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ATHENS WATER SUPPLY AND SEWERAGE Co.

Annual Report of the Financial year

1 January to 31 December 2008

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

DOMICILIATION :

OROPOU 156 GALATSI

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

The Following Members :
1.Konstantinos Kostoulas ,Chairman of the Management Board

2.Antonios Vartholomaios ,C.E.O

3.Alexios Spiropoulos , member of the Management Board specially designated for this from the Management Board.

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

a.The Financial Statements of the financial use 1.1.2008 to 31.12.2008 conducted according to the valid International Accounting Standards trully illustrates Assets and Liabilities figures , Net Worth and Income Statement of E.YD.A.P S.A. .

b.The Annual Report of the Management Board ,trully illustrates the progress ,the performance and th company's position together with its main risks and uncertainties.

Athens , 30 March 2009

The Chairman of the Board of Directors	The C.E.O	The Member of the Management Board
Konstantinos Kostoulas ID No AE 043716	Antonios Vartholomaios ID No X 666882	Alexios Spiropoulos ID No Σ 691380

Dear Shareholders,

In accordance with article 4 of Law 3556/2007, we hereby submit the annual Board of Directors' Report for the financial year ended at 31 December 2008. The same report has been uploaded and is publicly available on the Company's website at www.eydap.gr.

The present report provides an overview of the business operations carried out in 2008, financial highlights, potential risks and uncertainties, and significant transactions between the Company and related parties.

EYDAP posted gains for 2008, consolidating its growth and reassuring its dominant position in the Greek water supply and sewerage market.

In 2008, the company continued to pursue its business strategy which is oriented towards **environmental protection, sustainable growth, enhancement of the water supply and sewerage services, and modernization of business functions to improve customer service**.

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

In 2008, the Company capitalized on the initiatives it had taken and the agreements it had signed in preceding years about environmental protection and utilization of renewable energy sources, by taking control of small hydroelectric stations, as well as of the Psyttalia thermoelectric power plants, thus consolidating its position on the current business map.

Boosting its investment philosophy and guided by the need to satisfy customers by providing top-quality services, EYDAP continued in 2008 the implementation of its business plan, fully aware of its responsibilities towards shareholders, employees, and the society wherein it operates.

STRATEGIC GOALS AND ACTIONS

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

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

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

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

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

1.1 Upgrade of existing water supply infrastructure

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

1.2 Completion of renovation of Water Treatment Plant (WTP)

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

1.3 Modernization of sewerage network

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

1.4 Upgrade of existing Wastewater Treatment Plants (WWTP)

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

2. Profitability Improvement

2.1. Geographic Expansion

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

2.2. Business Development - New Operations

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

2.3 Reduction of Operating Costs by Modernizing Business Functions

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

- Development and implementation of a system for the rational management of medical expenses

3. Enhancement of Efficiency and Overall Performance

3.1. Modernization of Corporate Structure and Internal Procedures

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

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

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

4. Enhancement of Customer Service

4.1. Modernization of Customer Service Methods

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

4.2 Enhancement and Modernization of Procedures

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

A. FINANCIAL HIGHLIGHTS FOR THE PERIOD

I. Review of Operations – Water Consumption Progress

In 2008, **total water consumption** (billed or not) increased by 1.8%, compared to last year. Average annual increase for the years 2000-2008 was formed at 1.6%.

Billed consumption fell marginally by 0.9% (up 10.6% compared to last year), whereas in the last five years (2003-2008) it climbed on average by 2.1% per annum. The growth in total consumption, together with the slight decline in billed consumption, led to a raise in the ratio of non-billed to total consumption, from 19.6% in 2007 to 21.8% in 2008, but still these levels are lower than the five-year average, which was formed at 22.2%.

With respect to the main consumer classes, the class of common consumers – which represents the overwhelming majority of customers – dropped by 2.6% compared to 2007, while the average three-year consumption was formed at 1.7%. The second biggest class – that of Bulk Water Supply to Municipal Networks – surged by 7.2%. The classes of industrial consumers and State-Local Authorities climbed and fell, respectively.

The drop in total billed consumption by 3.1 mn m^3 was an outcome of the drop in billed consumption by common consumers (-5.6 mn m^3), by State-Local Authorities (-1.6 mn m^3) and by other classes (-1.9 mn m^3), offset by an increase in Bulk Water Supply to Municipal Networks (+4.8 mn m^3) and industrial consumers (+1.2 mn m^3).

In 2008, the distribution of consumption remained fairly unchanged. Common consumers' share was shaped at 61.46% (compared to a three-year average of 62.96%), Bulk Water Supply to Municipal Networks occupied 21% (compared to a three-year average of 19.76%), the share of State-Local Authorities was formed at 6.54% (three-year average of 6.59%) same as that of industrial customers (three-year average of 6,33%).

Billed water consumption in 2008 reached €255.3 mn, up 1.2% compared to 2007. Average annual increase for the last five years was formed at 3.8%.

In terms of consumer classes:

- revenues from common consumer grew by 0.7% to €171 mn
- revenues from industrial-professional consumers soared by 7% to €20 mn
- revenues from Bulk Water Supply to Municipal Networks surged by 9.8% to €35 mn
- revenues from State-Local Authorities grew by 5.5%to €22 mn

In the past five years, Bulk Water Supply to Municipal Networks has seen the biggest growth (average annual increase of 6.7%), whereas the smallest growth was seen in the common consumers' class (average annual increase of 3.5%), the State-Local Authorities' class (average annual increase of 3.2%), and in the industrial-professional consumers' class (average annual increase of also 3.2%). Five-year averages for other consumer classes have remained unchanged.

The average price for water supplied by EYDAP (consumption charge + standard fee) stayed almost unchanged at €0.74 (compared to €0.73 last year). The average price per consumer class remained equally steady. The average price for the main consumer class, that of common consumers, was formed at €0,81. The lowest average price among the biggest consumer classes (excluding those of untreated water and charity organizations) remains that for Bulk Water Supply to Municipal Networks at €0.49 per m^3 (almost 60% of the price for common consumers).

Nevertheless, Bulk Water Supply to Municipal Networks, which derives from the needs of citizens (i.e. of common consumers) that reside outside the Company's network, continues to generate small profits in relation to its consumption share. More specifically, while it accounts for 21% of billed consumption, it merely corresponds to 13.8% of revenues from water supply, let alone their slow collection rate.

II. Key Financial Data

Revenues amounted to €403.2 mn from €388.4 mn in 2007, up 3.8% (+€14.7 mn). This rise was mainly due to increased income from sewerage services that reached €7.9 mn, as well as from constructions for third parties (Ministry of Environment, Physical Planning and Public Works, and EYDAP Asset Management) that reached €6.6 mn.

Cost of sales in 2008 grew by €22.4 mn (+11%) and reached €226.7 mn from €204.3 mn in 2007. This rise was mainly due to an increase in trade payables – chiefly electricity expenses – by €14.4 mn (+80%), and in payments to third parties – chiefly fees to contractors – by almost €15 mn (+64%), despite the fact that expenses for the transfer and disposal of dewatered sludge dropped by €5.7 mn (-79%).

More specifically, the operations of the B' Phase of the Psyttalia Wastewater Treatment Plant increased electricity consumption by €6.6 mn (from €627 thousand in 2007 to €7.2 mn in 2008, namely up 1052%), whereas the excessive needs for pumping water from the Yliki reservoir further increased electricity consumption by another €4.6 mn (from €459 thousand in 2007 to €5 mn in 2008).

Fees to contractors in relation to the operations of the Psyttalia Wastewater Treatment Plant increased by 4.2%; as a result, operating expenses related to the B' Phase of the aforementioned plant further grew by another €10.8 mn.

In order to cover these additional costs, the Company step-increased its sewerage tariffs (first on 01 October 2008, then on 01 March 2009), pursuant to the joint Resolution issued by the Ministry of Economy and Finance and the Ministry of Environment, Physical Planning and Public Works No. 16c/462/4/486/C/25-9-2008.

As a result of all the above, Gross Profit Margin dropped by €7.6 mn (-4.1%). Gross Profit Margin as percentage of revenues was formed at 43.8% from 47.4% in 2007.

Selling and Administrative Expenses grew by €1.4 mn each (administrative expenses up 1.6%, selling expenses up 3.8%). The rise in administrative expenses was mainly due to increased compensation to personnel that reached €915 thousand (+1.3%), whereas the rise in selling expenses was mainly due to increased allowance that reached €893 thousand (+26.1%).

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) were formed at €78.3 mn, down 7.3% or -6.1 mn €, whereas EBITDA margin was formed at 19.4% from 21.7% in 2007. Earnings before Interest and Taxes (EBIT) declined as well, and were formed at €55.8 mn from €63.2 mn in 2007. EBIT margin was formed at 13.8% from 16.3% in 2007.

Furthermore, financial expenses climbed 28.6% and reached €9.8 mn from €7.6 mn in 2007. Financial income also grew by €330 thousand, reaching €3.2 mn from 2.9 mn in 2007.

All the above contributed to a decrease in pre-tax profits by €9.3 mn (-15.8%), reaching €49.2 mn in 2008 from €58.5 mn in 2007. Income tax for 2008 was formed at €18 mn, and after-tax profits were limited to €31.2 mn from €43.3 mn in 2007, down 28%. Net Profit Margin was shaped at 7.7% from 11.1% in 2007.

Operating Cash Flows were formed at €3 mn from €33 mn in 2007. Apart from the decrease in profitability, this drop was largely due to trade and long-term receivables. Investment Cash Flows were shaped at -37.4 mn € in 2008 from -19.8 mn € in 2007, mainly due to increased expenses for Property, Plant and Equipment. Free Cash Flows which refer to the difference between Operating Cash Flows and Investment Cash Flows were reached negative levels -34.4 mn € from +13.2 mn € in 2007. These developments affected Loans which amounted to €160.5 mn at the end of 2008 from €115.8 mn in 2007.

B. BUSINESS HIGHLIGHTS FOR THE PERIOD

I. Modernizing Business Functions

In 2008, the company took up and completed concrete actions in the course of modernizing its business functions, so as to boost performance and upgrade customer service. These actions per business function had as follows:

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

Along these lines, the municipal network of Nea Peramos has already been acquired, whereas that of Agios Panteleimonas is expected to be acquired in 2009, once its construction is completed by the local municipal authorities.

At the same time, negotiations for the acquisition and operation of the municipal network at Megara have been concluded, and feasibility studies that precede negotiations for the acquisition and operation of the municipal networks at Keratea, Kryoneri, Agios Stefanos, Mandra and parts of the municipal networks at Halandri and Maroussi are currently underway. These studies aim to ensure optimal water supply by direct approach to consumers who reside in the aforementioned areas, evaluate investments by assessing the quality of the networks to be acquired (upgrade and maintenance needs), estimate the time within which the acquired networks will be operational, and provide and overview of the networks' operating costs.

An issue of crucial importance to the Company is the debt of municipal authorities to EYDAP, which hampers the Company's growth by deferring access to almost €152 mn (excluding cumulated interest).

With respect to **IT and Technology**, in 2008, EYDAP:

- Successfully modified its ERP system, so as to include "Non-Activity Based Costing" which comprises:
  - Cost Model restructuring and amendment of the Analytical Accounting Plan so as to rationalize the appearance of costing data
  - Interconnection between ERP and the SAS-ABM Costing System where primary data are processed, so that costing data appear in a more efficient and refined form.
- Delivered and is about to implement the new "Extra-Hours Scheduling" system (extended POWERPLAN system) that will contribute to the more efficient utilization and management of human resources.
- Delivered has already implemented the new Medical Expense Processing System, which has been connected with ERP and the subordinate Personnel System, thus saving time and generating reliable data.
- Received and implemented a new Defaulted Payments Collection system, in order to adopt a new defaulted customers approach and reduce payments in arrears.
- Interconnected the Geographical Information System with the Customer System, marking buildings on the map, and thus enhancing functionality for both applications.
- Successfully implemented a new hybrid Local Area Network which, together with the quality policies pursued by the Company, ensures the smooth and uninterrupted communication between remote terminals in various buildings with EYDAP's Central IT Systems.
- Upgraded its "1022" Customer Service Call Center, by securely connecting EYDAP's Call Center and IT System to the facilities of the contractor.
- Successfully launched a new intranet portal, thus facilitating internal communication between employees and allowing access to corporate information such as BoD resolutions, circulars, announcements etc.
- Added to its corporate website new functions and options that provide faster and more efficient Customer Service, such as:
  - Modification of personal details.
  - E-billing through collaborating banks (whose number has increased considerably).
  - Bill-tracking (for up to 16 previous bills).
  - Consumption-tracking for big consumers, such as local authorities (Bulk Water Supply), industrial facilities etc.

