | **100.622** | **91.314** | **100.550** | **91.301** |
| Total after tax revenues | 12.402 | 14.390 | 12.431 | 14.331 |
| Distributed dividends | (4.828) | (5.082) | (4.828) | (5.082) |
| Increase / (decrease) of equity capital | 0 | 0 | 0 | 0 |
| Purchases / (sales) own shares | 0 | 0 | 0 | 0 |
| **Total own shares at the ending of the fiscal period (31/12/2010 and 31/12/2009 respectively)** | **108.196** | **100.622** | **108.153** | **100.550** |

**ADDITIONAL DATA AND INFORMATION**

1. The companies included in the consolidated financial statements for the current fiscal period are presented below. Up until the 31/12/2010 there has been no change in the integrated companies and/or the participation percentage and the method of integration.

| Company | Country | Participation | Integration method |
|---|---|---|---|
| EYATH S.A | Greece | Parent Company | Full integration. |
| EYATH SERVICES S.A | Greece | 100% | Full integration. |

**2.The inaudited fiscal periods for the companies included in the integrated financial lists are the following:**

| Company | Country | Participation | INAUDITED FISCAL |
|---|---|---|---|
| EYATH S.A | Greece | Parent Company | 2009-2010 |
| EYATH SERVICES S.A | Greece | 100% | 2010 |

3. The formed provisions for likely risks are adjusted per case as follows:
i) For litigations or disputes under arbitration of the Group and Company as well as for judicial decisions or decisions by arbitrary agencies, there has been a provision of €2.494. Beyond this provision there are no other disputes likely to significantly affect the financial state or the operation of the Group ( see note 18 of the Financial Statements)
ii) There has been an accumulated provision for inaudited tax periods of €375 thousand (see note 18 of the Financial Statements)
iii) There has been an accumulated provision for stock depreciation of € 241 thousand
iv)There has been an accumulated provision for staff compensation due to retirement of € 4.573 thousand
v) There are no other provisions
4. There are no encumbrances on the fixed assets of the Group and the Company.
5. The number of employees in the end of the current fiscal period was: Group: 327, Company: 327, while for the respective previous fiscal period the number was 405 for the Group and the Company.
6. The Group and Company investments on fixed assets for the current fiscal period amounted to € 6.914 thousand. For the respective previous fiscal period the number amounted to 7.945 thousand Euros for the Group and the Company.
7. The accumulated amounts of revenues and expenses since the beginning of the fiscal period and the claims and liabilities balances of the Group and Company at the end of the current fiscal period, deriving from transactions with affiliated parties, as determined in IAS 24, are as follows:

| (amounts in thousands of Euros) | Group | Company |
|---|---|---|
| a) Revenues | 0 | 66 |
| b) Expenses | 0 | 791 |
| c) Claims | 0 | 88 |
| d) Liabilities | 0 | 70 |
| e) Transactions and fees of executive members and management membe | 823 | 811 |
| f) Claims from executive members and management members | 13 | 13 |
| g) Liabilities towards executive members and management members | 9 | 6 |

8. The accounting principles adopted in the current fiscal period are the same as those adopted during the drawing up of the financial statements of the respective previous fiscal period, with the exception of the new or reviewed accounting standards and interpretations valid for 2010.
9. The Group owns no own shares
10. There are no other total revenues after taxes on the current fiscal period
11. Based on article 5 L. 3845/2010 (G.N 65A'/06.05.2010) the yearly financial statements of the Group and the Company include in taxes for the fiscal period 01/01/2010 - 31/12/2010 an additonal amount of €2.208 thousand which regards a special payment on the 2009 earnings.