With regard to **Human Resource Management,** following the corporate restructuring proposed by the Human Resource Department in December 2007, and within the scope of the company's continuous growth, focus in 2008 shifted towards the department's contribution to the areas of strategy, development, and internal communications. The projects that were carried out and implemented had an aim to:

a. improve the functions of the Human Resource Department, by placing emphasis on procedures, tools and systems; and

b. develop and utilize the company’s human resources through training, skill-building, and enhancement of internal communications.

More specifically, as regards the improvement of the functions of the Human Resource Department in 2008, the company:

- Conducted a research to identify and develop the most suitable HR support system and investigated interconnection options with the Training Department and the Medical Care Department.
- Improved and expanded the extra-hours management system
- Filed for ISO 9001/2000 certification for its training courses, as well as for the academic operation and structure of its Training Center by the National Accreditation Centre for Continuing Vocational Training (EKEPIS).
- Set up working groups and committees to update the Company’s Bylaws and Medical Care Manual, as well as to examine and implement proposals regarding the support and development of its human resources.

As regards the development and utilization of the company’s human resources through training, skill-building, and internal communications enhancement in 2008, EYDAP:

- Expanded the training received by its personnel to new and modern areas, through new training methods.
- Held skill-building seminars for certain personnel units, such as those for employees working in Customer Service .
- Underlined hygiene and security issues in open seminars, as well as in a special bulletin published by the Hygiene and Security Department.

Finally, the company placed particular importance in the coordination and constant communication between the Management and employees, as well as amongst employees. Issues, such as the introduction of personnel to new procedures, systems, and tools, and the permeation of the philosophy that underlies the Management’s strategy and policies to all staff members, are backed by various communication tools, such as the Intranet and special bulletins.

With regard to **Customer Service,** after careful analysis of market figures and consumers’ needs, and along the lines of a customer-centered approach and philosophy, the company continued the efforts to enhance its services. More specifically:

- In order to meet the needs for customer reception areas in EYDAP buildings, and in the frame of establishing one single corporate identity
    - the 3rd Athens District Center (Kifisia) and the Ilion District Center were relocated,
    - new buildings were leased to host the Marousi and Nikea District Centers,
    - the privately-owned Piraeus District Center was renovated, and renovation works will soon begin in the privately-owned 2nd Athens District Center (Galatsi)
    - a new District Center opened in Elefsina.

- The constantly developing Billing and Customer Care system continued its successful operations in all District Centers. This system ensures interconnection and optimal collaboration between all corporate departments involved in customer service, reducing time and costs for the processing of customer requests.
- In pace with technological developments, the company's website was upgraded and enriched with options that allow bill-tracking and e-billing. In addition, the website now carries all necessary information for customer transactions with the company (supporting documents required, application forms etc.)
- In order to better meet the needs of customers, the Company continued its cooperation with Citizen Service Centers (KEP) through which a number of requests are forwarded to the company, and forged its partnership with the Agricultural Bank of Greece by minimizing the fee charged by the bank for the payment of customers' bills. At the same time, similar partnerships with other banks are currently investigated.
- The company has filed for ISO certification of its Customer Service Department.

II. Capital Projects

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

Along these lines, capital projects that were launched in 2007 continued in 2008.

More specifically, in 2008, the following capital projects were implemented:

Field	Description	Amount Spent
Water Supply	Expansion of water supply network and improvement of existing network in order to reduce non-billed water	4,248,740 €
	Maintenance – Repair of clean-water storage tanks in cities and refineries	1,680,520 €
Sewerage	Reconstruction of sewers in EYDAP's service area	7,700,000 €
	Expansion of sewerage network in EYDAP's service area	1,659,555 €
	East Side - West Side main sewage collectors in Thriasio Pedio	3,191,078 €
Metamorfosi Wastewater Treatment Plant	Facilities upgrade	150,000 €
Psyttalia Wastewater Treatment Plant	Thermoelectric power plants, pre-thickening/deodorization geodesic domes, Psyttalia duct capping	15,179,950 €
Buildings	Renovation works in various EYDAP buildings and facilities	1,000,000 €
Hydroelectric Projects	Completion of a small hydroelectric station in Mandra	380,000 €
	Construction of a small 820KW capacity hydroelectric station in Agios Dimitrios (Evinos region)	128,010 €

C. RISKS AND UNCERTAINTIES

As a result of its operations, the Company is not exposed to any particular financial risks, such as Market risk (changes in exchange rates, interest rates or market prices), Credit risk and Liquidity risk. The Company's Financial Risk Management Plan is focused on the minimization of potential negative effects that these risks may have on the Company's financial position.
Risk management is carried out by the Company's main Financial Department, whose operations comply with specific rules approved by its Board of Directors. The Board of Directors provides guidelines and directives on the management of general and specific risks, such as currency risk, interest rate risk and credit risk.

(a) Market Risk

Currency Risk

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

Interest Rate Risk

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

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

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

	Volatility of Interest Rates	Effect on After-Tax Profits
Year 2008	+1%	
	-1%	1,298
		(1,298)
Year 2007	+1%	886
	-1%	(886)

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

(b) Credit Risk

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

Financial Assets	31 December 2008	31 December 2007
Available-for-sale securities	1,139	1,669
Cash and cash equivalents	17,780	14,486
Trade and other receivables	304,548	272,732
Long-term receivables	120,610	103,205
Investments in affiliates	444	347
	444,521	**392,439**

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

"Cash and cash equivalents" are free of credit risk, because they mainly consist of deposits in banks with adequate credit rating. "Trade and other receivables" include receivables from individuals, hence non-collection risk is minimal (mainly due to the high variance of claims). As for receivables from Municipal Authorities, the company considers to resort to article 16 par. 2 of Law 2307/1995 which provides for the collection of municipal debt to EYDAP through earmarked funds.
None of the Company's financial assets is insured by mortgage or any other form of collateral.
The following table provides an overview of Receivables in Default along the time line:

RECEIVABLES IN DEFAULT

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

2007	0-1 Month	1-6 Months	6 Months -2 Years	2 -5 Years	> 5 Years	TOTAL
Individuals	8,501	14,128	9,829	5,595	1,347	39,400
State Authorities	1,555	3,889	6,649	8,517	16,342	36,952
Municipal Authorities	4,725	13,416	41,667	42,154	14,214	116,176
ΣΥΝΟΛΟ	**14,781**	**31,433**	**58,145**	**56,266**	**31,903**	**192,528**

The book value of rescheduled receivables as at 31 December 2008 was €30,095.

(c) Liquidity Risk

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

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

MATURITY OF LIABILITIES

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

2007	0-1 Month	2-3 Months	3-6 Months	6-12 Months	1- 5 Years	> 5 Years	TOTAL
Loans	1,475	0	5,907	108,458	0	0	115,840
Trade and Other Payables	37,619	16,142	15,561	35,760	94,397	138,101	337,580
ΣΥΝΟΛΟ	**39,094**	**16,142**	**21,468**	**144,218**	**94,397**	**138,101**	**453,420**

D. OUTLOOK

The water market attracts in recent years the interest of water management authorities, water supply corporations, and investors worldwide.

According to estimates published by international agencies, the outlook of water market is extremely positive. Many call water the "transparent gold", since its consumption grows twice as fast world population, while its resources steadily decline.

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

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

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

E. RELATED PARTY TRANSACTIONS

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

A) Transactions and balances with BoD Members

	31 December	
	2008	**2007**
– Compensation (Chairman, CEO and Executives)	205	207
– Compensation & Meeting Fees for BoD Members	142	140
	347	**347**

B) Transaction and balances with State and Municipal Authorities

	31 December	
	2008	**2007**
1) Transactions		
– Revenues	76,909	75,625
– Cost of Sales (Construction Cost)	(7,684)	(1,498)
– Allowances	(3,943)	(3,146)
2) Balances		
– Long-term Receivables (Third-party Projects)	101,271	93,126
– Long-term Receivables (Settlement with Municipal Authorities)	16,225	7,426
– Trade Receivables (State & Municipal Authorities)	148,253	138,101
– Other Receivables (State funding for deficits due to severance pay)	12,172	9,118

G. DISCLOSURES PURSUANT TO ARTICLE 4, PARAGRAPH 7 OF LAW 3556/2007

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

a) Share Capital Structure

Pursuant to article 5 paragraph 3 of the Company's Codified Articles of Incorporation,
as approved by the 24th General Shareholders' Meeting of 30 June 2006, the Share Capital of the Company currently amounts to sixty-three million nine-hundred thousand euros (63,900,000) and is divided into 106,500,000 shares with a nominal value of sixty eurocents each (0,60).
Pursuant to article 7 paragraph 1 of the Articles of Incorporation the company's shares are registered and liability thereof is several. Each share affords its owner the right to one (1) vote in the General Meeting and pro-rata entitlement to the company's profits, as well as to the company's assets in case of liquidation.

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

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

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

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

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

d) Shares Conferring Special Control Rights

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

e) Restrictions on Voting Rights

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

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

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

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

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

Article 11: Composition and Term of the Board of Directors

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

2. The Board of Directors consists of:

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

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

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

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

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

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

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

6. Members of the Board of Directors are elected to a five-year term; this term is extended ipso jure until the nomination or election of new members (Directors), in accordance with the provisions of paragraph 2 of this article. Such extension may not exceed one (1) year.

7. Members of the Board of Directors may be freely recalled. Recall and replacement procedures are carried out by those who had the right to elect or nominate the members, in accordance with the provisions of paragraph 2 of this article. The General Meeting may replace any of the members (Directors) it had elected, as per paragraph 2, sub-paragraph (c) of this article, before their term expires.

8. The Directors may be re-appointed, re-elected or recalled for an unlimited amount of times.

9. The members of the Board of Directors may not be related with each other, by blood or marriage, up to the third degree, and may not be contractors or suppliers of the Company under any form, nor members of other Boards of Directors or employees of other companies that do business with the Company. Nevertheless, members of the Board of Directors or employees of an affiliate to the Company, as defined in article 42e of Codified Law 2190/1920, may be members of the Board of Directors of the Company.

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

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

The authority of the Board of Directors with regard to the issuance of new shares is laid down in article 8 of the Articles of Incorporation, which provides for the increase, reduction and amortization of share capital. Paragraphs 1 to 4 of article 8 state the following:

1. In order for the Company to increase its share capital, a resolution of the General Meeting of shareholders which provides for the amendment of the relevant article of the Company's Articles of Incorporation is required; such resolution may only be passed by qualified quorum and majority vote, as per article 31 hereof.

2. (a) Without prejudice to par. 4 of this article, it is expressly stated that by resolution of the General Meeting, subject to the publication formalities stipulated in article 7b of Law 2190/1920, as currently in force, the Board of Directors may be authorized to decide by majority of at least 2/3 of its entire membership, to increase the Company's share capital in whole or in part, through the issuance of new shares, up to the amount of the paid-up capital at the date on which such authority was granted to the Board of Directors.

(b) The General Meeting may renew such authority to the Board of Directors for a period that does not exceed five years per renewal; every renewal is effected upon completion of the previous renewal. Such resolution of the General Meeting is subject to the publication formalities stipulated in article 7b of Law 2190/1920, as currently in force.

3. A share capital increase resolved as per the provisions of paragraph 2 of this article shall not constitute an amendment of the Articles of Incorporation.

4. As an exception to the provisions of paragraph 2 of this article, when the Company's reserves exceed 1/4 of the paid-up capital, in order for the Company to increase its share capital, a resolution of the General Meeting reached in accordance with the provisions of article 31 hereof ("Special Quorum and Majority Vote in General Meetings") is always required, pursuant to which the relevant article of the Company's Articles of Incorporation is amended.

With regard to share repurchase, the provisions of Law 2190/1920 apply without modifications.

i) Important Agreements Effected, Amended or Terminated in Case of Change of Management, Pursuant to Public Offering

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

j) Agreements with Members of the Board of Directors or with Employees in Case of Public Offering

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

H. DIVIDEND POLICY

The Board of Directors intends to declare in the 27th General Meeting of Shareholders, scheduled for the 5th of June 2009, dividends for 2008 that amount to €13,845,000.00 (€0.13 per share).

Dividends declared are 7% lower than those for 2007 (€0.14), and based on the closing price of the Company's stock at 31 December 2008 (€5.22 per share) dividend yield is formed at 2.5% and at 27 March 2009 (€5.9 per share) dividend yield is formed at 2.2%.

I. SIGNIFICANT EVENTS AFTER YEAR END

No matters or circumstances which may affect the Company's operations or financial structure have arisen since the end of the financial year (31 December 2008) and until this report was compiled.

J. BRANCH OFFICES

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

K. RESEARCH & DEVELOPMENT

The Company has no significant activity in Research & Development.

Galatsi, 27 March 2009

THE MEMBERS OF THE BOARD OF DIRECTORS

NAME	***CAPACITY***
Konstantinos Kostoulas	**Chairman – Executive Member**
Anthony M. Vartholomeos	**Managing Director – Executive Member**
Evangelos Baltas	**Member**
Theodoros-Filippos Georgakellos	**Member**
Georgios Mastrangelopoulos	**Member**
Grigorios Zafiropoulos	**Member**
Alexios Spyropoulos	**Member**
Nikolaos Sigalas	**Member**
Dimosthenis Anagnostopoulos	**Member**
Christos Mistriotis	**Member**
Georgios Mitsioulis	**Member**
Konstantinos Galanis	**Member**
Evangelos Moutafis	**Member**

Exact Copy of No 987
Minutes of the Board of Directors
of 27th March 2009
The Managing Director

Anthony M. Vartholomeos

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

FINANCIAL STATEMENTS ACCORDING TO THE INTERNATIONAL FINANCIAL AND REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION FOR THE YEAR ENDED AT 31 DECEMBER 2008

DOMICILIATION :
OROPOU 156
GALATSI

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The Financial Statements, page 4 to 65, were approved by the Board of Directors on 27 March 2009 and are under the approval of the Annual Shareholders Meeting. Under the permission of the Board of Directors the following officers named below sign the Financial Statements:

Athens 27 March 2009

The Chairman of the Board of Directors	The Chief Executive Officer	The Director of the Economic Dpartment	The Supervisor of the Accounting Department
Kostoulas Konstantinos	Vartholomeos Antonios	Leventi Maria	Spiropoulou Eleni

1. GENERAL INFORMATION FOR THE COMPANY

Name:	EYDAP SA
Domiciliation:	Oropou 156 – Galatsi
Date of Establishment:	25/10/1999
Duration:	100 years
Main Activity:	Water Supply - Sewerage
Registration Number of S.A.:	44724/06/B/99/52
Prefecture:	Athens
Tax Number:	094079101
Members of the Board of Directors:	K.Kostoulas, A.Vartholomeos, Th.Georgakelos, E.Baltas,C.Mistriotis G.Zafiropoulos, A.Spiropoulos, N.Sigalas, G.Mastraggelopoulos, K.Galanis, E.Moutafis, G.Mitsioulis,D.Anagnostopoulos.
Ending Day of the Period:	31 December 2008
Period:	12 months
Form of Financial Statements:	Annual
Date of Approval of Financial Statements:	27 March 2009
Chartered Public Accountants:	M. Hatzipavlou (SOEL No 12511) and E. Giouroukos (SOEL No 10351)
Auditing Company:	Deloitte Hatzipavlou, Sofianos & Kampanis Public Accountants and Business Consultants SA
Type of Auditor's Report	Unqualified opinion – Emphasis of matter
Internet address where the Financial Statements are registered:	www.eydap.gr

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

2. STATEMENTS OF INCOME FOR THE YEARS ENDED AT 31 DECEMBER 2008 & 2007

	Notes	31.12.2008	31.12.2007
		Amounts in thousands of Euro	
Turnover	**10**	403.161	388.417
Cost of Services	**11**	(226.694)	(204.314)
Gross Profit		**176.467**	**184.103**
Other Operating Income	**10**	6.279	3.207
General and administration expenses	**11**	(85.590)	(84.219)
Distribution and selling expenses	**11**	(38.186)	(36.788)
Profit from operating activities		**58.970**	**66.303**
Other operating expenses		(3.195)	(3.108)
Finance income net	**14**	3.219	2.889
Finance costs net	**15**	(9.777)	(7.602)
Profit from ordinary activities before income taxes		**49.217**	**58.482**
Income tax expense	**16**	(17.986)	(15.200)
Net profit for the year		**31.231**	**43.282**
Earnings per share (in €)	**17**	**0,29**	**0,41**
Proposed divident (in €)	**17**	**0,13**	**0,14**

The notes refer to the pages 29-65 are an inegral part of the Annual Financial Statements.

3.BALANCE SHEETS FOR THE YEARS ENDED AT 31 DECEMBER 2008 & 2007

	Notes	31.12.2008	31.12.2007
ASSETS			
		Amounts in thousands of Euro	
Non-current assets			
Goodwill	**18**	3.357	3.357
Other Intangible assets	**19**	3.950	3.260
Property, plant and equipment, net	**20**	992.883	976.255
Investment in associates	**21**	444	347
Available-for-sale Investments	**22**	1.139	1.669
Long-term receivables	**23**	120.610	103.205
Deferred tax assets	**24**	46.405	49.664
Total non-current assets		**1.168.788**	**1.137.757**
Current assets			
Materials and spare parts, net	**25**	19.165	19.263
Trade receivables, net	**26**	274.848	246.434
Other receivables, net	**27**	29.700	26.298
Cash and cash equivalents	**28**	17.780	14.486
Total Current assets		**341.493**	306.481
Total Assets		**1.510.281**	**1.444.238**
Equity			
Share Capital	**29**	63.900	63.900
Share Premium		40.502	40.502
Reserves	**30**	379.162	378.130
Retained Earnings	**31**	345.925	331.166
Total Equity		**829.489**	**813.698**
Liabilities			
Long Term liabilities			
Liabilities for employees benefits	**33**	191.134	180.716
Provisions	**34**	39.869	40.198
Deferred subsidies and customer contributions	**35**	203.317	204.731
Consumers' guarantees	**36**	16.619	15.864
Total long term liabilities		**450.939**	**441.509**
Current Liabilities			
Operating Current Liabilities	**37**	46.999	48.343
Income taxes payable	**16**	2.273	4.186
Short term loans and borrowings	**32**	160.515	115.840
Accrued and other current liabilities	**37**	20.066	20.662
Total Current Liabilities		**229.853**	**189.031**
Total Liabilities and Shareholder's Equity		**1.510.281**	**1.444.238**

The notes refer to the pages 29-65 are an inegral part of the Annual Financial Statements.

4. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2008 & 2007

2008	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Other Reserves	Results profit/loss carried forward	**Total Equity**
Equity Balance at the beginning of the year 2006	63.900	40.502	18.664	358.283	1.183	331.166	813.698
Profit / (Losses) of the year, after tax			1.562			29.669	31.231
Dividends						(14.910)	(14.910)
Net Profit from revaluation of available-for-sale investments					(530)		(530)
Equity Balance at the end of the year 2007	**63.900**	**40.502**	**20.226**	**358.283**	**653**	**345.925**	**829.489**

2007	Share Capital	Share Premium	Legal reserve	**Other non-taxable reserves**	Revaluation Surplus	Results profit/loss carried forward	**Total Equity**
Equity Balance at the beginning of the year 2005	63.900	40.502	16.500	358.283	377	301.763	781.325
Profit / (Losses) of the year, after tax			2.164			41.118	43.282
Dividends						(11.715)	(11.715)
Net Profit from revaluation of available-for-sale investments					806		806
Equity Balance at the end of the year 2006	**63.900**	**40.502**	**18.664**	**358.283**	**1.183**	**331.166**	**813.698**

The notes refer to the pages 29-65 are an inegral part of the Annual Financial Statements.

5. CASH FLOW STATEMENTS FOR THE YEARS ENDED AT 31 DECEMBER 2008 & 2007

	1.01-31.12-2008	1.01-31.12-2007
Cash Flows from operating activities	*Amounts in thousands of Euro*	
Profit before tax	49.217	58.482
Adjustments for:		
Provisions	4.305	4.706
Customers' Write-offs		
Depreciation and amortization	31.687	29.866
Amortization of customers' contributions and subsidies	(9.134)	(8.589)
Investment income	(32)	(24)
Impairment of investments	(96)	(53)
Interest and related income	(3.091)	(2.812)
Interest and related expense	9.777	7.602
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(32.917)	(19.788)
Other receivables	(12.152)	(7.692)
Long-term receivables	(17.406)	(5.737)
Materials and spare parts	(33)	(2.293)
Increase in (Decrease in)		
Operating Current Liabilities	4.879	(3.338)
Other current liabilities	(12.242)	(4.147)
Consumers' guarantees	756	987
Reserve for employees benefits	12.109	9.982
Minus:		
Interest and related expenses paid	(7.095)	(5.420)
Income Tax paid	(15.534)	(18.702)
Net cash from operating activities (a)	**2.998**	**33.030**
Cash Flows from investing activities		
Dividends received	32	24
Interest and related income received	2.746	2.120
Purchases of property, plant, and equipment	(45.308)	(28.132)
Purchases of intangible assets	(2.592)	(1.895)
Proceeds from customers' contributions and subsidies	7.711	8.148
Investments in associates	0	(91)
Net cash from investing activities (b)	**(37.411)**	**(19.826)**
Cash Flows from financing activities		
Proceeds from borrowings	66.000	87.495
Repayments of borrowings	(22.333)	(92.667)
Dividends paid	(5.960)	(7.564)
Net cash from investing activities (c)	**37.707**	**(12.736)**
Net (decrease) increase in cash and cash equivalents (a) + (b) + (c)	**3.294**	**468**
Cash and cash equivalents, beginning of period	**14.486**	**14.018**
Cash and cash equivalents, end of period	**17.780**	**14.486**

The notes refer to the pages 29-65 are an inegral part of the Cash Flow Statements.

6.ESTABLISHMENT, OPERATIONS AND LEGAL FRAMEWORK OF THE COMPANY

GENERAL INFORMATION

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

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

EYDAP provides its water supply services through its 8.379 kilometers water distribution network. The Company also operates four Water Treatment Plants (WTP) with a total daily capacity of 1,8 million cubic water meters.

The sewerage network has a total length of owner 6.000 kilometers and consists of the main and secondary sewerage collector mains. EYDAP operates among others, a major Waste Water Treatment Plant (WWTP) in Psytallia Island with a current daily capacity of 1 million cubic waste meters of waste.

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

General Information (continued)

The Company operates under the supreme inspection of the Ministry of Environment, Physical Planning and Public Works and in accordance with the provisions of Corporate Law 2190/1920 as amended by Law 2744/1999.

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

- The legal duration of EYDAP was set to 100 years commencing from the date the L 2744/1999 was published in the Government Gazette, which was the 25 October 1999. The period can be expanded by a special resolution of the General Assembly.
- The Greek State is not permitted to hold less than the 51% of the Company's share capital, at any time.
- EYDAP has the exclusive right of providing water supply and sewerage services in the Attica region for the 20 years commencing from the date L 2744/1999 was published in the Government Gazette. This exclusive right is not transferable and may be renewed following a written agreement between the Greek State and the Company.
- For the period 2000 to 2008 the tariffs of water and sewerage services are defined through common decisions of the Ministers of Environment and Public Works and Finance and National Economy, after considering the Company's Board of Directors opinion.
- Under article 4 an independent public entity ''EYDAP Fixed Assets'' (''the Public Entity'' or ''PE'') was established with the purpose of carrying out the operation and maintenance of the dams and reservoirs which where transferred to it, at no consideration. The provisions of L 2744/1999 are as follows:

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

  -The Greek State through the Public Entity is obliged to provide adequate quantities of crude water (without treatment) to the Company to carry out its watering activities.