**DATA OF THE CASH FLOWS STATEMENT**
**Indirect Method**
(The amounts are expressed in thousands of Euros)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **1/1-31/12/2010** | **1/1-31/12/2009** | **1/1-31/12/2010** | **1/1-31/12/2009** |
| **Operational activities:** | | | | |
| Pre-tax Profit / (Loss) (continuing activities) | 20.878 | 22.093 | 20.887 | 22.012 |
| **Plus (minus) adjustments for:** | | | | |
| Depreciations | 6.155 | 6.520 | 6.154 | 6.520 |
| Provisions | 224 | 2.926 | 224 | 2.926 |
| Results (revenues, expenses, profit and loss) from investment activity | 0 | 0 | 0 | 0 |
| Participation Revenues | 0 | 0 | (66) | (4) |
| Depreciation of fixed assets investment fundings | (338) | (998) | (338) | (998) |
| Interest and relevant expenses | (1.865) | (1.533) | (1.864) | (1.531) |
| | **25.053** | **29.009** | **24.997** | **28.925** |
| Plus / less adjustments for changes of working capital accounts or relevant | | | | |
| Decrease /(Increase) of stock | (21) | (355) | (21) | (355) |
| Decrease /(Increase) of claims | (9.967) | (5.591) | (9.890) | (5.675) |
| Decrease / (Increase) of long term claims | (1) | (4) | (1) | (4) |
| (Decrease) / increase of liabilities (banks excluded) | 3.873 | (1.185) | 3.812 | (1.056) |
| (Less): | | | | |
| Debit interest and relevant expenses paid | (65) | (113) | (65) | (112) |
| Taxes paid | (9.473) | (7.758) | (9.440) | (7.751) |
| **Total inflows / (outflows) from operational activities (a)** | **9.398** | **14.003** | **9.392** | **13.972** |
| **Investment activity:** | | | | |
| Acquisition of subsidiaries, trust, affiliates and other investements | 0 | 0 | 0 | 0 |
| Purchase of tangible and intangible fixed assets | (6.914) | (7.945) | (6.914) | (7.945) |
| Interest received | 1.930 | 1.645 | 1.929 | 1.644 |
| Dividends received | 0 | 0 | 0 | 0 |
| **Total inflows/(outflows) from investment activities (b)** | **(4.984)** | **(6.300)** | **(4.984)** | **(6.301)** |
| **Financing activities:** | | | | |
| Cashings (repayments) of loans | (689) | (1.181) | (689) | (1.181) |
| Cashings from fundings | 303 | 298 | 303 | 298 |
| Dividends paid | (4.832) | (4.580) | (4.832) | (4.580) |
| **Total inflows / (outflows) from financing activities (c)** | **(5.217)** | **(5.462)** | **(5.217)** | **(5.462)** |
| **Net increase / (decrease) of the cash reserves and equivalents of** | **(802)** | **2.242** | **(809)** | **2.209** |
| **Cash reserves and equivalents at the opening of the period** | **15.166** | **12.924** | **14.943** | **12.735** |
| **Cash reserves and equivalents at the ending of the period** | **14.364** | **15.166** | **14.134** | **14.943** |

**Thessaloniki, the 29th of March 2011**

| THE CHAIRMAN OF THE BoD | THE MANAGING DIRECTOR | THE FINANCIAL MANAGER |
|---|---|---|
| Konstantinos Kamakas<br>ID Card Number AA 942423 | **Nikolaos Papadakis**<br>I.D Card No. AZ 187068 | Maria Samara<br>Hellenic Financial Chamber License No. 71414 A' grade<br>I.D Card No. S 342116 |

## INFORMATION ON ARTICLE 10 L.3401/2005

EYATH S.A has made the below information available to the public, for the fiscal year 1/1/2010-31/12/2010 in accordance with the relevant legislation, which is posted on the Company website (www.eyath.gr) and the Athens Stock Exchange webpage (www.ase.gr).

| | |
|---|---|
| 23.12.2010 | Alteration of raised funds timetable |
| 08.12.2010 | Announcement regarding differences in the intermediate financial statements of the fiscal period 30.09.2010 |
| 29.11.2010 | Publication date of the 9 month results 2010 |
| 02.09.2010 | Press release- Comments on the Financial Results of the 2010 semester |
| 30.08.2010 | Publication of the 6 month results 2010 |
| 30.06.2010 | Announcement of dividend cut/payment of dividend |
| 30.06.2010 | General Meeting Decisions |
| 08.06.2010 | Pre-announcement of General Meeting |
| 04.06.2010 | Yearly presentation of Financial Analysts |
| 02.06.2010 | Special Tax payment L.3845/2010 |
| 01.06.2010 | Yearly informing of Financial Analysts |
| 01.06.2010 | Announcement regarding comments on the financial/accounting statements |
| 27.05.2010 | Publication date of the A' trimester results 2010 |
| 27.04.2010 | Announcement of change in the composition of the BoD or upper executive members |
| 30.03.2010 | Financial Calendar 2010 |
| 30.03.2010 | Announcement of change in the composition of the BoD or upper executive members |
| 29.03.2010 | Announcement and Publication of Yearly Results 2009 |
| 05.03.2010 | Announcement of change in the composition of the BoD or upper executive members |
| 15.01.2010 | Confirmation- Clarifications on publications |

## AVAILABILITY OF FINANCIAL STATEMENTS

The yearly and intermediate financial statements of the Group and the Company, the Auditors Report and the BoD Management report to the Regular Yearly General Meeting have been posted on the Company webpage (www.eyath.gr).