General Information (continued)

- The Public Entity has the responsibility for the proper function and the maintenance of the dams and reservoirs, which were transferred to it. However, as allowed in the contract, the maintenance has been assigned and is carried out by EYDAP. Until 2004, the annual cost of the maintenance and the proper functioning of these installations will be offset against the crude water, which the Public Entity provides the company. There is no agreement on a new contract after the period where the aforementioned provision was in place.
- According to the L 2939/2001, EYDAP continues to have - and after the enforcement date of L 2744/1999 - the authority to construct projects related with the water supply system of the broader area of Athens that were selected for refinancing from the European Cohesion Fund at that time and until their
- completion. EYDAP has the right to receive the investment grants from the ECF, in retrospect, for the amounts received or will be received after the enforcement day of L 2744/99.
- The Company has cyclicality in its revenues (increased water consumption in the summer months), which produce significant variances from quarter to quarter to reported turnover and income. For these reasons, results of operations for interim periods are not necessarily indicative of results for the full year. Results of operations from interim periods are indicative only if they are compared with the corresponding results of the previous periods. For this reason the interim income is not indicative for the trend of the annual income but only with the corresponding interim income.

7. ADOPTION OF NEW AND REVISED STANDARDS

7.1 Standards and Inerpretations valid in the current economic use

During the current year the company has adopted the new and revised Standards issued by the International Accounting Standards Board (IASB) as also the new interpretations issued by the International Financial Reporting Standards Interpretations Committee.(IFRIC) which are relevant to the company's activities , are valid for the financial years beginning on 1st January 2008 and they have been endorsed by the European Union.

Interpretation IFRIC 13- Customer loyalty programs effective for financial years beginning on 1 July 2008.

Interpretation IFRIC 14- The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction. effective for financial years beginning on 1 January 2008.

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

Amendment IFRS 2 Benefits depending on share value. Effective for financial years beginning on 1 January 2009.Amendment mainly concerns the explanation of the term "requirements of fortification" as also the accounting operation of cancellation either from the economic entity or any another part of the vested intention rights.

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

IFRS 8 Operating Segments Effective for financial years beginning on 1 January 2009.IFRS 8 replaces IAS 14,financial Information by segment.It sets the appropriate requirements that the information given by segment of operation to be what administration internally uses for performance evaluation.

Amendment IAS 1 Presentation of Financial Statements – Revised
Effective for financial years beginning on 1 January 2009.Amendment mainly concerns the introduction of condensed income statements ,within the groups of information involved in financial statements in common characteristics classifications as also the renaming of certain financial statements. Amendment also concerns in the clarification that the financial means which have been classified as available for sale are not always appropriate to be presented as current assets / short term liabilities.

Amendment IAS 16 Fixed Assets Effective for financial years beginning on 1 January 2009 .Amendment mainly concerns the replacement of the term "net sale price" by the term "fair value minus direct sale expenses".

Amendment IAS 19 Employees Benefits Effective for financial years beginning on 1 January 2009. Amendment concerns clarifications and amenments of sevaral terms as also guidance relative to potential liabilities.

Amendment IAS 20 Accounting for Goverment Grants and Disclosure for Goverment Assistance. Effective for financial years beginning on 1 January 2009.Amendment concerns Goverment Assistance in loan terms with interest lower than that of the market.

7. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Amendment IAS 23 Borrowing costs Effective for financial years beginning on 1 January 2009.Amendment concerns the abolition of choice of direct recognition as an expense for the borrowing cost of those fixed assets for which a long term is required until they are ready for use / sale , as also amendment for what can be considered as borrowing cost.
Amendment IAS 27 Consolidated and Separate Financial Statements. Effective for financial years beginning on 1 January 2009. Amendment concerns the measurement of investments in subsidiaries,joint ventures and associates for sale in the companies financial statements
Amendment IAS 28 Investments in Associates. Effective for financial years beginning on 1 January 2009. Amendments concern the required disclosures as also clarifications relating to investments impairment in Associates.
Amendment IAS 29 Financial Reporting in Hyperinflationary Economies. Effective for financial years beginning on 1 January 2009. Amendment concerns the description of the financial statements based on historical cost.
Amendment IAS 31 Interests in Joint Ventures. Effective for financial years beginning on 1 January 2009. Amendment concerns the required disclosures when the interest in joint venture is book accounted in its fair value via results.
Amendments in IAS 32 Financial Instruments Presentation and IAS 1 Presentation of Financial Statements. Effective for financial years beginning on 1 January 2009.Amendment demand that specific financial instruments available from the holder (puttable means) as also liabilities appear during the liquidation of an entity to be classified as Equity if certain criteria are accomplished.
Amendment IAS 36 Impairments of Assets. Effective for financial years beginning on 1 January 2009. Amendment concerns the disclosure of accounting estimations that used in value assessment of the cash flow creation units that involve surplus or intagible assets with indefinite useful life.
Amendment IAS 38 Intagible Financial Assets. Effective for financial years beginning on 1 January 2009. Amendment concerns explanation of prerequisitesfor the recognition of advertising and promoting operations.
Amendment IAS 39 Financial Instruments Recognition and Measurement. Effective for financial years beginning on 1 January 2009. Amendment concerns the indication of certain cases that are not considered as reclassifications as also the explanation of real interest used during the pause of fair value accounting offset.
Amendment IAS 40 Investment Property. Effective for financial years beginning on 1 January 2009 .Amendment concerns the classification as investment property of those which are under construction with the aim of their future use as investment.
Amendment IAS 41 Agriculture . Effective for financial years beginning on 1 January 2009.

Management estimates that the aforementioned Standards amendments-revisions and the respective Interpretations would not have any significant effect in the Company's Accounting Policies .In addition they would not have any significant effect in its Financial Statements.

7. ADOPTION OF NEW AND REVISED STANDARDS (continued)

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

Interpretation IAS 12 Concession Arrangements Effective for financial years beginning on 1 January 2008.
Interpretation IAS 15 Aggrements for the construction of Real Estate.
Effective for financial years beginning on 1 January 2009.
Interpretation IAS 16 Hedges of a Net Investment in an Operation Abroad.
Effective for financial years beginning on 1 October 2008.
Interpretation IAS 17 Distributions of non Cash Assets to Owners.
Effective for financial years beginning on 1 July 2009.
Interpretation IAS 18 Transfers of Asstes from customers.
Effective for financial years beginning on 1 July 2009.
Amendment IFRS 3 Business Combinations . Effective for financial years beginning on 1 July 2009.Amendment mainly concerns the accounting management of companies combination cost, the management of a possible price change as a result of events after the combination ,the right of choice to use the "full surplus" method for the book accounting of the surplus value ,the necessary adjustments needed for the control of investments to their recognisable assets and liabilities , the accounting management of the partial disinvestment in a subsidiary either by keeping or losing its control,the acquisition of additional shares in a subsidiary which is under control and finally the expansion of the Standard's implementation among mutual companies and in combinations without price payment.
Amendment IFRS 7 Financial Instruments :Disclosures Effective for financial years beginning on 1 January 2009.Amendment concerns additional disclosures relative to fair value and liquidity risk.
Amendment IAS 27 Consolidated and Separated Financial Statements.
Effective for financial years beginning on 1 July 2009.Amendment mainly concerns the accounting management of the partial disinvestment in a subsidiary either by keeping or losing its control as also the management of a partial disinvestment in Associates and Joint Ventures and the classification of the relative revenues as revenue from investments in non affiliated-contolled companies .
Amendment IAS 28 Investments in Associates. Effective for financial years beginning on 1 July 2009.Amendment concerns changes as a result of the IFRS 3 amendment.
Amendment IAS 31 Interests in Joint Ventures. Effective for financial years beginning on 1 July 2009. Amendment concerns changes as a result of the IFRS 3 amendment.
Amendment IAS 39 Financial Instruments Recognition and Measurement.
Effective for financial years beginning on 1 July 2009.Amendment concerns two cases of hedging risks :inflation management as well as the occurrence of one-sided risk towards the financial instruments.

Management estimates that the adoption of the amended-revised Standards and Interpretations would not have any significant effect in the Company's Financial Statements of the adoption period.

8. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

Investments in associates

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

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

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

Business combinations

A Business combination is a contractual arrangement by which the company and the other parts undertake a financial activity which is subject to common control ,that is to say the relative to the activity strategic ,financial and operational decisions are due to a unanimous agreement of the parts that exercise control .

When a company undertakes activities within the bounds of a business combination its respective part over the controlled assets and liabilities arised are recognized in the financial statements of each respective entity and are classified according to their nature.Liabilities and expenses realized for the participation of commonly controlled assets are book accounted on a accrual basis.Revenues from the sale or use of the commonly controlled assets product and the analogy of the combinated expenses are recognized when it is possible the financial benefits connected with these transactions to go to the company or vice versa and their amounts can be measured with a credible way.

Business combinations agreements which imply the establishment of a separate entity within which every member has a certain contribution refer as commonly controlled entities.The company presents its participations within the commonly controlled entities with the use of proportional unification unless if investment is classified as available for sale ,case in which investment is book accounted according to I.F.R.S. 5

Significant Accounting Policies (continued)

"Non current assets held for sale and discontinued activities".The company's analogy to the assets liabilities,revenues and expenses of the commonly controlled entity is integrated to the same nature items in the financial statements.

Every goodwill arising on acquisition within a commonly controlled entity it is accounted according to the company's policy for the goodwill arising on acquisition of a subsidiary(see below). When the company deals with commonly controlled entities ,the non realized profits or losses are erased analogically within the business combination.

Goodwill

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

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

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

Revenue recognition

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

Sale of goods

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

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

Rendering of services

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

Dividend and interest revenue

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

Significant Accounting Policies (cotinued)

Rental income

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

Construction contracts

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

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Leasing

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

The Company as lessor

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

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

The Company as lessee

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

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

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

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

Foreign currencies

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

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

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

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

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

Significant Accounting Policies (continued)

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

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

Borrowing costs

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

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

Government grants

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

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

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

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

Significant Accounting Policies (continued)

Retirement benefit costs

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

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Company's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

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

Current tax

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

Deferred tax

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

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

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

Significant Accounting Policies (continued)

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.
<u>Current and deferred tax for the period</u>
Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquired business identifiable assets, liabilities and contingent liabilities over cost.

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

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

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

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

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

Significant Accounting Policies (continued)

Intangibles assets

Intangible assets acquired separately

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

Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

Intangible assets acquired in a business combination

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

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

Impairment of tangible and intangible assets excluding goodwill

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

Significant Accounting Policies (continued)

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

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

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

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

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

Inventories

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

Provisions

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

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

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

Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Significant Accounting Policies (continued)

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

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

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

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

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

Significant Accounting Policies (continued)

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

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

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

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

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

Significant Accounting Policies (continued)

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

Financial liabilities
Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.
Financial liabilities at Fair Value Through Profit and Loss Account (FVTPL)
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.
A financial liability is classified as held for trading if:
• it has been incurred principally for the purpose of repurchasing in the near future; or
• it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
• it is a derivative that is not designated and effective as a hedging instrument.
A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.
Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 44.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.
Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Deletion-Stop-Discontinuance of recognition
The Company deletes a financial liability only when it has been paid,cancelled or expired.

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

Significant Accounting Policies (continued)

Items Reclassifications
Certain Items of the 2006 Financial Statements reclassified to conform with those of the current use.
More specific:
During the period 1/1/2006 to 31/12/2007 amount of € 1.691 th. transferred from "Other Current Liabilities" to "Resrve for employees benefits" and € 9.964 th to "Operating current Liabilities" respectively.

9. Critical accounting judgements and key sources of estimation uncertainty
In the application of the Company'ss accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Investment program
The Company according to its establishment Law 2744/99, has signed a contract with the Greek State, according to which the Greek State undertakes the commitment for the subsidization of EYDAP either from the Community Funds or from the Program of Public Investments for the coverage of the 60% of the capital expenditure, which EYDAP pays for the maintenance, restoration, improvement or the expansion of the water supply and sewerage network system for the 8years period 2000-2008. Against the aforementioned investment program of around €1,22 billion, that includes, as already mentioned, also the maintenances, the Company has spent for capital expenditures as at 31 December 2008 an amount of € 432,49 millions, for which it has the right to receive a subsidy of around € 259,49 millions (432,49*60%), while for the maintenance expenditures the Company claims the corresponding subsidy. The Company against the subsidy that has the right to receive has received as at 31 December 2008 an amount of €9,08 millions. On the basis of the above the claim of the Company from the Greek State is raised to at least € 250,41 millions (259,49-9,08). Therefore this amount has not recorded in the accounts receivables with an equal debit of the long-term liabilities accounts, the carrying amount of which is gradually transferred in the profit/loss of the period in proportion to the depreciation rate of the subsidized water supply and sewerage network system. If the aforementioned journals were carried out then the profit/loss of the current and the previous year period will be improved by around € 5,2 millions and € 4,6 respectively and the net equity will be improved by around € 34,6 millions. It must be clarified that a decision made by the Extraodinary Shareholders Meeting of August 10th 2004 modified the company's investment programme ,however not affecting the above mentioned claim against the Greek State.

Significant Accounting Policies (continued)

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

Public Entity EYDAP Fixed Assets (PE)

The Public Entity was established at the time of the IPO with the purpose of the ownership's transfer of the water dams and basins of Marathon, Mornos, Yliki and Evinos from EYDAP to PE. Besides the constructions and upgrades of the installations that are related with these water dams and basins, the Greek State – through the Public Entity - has undertaken the obligation to supply the Company with raw water to meet its water supply obligations. The price of the raw water for the 5years 2000-2004 is being offset with the cost of services that EYDAP realizes for the maintenance and operation of the fixed assets that belong by ownership to the Public Entity.

Key sources of estimation uncertainty

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

Litigations and claims

Lawsuits for civil law cases with claims of an amount of € 54,7 millions have been raised against the Company as at 31 December 2008. These lawsuits are mainly related with damages caused by floods (either because of broken mains of from rainfalls) or they are lawsuits of various trade creditors and subcontractors for violation of contractual terms. There are also pending litigations with employees of around €42,0 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of €39,9 millions as at 31 December 2008 and of € 40,1 millions as at 31 December 2007, which are considered as sufficient.

Insurance coverage

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

Unaudited by tax authorities fiscal years

The tax authorities had not audited the Company, until the fiscal period ended as at 31 December 2007. The accompanying financial statements include a related provision for the additional taxes and fees that are probable to be levied at the finalization of the tax years 2008.

(all amounts in euro thousands unless otherwise stated)

10. REVENUES

Sales of the Company are analyzed as follows:

	Year ended at 31 December of	
	2008	**2007**
Revenues from water supply and related services	275.765	275.653
Revenues from sewerage services	117.946	110.038
Revenues from constructions for third parties	8.145	1.588
Revenues from electric power sales	1.058	1.118
Stock Sales	247	20
Total Turnover	**403.161**	**388.417**
Other operating revenues	6.279	3.207
Financial revenues	3.219	2.889
Total Revenues	**412.659**	**394.513**

Total revenues represents the revenues as defined by IAS 18.Other Operating income involves a claim of € 4.399 from Social Security Foundation (IKA) for 1% employers' contribution concerning working accidents

11. ALLOCATION OF EXPENSES

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

	Year ended at 31 December of 2008			
2008	**Cost of Services**	**Selling Expenses**	**Administrative Expenses**	**Total**
Wages and Salaries	124.024	26.784	72.018	222.826
Third-party allowances	32.330	4.144	4.694	41.168
Third-party expenses and fees	38.783	103	2.964	41.850
Depreciation and amortization	19.303	222	3.029	22.554
Provisions	(197)	4.313	0	4.116
Cost of disposals of dehydrated sludge	1.511			1.511
Other expenses	4.663	2.534	2.312	9.509
Construction costs of third parties-Public Entities	1.109			1.109
Raw material and consumables used	11.623	86	573	12.282
Allocation of expenses to self-constructed assets	(6.455)			(6.455)
	226.694	**38.186**	**85.590**	**350.470**

(all amounts in euro thousands unless otherwise stated)

11. ALLOCATION OF EXPENSES *(continued)*

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

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

	Year ended at 31/12/2008		**Year ended at 31/12/2007**	
	Public Entity	Ministry of Environment	Public Entity	Ministry of Environment
Payroll costs	4	1.287	18	679
Raw material and consumables used	0	0	0	0
Sub-constructions	960	0	57	124
Other expenditures	0	0	10	0
Utilities	0	5.095	0	478
Allocation of overhead expenses	145	193	24	120
	1.109	**6.575**	**97**	**1.401**

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

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

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

(all amounts in euro thousands unless otherwise stated)

12. DEPRECIATION AND AMORTIZATION EXPENSES

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

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

The amounts are analyzed as follows:

	Year ended at 31 December of	
	2008	**2007**
Depreciation of tangible assets	29.796	28.336
Amortization of software	1.892	1.530
Amortization of customers' contributions and subsidies for fixed assets	(9.134)	(8.589)
	22.554	**21.277**

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

(all amounts in euro thousands unless otherwise stated)

13. STAFF COSTS

	Year ended at 31 December of	
	2008	**2007**
Wages and Salaries	163.014	163.320
Social Security Costs	33.874	34.316
Provisions for staff leaving indemnities	3.475	3.498
Provisions for staff leaving indemnity (special account)	177	190
Provisions for post-employment medical care	22.286	20.943
Total (Note 10)	**222.826**	**227.267**

The total number of employees as at 31 December 2008 and 2007 were 3.482 and 3.677 respectively.

14. FINANCIAL REVENUES

	Year ended at 31 December of	
	2008	**2007**
Interest from customers	2.591	2.376
Dividends	32	24
Other revenues	596	489
	3.219	**2.889**

15. FINANCIAL EXPENSES

The financial expenses of amounts €9.777 and €7.602 at 31 December 2008 and 2007, respectively, are mainly concern with the Company's loans interests,as also the financial expense coming from the measurement of the settled claims towards Municipalities (OTA) in the depreciated cost (Note 23).

(all amounts in euro thousands unless otherwise stated)

16. INCOME TAX

	Year ended at 31 December of	
	2008	**2007**
Current Tax	13.616	16.887
Deferred Tax (Note 23)	3.259	(2.747)
Tax of unaudited by tax authorities fiscal years	1.111	1.060
	17.986	**15.200**

The financial tax burden of the period consists of the current income tax ,the deffered taxes and the tax differences .The tax rate for the financial year 2008 was 25% as it was in 2007 .According to the existing Tax law (3697/2008) the tax rare will gradually decrease until 2014 as follows :

	2009	**2010**	**2011**	**2012**	**2013**	**2014**
Income tax rate	25%	24%	23%	22%	21%	20%

The tax for the current period was calculated as follows:

	Year ended at 31 December of	
	2008	**2007**
Profit before tax	**49.217**	**58.482**
Income tax calculation based on the current tax rate (25%)	12.304	14.621
Deffered Claim in taxable reserve from fixed assets readjustment	(3.265)	-
Impact from tax rate change	7.849	-
Impact from tax rates differences between current income tax and deffered tax rates in the time of temporary differences reconciliation	(124)	-
Claim from Deffered taxes recognised	(678)	(877)
Tax over non-deductible tax expenses	789	396
Tax of unaudited by tax authorities fiscal years	1.111	1.060
	17.986	**15.200**

(all amounts in euro thousands unless otherwise stated)

17. EARNINGS PER SHARE

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

	Year ended at 31 December of	
	2008	**2007**
Earnings attributable to ordinary shareholders	31.231	43.282
Weighted Average of ordinary shares in issue	106.500	106.500
Basic Earnings per Share	0,29	0,41

Proposed dividend

The Board of Directors decided to propose to the General Shareholders Meeting the distribution of dividend of 13 cents (€0,13) per share for the year 2008. The dividend will be approved by the Annual Shareholders Meeting and is included in the account of Retained Earnings.

18. GOODWILL

The amount of goodwill of € 3.357 as at 31 December 2007 is related with the excess in the acquisition cost over the undepreciated replacement cost of Elefsina, Aspropyprgos and Likovrisi water supply networks as it was estimated at the time of concession. The cash generating units and consequently the goodwill of the water supply networks are tested for impairment either annually or more frequently if the events of the changes of conditions indicate possible impairment. The impairment test performed at the end of 2008 by Direction of Development of New Works and Operations showed that the value of the goodwill was not impaired.

More specifically:

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

(all amounts in euro thousands unless otherwise stated)

18. GOODWILL *(continued)*

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

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

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

19. OTHER INTANGIBLES ASSETS

COST	
At 31 December 2007	9.870
Additions	2.592
At 31 December 2008	12.462
AMORTIZATIONS	
At 1 January 2007	-5.079
Charge for the period	-1.531
At 31 December 2007	-6.610
Charge for the period	-1.902
At 31 December 2008	-8.512
CARRYING AMOUNT	
At 31 December 2007	3.260
At 31 December 2008	3.950

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

Phase B in the operation of the waste treatment plant in Psytallia

At the end of December 2007 EYDAP received from the Ministry of Environment Planning and Public Works ,the works concerning phase B′ of the waste treatment plant in Psytallia thus taking the responsibility and the cost of their operation.These works include the advanced secondary treatment of wastes (removal of organic freight and azote) plus the treatment of the coming mud (fattening ,anaerobic digestion and dehydration).The dry of the dehydrated mud started in June 2007 is still under the responsibility of the Ministry of Environment ,Planning and Public Works, however EYDAP has taken the responsibility and the hundling cost
(transportation and power development) of the dry product.

The operation of phase B of the waste treatment plant in Psytallia led to the increase in operation and maintenace expenditures thus substantially affecting financial results.As the cost of the plant in Psytallia is expected to affect the cost of sales hereafter,the company inceased the sewerage tariffs gradually (the first increase was on 1 October 2008 and second from 1st March 2009) according to the No Δ16γ/462/4/486/Γ/25-9-2008 common Ministerial Decision of the Ministry of Economics and National Economy and the Ministry of Environment ,Planning and Public Works.

(all amounts in euro thousands unless otherwise stated)

20. TANGIBLE ASSETS

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

Fixed assets changes table for the financial years 2008 and 2007 :

2008	**Land & Buildings**	**Machinery & Mechanical Equipment**	**Water Supply Network & consumption meters**	**Sewerage Networks & Biological cleaning**	**Motor Vehicles & Furnitures**	**Constructions-in-progress**	**Total**
Carrying Amount at 1 January 2008	271.081	2.669	321.343	295.267	4.860	81.035	976.255
Additions	6.404	751	12.259	14.082	2.979	37.106	73.581
Reductions/Transfers					(229)	(27.136)	(27.365)
Disposals					208		208
Depreciation charge of the period	(2.221)	(967)	(14.891)	(9.377)	(2.340)		(29.796)
Carrying amount 31 December 2008	**275.264**	**2.453**	**318.711**	**299.972**	**5.478**	**91.005**	**992.883**
1/1/2008							
Cost	277.781	14.896	415.842	367.054	39.747	81.036	1.196.356
Accumulated Depreciation	(6.700)	(12.227)	(94.499)	(71.787)	(34.887)	(1)	(220.101)
Carrying Amount	**271.081**	**2.669**	**321.343**	**295.267**	**4.860**	**81.035**	**976.255**
31/12/2008							
Cost	284.185	15.647	428.101	381.136	42.497	91.006	1.242.780
Accumulated Depreciation	(8.921)	(13.194)	(109.390)	(81.164)	(37.019)	(1)	(249.897)
Carrying Amount	**275.264**	**2.453**	**318.711**	**299.972**	**5.478**	**91.005**	**992.883**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(all amounts in euro thousands unless otherwise stated)

20. TANGIBLE ASSETS *(continued)*

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

21. INVESTMENTS IN ASSOCIATES

Investments in associates of € 444 include:

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

On 31st December 2008 the acquisition cost of E.A.P.climb to € 542 while the impairment losses increased to € 98.

The major figures of the afiliated EAP (Suburb Gas Company) at 31 December 2008 and 2007 are analyzed as follows:

	31η ΔΕΚΕΜΒΡΙΟΥ	
	2008	**2007**
Total Assets	1.382	1.050
Total Liabilities	148	(101)
Sales	1.588	1.101
EBT	**293**	**111**

(all amounts in euro thousands unless otherwise stated)

21. INVESTMENTS IN ASSOCIATES *(continued)*

Because there is participation only in an associate enterprise, and the Company has no obligation to prepare consolidated financial statements - because has no participation in a subsidiary - the financial statements under IFRS are them where the associate is accounted with the equity method. In this case the preparation of individual financial statements, where information about the impact of the method of cost or fair value on the accounts of the balance sheet and the income statement, is in abeyance.(Decision 39 -10/2/2005 Greek Acconting Standards)

The information provided is that the accounts of the balance sheet and the statement of income at 31 December 2008 will not be materially differentiated if individual financial statements were prepared, as far as the there is no significant difference between the acquisition cost of the equity of the associate. It must be noted that the acquisition cost (with the impairments included) is not different by the equity of the associate as at the balance sheet date.

22. INVESTMENTS AVAILABLE-FOR-SALE

	31 December 2008	31 December 2007
Fair Value (EYATH)	1.139	1.669
	1.139	**1.669**

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

23. LONG-TERM RECEIVABLES

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

	31 December 2008	31 December 2007
Long Term Receivables from Municipalities	16.255	7.426
Staff Loans (Note 26)	2.504	2.286
Construction contracts	101.271	93.126
Guarantees (Public Power Corp., Real Estate)	580	367
	120.610	**103.205**

(all amounts in euro thousands unless otherwise stated)

23. LONG-TERM RECEIVABLES *(continued)*

Long-term receivables from Municipalities EYDAP supply with water (distilled or raw) various Municipalities, which operate their own water supply networks and charge their citizens. During the past years the Company faced serious delays in the payments of related trade receivables from Municipalities.
During the year 2001 (beginning from February of 2001), EYDAP went on the settlement of contracts with Municipalities, according with which the carrying amounts during the signing of the contract are arranged with monthly interest-free payments of equal amounts, the number of which are 10 to 100 installments
These long-term receivables are presented in the financial statements in their unamortized cost.

The compound interest rate implemented to Municipalities mature claims for which the company proceeded in interest rate free arrangements through monthly installments (10 to 100 installments) from 2001 up to now ,represents the real interest rate that compounds the nominal amount of the previous mentioned claims for the day of their settlement.This interest rate is for 2007 6,5%.

Construction contracts

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

	31 December 2008	**31 December 2007**
Ministry of Environment, Physical Planning and Public Works	**59.376**	**52.406**
Paid Subsidies /Advances	(1.022)	(1.022)
	58.354	**51.384**
Public Entity EYDAP fixed Assets	**96.927**	**95.752**
Paid Subsidies /Advances	(54.010)	(54.010)
	42.917	**41.742**
	101.271	**93.126**

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

23. LONG-TERM RECEIVABLES *(continued)*

Construction contracts (continued)

According to the existing legal framework the Company constructs anti-flooding projects on behalf of the Ministry of Environment, Physical Planning and Public Works and projects relating with the upgrade/improvement of the damns and the reservoirs that have been transferred to the Public Entity. These projects have been granted to be subsidized by the EU or/and the Greek State and after their completion they will be transferred to their owners. The paid subsidies from the European Union or the Greek State are subtracted from the unbilled revenues because the Greek State has the obligation to pay the difference upon their transfer. Besides that the Company has the right to receive a reasonable fee for the construction of these projects, which has been legally determined to a 6% percent on the construction cost as this is presented in the accounting books and certified by the Chartered Accountants. It must be noted that no contracts are signing for the construction of these projects (the terms are governed by the existing legal framework) and also during the construction period no interim certificates and thus no interim billings are issued. For the purpose of preparation of financial statements according to the IFRSs (revenue recognition from construction works) the IAS 11: Construction Works was applied according to which the reasonable fee that is related with the part of the projects that was constructed during the years 2008 and 2007 respectively is charged to revenues.

(all amounts in euro thousands unless otherwise stated)

24. DEFERRED TAXATION

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

Deferred Taxes

	2007			2008		
	Opening Balance	Credit to profit/loss of the period	Ending Balance	Credit to profit/loss of the period because of tax rate change	Credit to profit/loss of the period because of tax basis change	Total
Expensing of intangible assets	289	(62)	227	-	(78)	149
Slow moving Inventory	481	17	498	(9)	31	520
Employee Benefits liabilities	18.290	4.456	22.746	(4.306)	3.152	21.592
Provisions for Bad Debt	3.448	123	3.571	(714)	265	3.122
Other Provisions	7.287	304	7.591	(443)	(66)	7.082
Customer Contributions	14.741	1.387	16.128	(3.225)	442	13.345
Depreciation difference as a result of useful life revaluation	(1.310)	(1.212)	(2.522)	504	(889)	(2.907)
Revenues and Expenses accruals	2.441	(2.522)	(81)	421	(1.837)	(1497)
Deffered tax.because of fixed assets readjustment	0	0	0	0	3.265	3.265
Other Deferred tax assets	1.250	256	1.506	(77)	305	1.734
	46.917	**2.747**	**49.664**	**(7.849)**	**4.590**	**46.405**

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

(all amounts in euro thousands unless otherwise stated)

25. MATERIALS AND SPARE PARTS

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

	31 December 2008	**31 December 2007**
Consumables and spare parts	19.525	19.548
Provision for stock obsolesence	(2.124)	(1.992)
Network extensions-in-progress	1.764	1.707
	19.165	**19.263**

During the current financial year the company proceeded to stock destructions of € 172.

26. RECEIVABLES

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

	31 December 2008	**31 December 2007**
Domestic customers and users	73.681	64.978
Municipalities , Greek State ,Public utilities	166.477	154.989
	240.158	**219.967**
Accrual revenues	68.590	55.864
	308.748	**275.831**
Less: Bad debt allowances	(33.900)	(29.397)
	274.848	**246.434**

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

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

(all amounts in euro thousands unless otherwise stated)

26. TRADE RECEIVABLES (continued)

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

	31 December 2008	31 December 2007
Opening Balance	29.397	25.977
Provisions of the period	4.504	3.420
Write-offs	(1)	0
Ending Balance	**33.900**	**29.397**

Provisions has been estimated on the basis of past years defaults and statistical data over the collectibility of accounts as also other parameters related to the collection of trade receivables.

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

27. OTHER RECEIVABLES

The account is analyzed as follows

	31 December 2008	31 December 2007
Loans and advances to personnel	5.832	6.113
Advances to subcontractors and suppliers	1.621	2.998
Advances for purchase of inventories	16	772
Other advances		1.556
Receivable based on the participation of the Greek State for the coverage of Employees' end-of-service indemnity	12.172	9.118
Other receivables	10.059	5.741
	29.700	**26.298**

Loans and advances to personnel*:* The Company provides both interest-bearing and interest-free loans to the personnel as well as interest-free short-term payroll advances and long-term loans with interest rates equal to the current rate of the Company's overdraft bank accounts. The long-term portion of personnel loans at 31 December 2008 and 31 December 2007 amounts to € 2.504 and €2.286 respectively and it is included in the long-term receivables (Note 22).

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

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

(all amounts in euro thousands unless otherwise stated)

27. OTHER RECEIVABLES *(continued)*

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

	1.1.2008-31.12.2008	**1.1.2007-31.12.2007**
Accumulated surplus/(deficit) opening balance	9.118	8.714
Employees' payments	14.848	11.730
Employees' retentions	(2.694)	(2.612)
Reconciliation of Claims against the State with dividents payable	(9.100)	(8.714)
Accumulated surplus / (deficit) claimed from the Greek State closing balance	**12.172**	**9.118**

28. CASH AND CASH EQUIVALENTS

The account is analyzed as follows:

	31 December 2008	**31 December 2007**
Cash at hand	292	334
Sight deposits	17.488	14.152
	17.780	**14.486**

The sight deposits accounts are in Euros and have floating interest rates varying in relation to the amount of the deposit. The current account of these sight deposits approximate their accounting value due to the fact of their floating interest rates and short maturities. Sight deposits accounts include undeposited checks of trade creditors and other creditors, the amounts of which as at the 31 December 2008 and 2007 were € 3.217 and € 4.393 respectively.

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

29. SHARE CAPITAL

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

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

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

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

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

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

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

On May 2001 EYDAP decided to denominate its shares in Euro, through the increase of its nominal value from €0,59 to €0,60 par value. The resulting amount of this increase was €1.391 and it was transferred from the Share Premium account reserve. Thus, the share capital of the Company at 31 December 2005 and 31 December 2004 was equal to €63.900 consisting of 106.500.000 ordinary shares of €0,60 par value.

(all amounts in euro thousands unless otherwise stated)

30. RESERVES

The account in the accompanying financial statements is as follows:

	31 December 2008	31 December 2007
Legal reserve	20.226	18.664
Special Non-taxable reserve of Law 2744/99	352.078	352.078
Reserve from non-taxable revenues	2.518	2.518
Reserve from special taxed revenues	3.687	3.687
Other reserves	653	1.183
	379.162	**378.130**

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

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

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

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

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

Other Reserves
The decrease of EYATH share price in 31 December 2008 (portfolio available for sale) resulted in a respective reduction of other reserves.

(all amounts in euro thousands unless otherwise stated)

31. Retained earnings

The account in the accompanying financial statements is analyzedas follows:

Balance at 01.01.2007	**301.763**
Dividends paid	(11.715)
Profit for the year 2007	43.282
Transfer to Legal Reserve	(2.164)
Balance at 01.01.2008	**331.166**
Dividends paid	(14.910)
Profit for the year 2008	31.231
Transfer to Legal Reserve	(1.562)
Balance at 31.12.2008	**345.925**

32. BORROWINGS

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

	31 December 2008	**31 December 2007**
Bank Loans	157.373	112.698
Greek State Loans	3.142	3.142
	160.515	**115.840**
The borrowings are repayable as follows:		

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

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

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

32. BORROWINGS *(continued)*

The Company has the following borrowing contracts :

a) Bank overdraft account with an open credit of € 40.000 and closing balance of €17.100 and € 17.100 at 31 December 2008 and 2007 respectively. The interest rate of the loan is estimated on Euribor basis (three months floating that changes everyday) plus a spread.The initial loan arrangement was signed on December 2004 with an expansion option.

b) Bank overdraft account with an open credit of €40.000 and a closing balance at 31 December 2008 and 31 December 2007 of € 24.700 and € 17.000 respectively. The interest rate of the loan is estimated on Euribor basis (three months floating that changes every day) plus a spread. The loan arrangement was signed on October 2004 with an expansion option.

c) Bank overdraft account with an open credit of €35.000 and a closing balance at 31 December 2008 and 31 December 2007 of € 29.500 and € 15.500 respectively. The interest rate of the loan is estimated on Euribor basis, (one month floating that changes every day) plus a spread . The initial loan arrangement was signed on March 2006 with an expansion option.

d) Bank overdraft account with an open credit of € 40.000 and a closing balance at 31 December 2008 and 31 December 2007 of € 40.000 and € 17.200 respectively. The interest rate of the loan is estimated on Euribor basis(three months rate valid at the compounding of interest) plus a spread. The initial loan arrangement was signed on July 2006 with an expansion option.

e) Bank overdraft account with an open credit of € 25.000 and a closing balance at 31 December 2008 and 31 December 2007 of € 18.000 and € 15.000 respectively. The interest rate of the loan is estimated on Euribor basis (three months rate valid at the previous working day to the compounding of interest) plus a spread. The initial loan arrangement was signed on November 2007 with an expansion option.

f) Bank overdraft account with an open credit of € 25.000 and a closing balance at 31 December 2008 and 31 December 2007 of € 25.000 and € 23.000 respectively. The interest rate of the loan is estimated on Euribor basis (one month rate valid at the compounding of interest day). The initial loan arrangement was signed on November 2007 with an expansion option.

Accrued interest amounted for € 3.073 at 31 December 2008 and € 2.065 at 31 December 2007 respectively.

(all amounts in euro thousands unless otherwise stated)

33. LIABILITIES FOR EMPLOYEES BENEFITS

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

	31 December 2008	31 December 2007
Employees' end-of-service indemnities (Provision)	26.575	26.977
Employees healthcare scheme	161.419	151.266
Special Employees' end-of-service indemnity	3.140	2.473
	191.134	**180.716**

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

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

	2008	2007
Inflation	2% από το 2009	3,3% for 2008 with a gradual decrease to 2% from 2011 and afterwards
Discount Rate	6%	5%
Expected return on plan assets	4,5%	4,5%
Morbidity rates	1,7%	1%
Expected increase of payroll cost	1,5% annually plus the inflation rate	1,5% annually plus the inflation rate
Expected increase in healthcare cost	2,4%	4,0% for 2008 with a gradual decrease to 2,4% from 2011 and afterwards

(all amounts in euro thousands unless otherwise stated)

33. RESERVES FOR EMPLOYEES BENEFITS *(continued)*

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

The liabilities for Employees' end-of-service indemnity were calculated through a actuarial study for the period ended at 31.12.08 and 31.12.07 according to the aforementioned assumptions.

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

ΠΕΡΙΟΔΟΣ	**1/1/08-31/12/08**	**1/1/07-31/12/07**
Present Value of (Liabilities not financed)	32.637	34.456
Fair value of schedule assets	-	-
	32.637	**34.456**
Not recognized acuarial profits / losses	(6.062)	(7.480)
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	**26.575**	**26.976**
Amounts recognized in Profit & Loss Account		
Cost of current employment	1.510	1.602
Interest in liability	1.565	1.420
Expected return on Assets	-	-
Actuarilal profit / loss recognized	400	476
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**3.475**	**3.498**
Cost of abridgements / settlements /end of service	-	-
Total expense in Profit & Loss Account	**3.475**	**3.498**
Net liability alterations recognized in Balansheet		
Opening Net liability	26.976	26.798
Employer's Contributions	-	-
Benefits payed by the employer	(3.877)	(3.320)
	3.475	3.498
Net liability in the end of the year	**26.575**	**26.976**
Adjustment	-	-
Net liability in the end of the year	**26.575**	**26.976**

(all amounts in euro thousands unless otherwise stated)

b.Employees Healthcare Scheme

The Company covers the expenses of healthcare for the employees, the pensioners and their family members on specific internal regulations issued on this respect. The scheme is partly funded through payroll contributions and withholdings. The related liabilities of the Company arising from the healthcare scheme are calculated according to an actuarial study for 2008

The movement of the provision for the healthcare scheme during the years ended at 31 December 2008 and 2007 were as follows:

ΠΕΡΙΟΔΟΣ	**1/1/08-31/12/08**	**1/1/07-31/12/07**
Present Value of (Liabilities not financed)	261.282	238.133
Fair value of schedule assets	-	-
	261.282	**238.133**
Not recognized transitory liabilities	-	-
Not recognized acuarial profits / losses	(99.863)	(86.867)
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	**161.419**	**151.266**
Amounts recognized in Profit & Loss Account		
Cost of current employment	5.352	5.375
Interest in liability	11.651	9.712
Expected return on Assets	-	-
Actuarilal profit / loss recognized	5.394	5.098
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**22.397**	**20.185**
Cost of abridgements / settlements /end of service	-	-
Total expense in Profit & Loss Account	**22.397**	**20.185**
Net liability alterations recognized in Balansheet		
Opening Net liability	151.266	141.653
Employer's Contributions	-	-
Benefits payed by the employer	(12.244)	(10.572)
	22.397	20.185
Net liability in the end of the year	**161.419**	**151.266**
Adjustment	-	-
Net liability in the end of the year	**161.419**	**151.266**

(all amounts in euro thousands unless otherwise stated)

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

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

ΠΕΡΙΟΔΟΣ	**1/1/08-31/12/08**	**1/1/07-31/12/07**
Present Value of (Liabilities not financed)	2.720	2.560
Fair value of schedule assets	(2.181)	(1.691)
	539	**869**
Not recognized transitory liabilities	-	-
Not recognized acuarial profits / losses	420	87
Not recognized cost of previous service	-	-
Net liability recognized in Balansheet	**959**	**782**
Amounts recognized in Profit & Loss Account		
Cost of current employment	134	169
Interest in liability	127	91
Expected return on Assets	(84)	(71)
Actuarilal profit / loss recognized	-	1
Recognized cost of previous service	-	-
Expense in Profit & Loss Account	**177**	**190**
Cost of abridgements / settlements /end of service	-	-
Total expense in Profit & Loss Account	**177**	**190**
Net liability alterations recognized in Balansheet		
Opening Net liability	782	592
Employer's Contributions	-	-
Benefits payed by the employer	-	-
	177	190
Net liability in the end of the year	**959**	**782**
Adjustment	-	
Net liability in the end of the year	**959**	**782**

It is worthnoting that the fair value of the aforementioned schedule which was € 2.181 th. and € 1.691 th. at 31 December 2008 and 2007 respectively, are included in the company's assets.The same amounts also concern with employees contributions for this specific schedule .These contributions are included in the company's liabilities resulting in an increase of the employees benefits by the same amounts.

d.Special account of Employees' end-of-service indemnity (for employees hired until 25.10.1999)

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

(all amounts in euro thousands unless otherwise stated)

33. RESERVES FOR EMPLOYEES BENEFITS *(continued)*

e. EYDAP Personnel Insurance Fund (PIF):

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

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

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

34. PROVISIONS FOR PENDING LITIGATION

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

	31 December 2008	31 December 2007
Provisions for pending litigations with employees	27.356	26.271
Provisions for civil law pending litigations	12.513	13.927
	39.869	**40.198**

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

	31 December 2008	31 December 2007
Provisions in the beginning of the year	40.198	38.980
Application of Provision	(1.171)	(894)
Turn of provision	(1.835)	(2.351)
Financial years' additional provision	2.677	4.463
	39.869	**40.198**

(all amounts in euro thousands unless otherwise stated)

35. DEFERRED SUBSIDIES AND CUSTOMER CONTRIBUTIONS

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

	31 December 2008	31 December 2007
Cost:		
– Investment Subsidies	194.485	191.537
– Customer Contributions	94.109	89.337
	288.594	**280.874**
Accumulated Amortization		
– Investment Subsidies	(57.890)	(51.316)
- Customer Contributions	(27.387)	(24.827)
	(85.277)	**(76.143)**
Carrying Amount		
– Investment Subsidies	136.595	140.221
– Customer Contributions	66.722	64.510
	203.317	**204.731**

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

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

36. CONSUMERS' GUARANTEES

The amount of € 16.619 on 31 December 2008 and € 15.864 on 31 Decemebr 2007 is related with guarantees received from customers for the use of the water meter, paid at the time of the initial connection with water supply. These guarantees are repaid back (without interest cost) at the termination date of the connection upon customer's request. Because the repayment of these amounts is not expected in the near future, these amounts are recorded as long-term liabilities.

(all amounts in euro thousands unless otherwise stated)

37. OPERATING AND OTHER CURRENT LIABILITIES

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

	31 December 2008	31 December 2007
Trade creditors	26.351	28.359
Taxes withheld	9.262	8.738
Social insurance contributions and other funds	7.795	7.616
Customer Advances	2.031	1.921
Dividends payable	1.560	1.709
Operating Current Liabilities	**46.999**	**48.343**
Payable Expenses	694	1.013
Outstanding Credit Accounts	3.217	4.393
Other Current liabilities	11.208	10.775
Short-term Consumers Guarantees	4.947	4.781
Other Current Liabilities	**20.066**	**20.662**

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

38. EVENTS AFTER THE BALANCE SHEET DATE

The construction of two new hydroelectric power stations in Mandra (630KW) and Kartala –Kithaironas (1200KW) has been completed and their commercial use has been started.

Three works are under construction :

- New hydroelectric power station of 820 KW in Evinos place.
- Expansion of the Electrical and Thermal energy coproduction station (4,25 MW) with the firing of biogas in the island of Psytallia.
- New Electrical and Thermal Energy coproduction station (12,9 MW) with the firing of natural gas.

The commercial use of the above mentioned works is estimated to begin in 2009.
An application has been submitted concerning the permission of a 2mwp photovoltaic production station in the company's installations in Menidi.The production licence given by the Electricity Regulatory Authority is expected within the period 1ST May 2009 to 31st December 2009 according to the Law 3734/2009.

In the section of its operations development EYDAP has set as a priority its geographical expansion
In the beginning of May 2007 the company incorporated the water supply network of New Peramos Municipality in its network apart from the network of Agios Panteleimonas settlement which will be delivered fully completed by the Municipality until the 31st of June 2009 based on a reparative delivery agreement with a minimum agreed in advance price of € 1,25m.

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

Operation of the waste treatment plant in Psytallia

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

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

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

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

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

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

In addition electrical energy sales revenues coming from the current CETHE biogas combustion unit are expected to cut back ,given that biogas as the common fuel of all CETHE units operating with biogas will be used in the new CETHE unit for the deduction of the Public Power Corporation cost (electrical energy purchases) implying that this is much more of the company’s interest compared with the electrical energy sales to the Hellenic Operator of Electrical Energy (DESMIE).

39. COMMITMENTS AND CONTINGENT LIABILITIES –ASSETS

39.1 Liabilities

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

Litigations and claims
Lawsuits for civil law cases with claims of an amount of €54,7 millions have been raised against the Company as at 31 December 2008. These lawsuits are mainly related with damages caused by floods (either because of broken mains of from rainfalls) or they are lawsuits of various trade creditors and subcontractors for violation of contractual terms. There are also pending litigations with employees of around € 42,0 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of € 39,9 millions as at 31 December 2008 and of € 40,1 millions as at 31 December 2007, which are considered as sufficient.

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

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

Committments from unexecuted contracts :
The company's committments concerning with expansions ,improvements, and conservation of networks and installations as also supply works of electrical and thermal coproduction units are € 130 mil.at 31st December 2008.

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

39.2 Assets

Investment program:

(a) The Company according to its establishment Law 2744/99, has signed a contract with the Greek State, according to which the Greek State undertakes the commitment for the subsidization of EYDAP either from the Community Funds or from the Program of Public Investments for the coverage of the 60% of the capital expenditure, which EYDAP pays for the maintenance, restoration, improvement or the expansion of the water supply and sewerage network system for the 8years period 2000-2008. Against the aforementioned investment program of around €1,22 billion, that includes, as already mentioned, also the maintenances, the Company has spent for capital expenditures as at 31 December 2008 an amount of € 432,49 millions, for which it has the right to receive a subsidy of around € 259,49 millions (432,49*60%), while for the maintenance expenditures the Company claims the corresponding subsidy. The Company against the subsidy that has the right to receive has received as at 31 December 2008 an amount of €9,08 millions. On the basis of the above the claim of the Company from the Greek State is raised to at least € 250,41 millions (259,49-9,08). Therefore this amount has not recorded in the accounts receivables with an equal debit of the long-term liabilities accounts, the carrying amount of which is gradually transferred in the profit/loss of the period in proportion to the depreciation rate of the subsidized water supply and sewerage network system. If the aforementioned journals were carried out then the profit/loss of the current and the previous year period will be improved by around € 5,2 and € 4,6 millions respectively and the net equity will be improved by around € 34,6 millions. It must be clarified that a decision made by the Extraodinary Shareholders Meeting of August 10th 2004 modified the company's investment programme ,however not affecting the above mentioned claim against the Greek State.

(b) In addition to these claims the Company has a claim for a subsidy for the maintenance expenditures according to the contract with the Greek State. However it is not feasible to extract the amount that corresponds to maintenance only from the amount of expenditures that are related with the operation and maintenance of installations that is € 704,43 millions. The corresponding subsidy between the Company and the Greek State has not been finalized until the conduction of the current Financial Statements.

(all amounts in euro thousands unless otherwise stated)

40. RELATED PARTY TRANSACTIONS

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

	31 December 2008	31 December 2007
– Salaries (Chairman & CEO and Executive Directors)	205	207
– Salaries & participation fees of the Members of the Board of Directors	142	140
	347	**347**

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

	31 December 2008	31 December 2007
1) Transactions		
– Revenues	76.909	75.625
– Cost of sales (construction contracts)	(7.684)	(1.498)
– Provisions	(3.943)	(3.146)
2) Outstanding amounts		
– Long term receivables (construction contracts)	101.271	93.126
– Long term receivables (Arrangements of Municipalities)	16.255	7.426
– Trade receivables	148.253	138.101
– Other receivables (coverage of Employees' end-of-service indemnity)	12.172	9.118

41. PUBLIC ENTITY EYDAP FIXED ASSETS (PE)

The Public Entity was established at the time of the IPO with the purpose of the ownership's transfer of the water dams and basins of Marathon, Mornos, Yliki and Evinos from EYDAP to PE. Besides the constructions and upgrades of the installations that are related with these water dams and basins, the Greek State – through the Public Entity - has undertaken the obligation to supply the Company with raw water to meet its water supply obligations. The price of the raw water for the years 2000-2008 is being offset with the cost of services that EYDAP realizes for the maintenance and operation of the fixed assets that belong by ownership to the Public Entity.

(all amounts in euro thousands unless otherwise stated)

42. Capital risk management

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

43. Financial Risk Management

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

a) Market Risk

Exchange rate risk

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

Interest rates variability risk

The Company doesn't possess any substantial interest financial items .Thus its operating revenues and cashflows are independent from changes in interest rates.
Loan liabilities are based on variable interest rates which are in accordance with market conditions.thus could be either remain variable or it may convert in fixed.
The Company doesn't use financial derivatives.As a result interest rates risk concerns loans.Loans under variable rate result in cash flow risk for the Company.

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

Amounts in €	Interest rates Variability	Impact in EAT
	+1%	(1.298)
2008	-1%	1.298
2007	+1%	(886)
	-1%	886

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

(all amounts in euro thousands unless otherwise stated)

43. Financial Risk Management (continued)

b) Credit Risk

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

Categories of financial items	**31.12.2008**	**31.12.2007**
Financial items in disposal	1.139	1.669
Cash flows and cash equivalents	17.780	14.486
Commercial and other claims	304.548	272.732
Long term claims	120.610	103.205
Investments in associates	444	347
Total	**444.521**	**392.439**

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

2008	**0-1 Months**	**1-6 Months**	**6Months-2 Years**	**2Years-5 Years**	**>5 Years**	**Total**
Private customers	8.199	17.346	13.570	7.347	2.083	48.545
Public	1.035	2.980	7.142	10.081	18.142	39.380
Municipalities	4.200	14.915	37.570	53.444	20.194	130.323
Total	**13.434**	**35.241**	**58.282**	**70.872**	**40.419**	**218.248**
2007	**0-1 Months**	**1-6 Months**	**6Months-2 Years**	**2Years-5 Years**	**>5 Years**	**Total**
Private customers	8.501	14.128	9.829	5.595	1.347	39.400
Public	1.555	3.889	6.649	8.517	16.342	36.952
Municipalities	4.725	13.416	41.667	42.154	14.214	116.176
Total	**14.781**	**31.433**	**58.145**	**56.266**	**31.903**	**192.528**

The accounting value of claims which have been renegotiated was at 31st December 2008 € 30.095.

(all amounts in euro thousands unless otherwise stated)

43. Financial Risk Management (continued)

c) Liquidity Risk

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

2008	**0-1 Months**	**2-3 Months**	**3Months-6 Months**	**6 Months-12 Months**	**1-5 Years**	**>5 Years**	**Total**
Loans	3.073	0	0	157.443	0	0	160.516
Creditors & others	39.767	16.570	11.389	10.012	111.996	129.949	319.683
Total	**42.840**	**16.570**	**11.389**	**167.455**	**111.996**	**129.949**	**480.199**
2007	**0-1 Months**	**2-3 Months**	**3Months-6 Months**	**6 Months-12 Months**	**1-5 Years**	**>5 Years**	**Total**
Loans	1.475	0	5.907	108.458	0	0	115.840
Creditors & others	37.619	16.142	15.561	35.760	94.397	138.101	337.580
Total	**39.094**	**16.142**	**21.468**	**144.218**	**94.397**	**138.101**	**453.420**

Assession of fair values

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

Deloitte.

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(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

We have audited the accompanying financial statements of the "Athens Water Supply and Sewerage SA (E.YD.A.P. S.A.)" (the "Entity"), which comprise the balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

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

1. The Company according to its establishment Law 2744/99, signed an Agreement with the Greek State whereby the State committed to granting E.YD.A.P. S.A. either from European Union's financial resources or from the State's Programme of Public Investments funds to cover 60% of the capital expenditure that E.YD.A.P. S.A. will spend for the maintenance, renovation, improvement and or the expansion of the water supply and sewerage system for the eight year period from 2000 to 2008. Against the above mentioned Investment Programme, amounting to approximately Euro 1,22 billion, which includes maintenance expenses, the Company as of 31.12.2008 has incurred expenses for capital expenditure amounting to approximately Euro 432 million for which it should receive a subsidy amounting to approximately Euro 259 million (ie 432*60%) while in accordance with the aforementioned contract the Company claims is also a subsidy for maintenance expenses. The Company against the subsidy to which it is entitled to, has received as of 31.12.2008 an amount of approximately Euro 9 million. In accordance with the principle of prudence, the above receivable of the Company from the Greek State amounting to Euro 250 million approximately (259 million – 9 million) has not been accounted for as a receivable and as a long term liability, from which it would be gradually transferred to the income statement in accordance with the depreciation rate of the subsidised water supply and sewerage system. If the aforementioned accounting entries had been included, then the current year's financial results would have been improved (profit) by Euro 5,2 million approximately, the previous year's results by Euro 4,6 approximately and Shareholders' Equity increased by Euro 34,6 million approximately.

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

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

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

Report upon Other Legal and Regulatory Requirements

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

Athens, March 30, 2009

The Certified Public Accountants

Michael Hadjipavlou	Epaminondas Giouroukos
RN SOEL 12511	RN SOEL. 10351

Deloitte.

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

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

Oropou 156 -11156 Galatsi

SUMMARY FINANCIAL RESULTS for the year 01 January 2008 - 31 December 2008

(in terms of article 135 of Law 2190, for companies publishing annual financial statements in accordance with IAS/IFRS)

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

COMPANY'S STATUTORY INFORMATION

Prefecture:	Athens
Company's web Site	www.eydap.gr
Members of the Board of Directors:	K.Kostoulas, A.Vartholomeos, Th.Georgakelos, E.Baltas, Ch.Mistriotis, G.Zafiropoulos, A.Spiropoulos, N.Sigalas, G.Mastraggelopoulos, K.Galanis, E.Moutafis,G.Mitsioulis,D.Anagnostopoulos
Date of Approval of Financial Statements:	27 March 2009
Chartered Public Accountants:	M. Hatzipaulou and E.Giouroukos
Auditing Company:	Deloitte Hatzipaulou,Sofianos & Kampanis Public Accountants and Business Consultants SA
Type of Auditor's Report	Unqualified Opinion -Emphasis of matter

BALANCE SHEET

Amounts in thousands of Euro

	31/12/2008	31/12/2007
ASSETS		
Tangible assets	992.883	976.255
Intangible assets	3.950	3.260
Other non current assets	171.955	158.242
Inventories	19.165	19.263
Trade receivables	274.848	246.434
Other current assets	47.480	40.784
TOTAL ASSETS	**1.510.281**	**1.444.238**
LIABILITIES		
Share capital	63.900	63.900
Other items of Shareholders' Equity	765.589	749.798
Total Shareholders' Equity (a)	829.489	813.698
Minority interests (b)	0	0
Total Equity (c)=(a)+(b)	**829.489**	**813.698**
Reserves for employee benefits	191.134	180.716
Deferred subsidies and customer contributions	203.317	204.731
Provisions and other long-term liabilities	56.488	56.062
Short- term borrowings	160.515	115.840
Other Short- term borrowings	69.338	73.191
Total liabilities (d)	**680.792**	**630.540**
TOTAL EQUITY AND LIABILITIES (c)+ (d)	**1.510.281**	**1.444.238**

INCOME STATEMENT

Amounts in thousands of Euro

	1/1/-31/12/2008	1/1-31/12/2007
Turnover	403.161	388.417
Gross profit (loss)	176.467	184.103
Earnings before tax, financial, and investment results	55.775	63.195
Profit (loss) before tax	**49.217**	**58.482**
Profit (loss) after tax	**31.231**	**43.282**
Attributable to		
Shareholders	31.231	43.282
Earnings per share after tax (in euro) - basic	0,29	0,40
Diluted earnings per issued share (in euro)	0,13	0,14
Earnings before tax, financial, investment results and depreciation and amortization	78.328	84.472

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in thousands of Euro

	31/12/2008	31/12/2007
Equity Balance at the beginning of the year (1/1/2008 and 1/1/2007 respectively)	813.698	781.325
Profit / (Losses) of the year, after tax	31.231	43.282
Increase/ (Decrease) of Share Capital	0	0
Distributed Dividends	(14.910)	(11.715)
Net income directly charged to equity	(530)	806
Equity Balance at the end of the year (31/12/2008 and 31/12/2007 respectively)	**829.489**	**813.698**

CASH FLOW STATEMENT

Amounts in thousands of Euro

	1/1-31/12/2008	1/1-31/12/2007
Cash Flows from operating activities		
Profit before taxes	49.217	58.482
Adjustments for:		
Depreciation and amortization	31.687	29.866
Amortization of customers' contributions and subsidies	(9.134)	(8.589)
Investment income	(32)	(24)
Impairment of investments	(96)	(53)
Provisions	4.305	4.706
Credit Interest and related income	(3.091)	(2.812)
Debit Interest and related expense	9.777	7.602
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(32.917)	(19.788)
Other receivables	(12.152)	(7.692)
Long-term receivables	(17.406)	(5.737)
Materials and spare parts	(33)	(2.293)
Increase in (Decrease in)		
Operating Current Liabilities	4.879	(3.338)
Other current liabilities	(12.242)	(4.147)
Consumers' guarantees	756	987
Reserve for employees benefits	12.109	9.982
Minus:		
Interest and related expenses paid	(7.095)	(5.420)
Income Tax paid	(15.534)	(18.702)
Net cash from operating activities (a)	**2.998**	**33.030**
Cash Flows from investing activities		
Purchases of property, plant, and equipment	(45.308)	(28.132)
Purchases of intangible assets	(2.592)	(1.895)
Proceeds from customers' contributions and subsidies	7.711	8.148
Interest and related income received	2.746	2.120
Investements in assosiates	0	(91)
Dividends received	32	24
Net cash from investing activities (b)	**(37.411)**	**(19.826)**
Cash Flows from financing activities		
Proceeds from borrowings	66.000	87.495
Repayments of borrowings	(22.333)	(92.667)
Dividends paid	(5.960)	(7.564)
Net cash from investing activities (c)	**37.707**	**(12.736)**
Net (decrease) increase in cash and cash equivalents		
(a) + (b) + (c)	**3.294**	**468**
Cash and cash equivalents, beginning of year	**14.486**	**14.018**
Cash and cash equivalents, end of period	**17.780**	**14.486**

ADDITIONAL DATA AND INFORMATION

1. The Company has been audited by the tax authorities up to 2007 (included).
2. There is no burden on the Company's fixed assets.
3. The number of employees as at 31-12-2007 and 31-12-2008 was 3.677 and 3.482 respectively.
4. The Provisions formed up to December 31 2008 concern: a)Provisions for litigations and claims amounting approximately Euro 39,9 m.More specific, Lawsuits for civil law cases with claims of an amount of Euro 54,7 m. have been raised against the Company.These lawsuits are mainly related with damages caused by floods (either because of broken mains of from rainfalls) or they are lawsuits of various trade creditors and contractors for violation of contractual terms.There are also pending litigations with employees of around Euro 42,0 m.Against all these potential losses, if the pending litigation wiil be finalized, EYDAP has formed a provision of Euro 39,9 m. as at December 31 2008 and of Euro 40,1 m. as at 31st December 2007, which are considered as sufficient.b) Provisions of Euro 1,11 m. for unaudited (by Public Revenue Services) tax uses and c) Other provisions of Euro 36,02m.
5.The Company according to its establishment Law 2744/99, has signed a contract with the Greek State, according to which the Greek State undertakes the commitment for the subsidization of EYDAP either from the Community Funds or from the Program of Public Investments for the coverage of the 60% of the capital expenditure, which EYDAP pays for the maintenance, restoration, improvement or the expansion of the water supply and sewerage network system for the 8years period 2000-2008. Against the aforementioned investment program of around Euro1,22 billion, that includes, as already mentioned, also the maintenances, the Company has spent for capital expenditures as at 31 December 2008 an amount of Euro 432,49 millions, for which it has the right to receive a subsidy of around Euro 259,49 millions (432,49*60%), while for the maintenance expenditures the Company claims the corresponding subsidy. The Company against the subsidy that has the right to receive has received as at 31 December 2008 an amount of Euro 9,08 millions. On the basis of the above the claim of the Company from the Greek State has been raised to Euro 250,41 millions (259,49 - 9,08). Therefore this amount has not recorded in accounts receivables with an equal credit in long-term liabilities, the carrying amount of which is gradually transferred in the profit/loss account of the period according to the depreciation rate of the subsidized water supply and sewerage network system. If the aforementioned journals were carried out then the profit/loss of the current and the previous year period would have been improved by around Euro 5,2m and 4,6 m respectively and the net equity would have been be improved by around Euro 34,6 millions.It must be clarified that the company's Investment programm modified as a result of a decision taken by the 10-8-2004's Extraodinary Shareholders General Meeting . However this doesn't affect the company's claim towards the greek state.
6.In addition the Company has a claim concerning a subsidy for the maintenance expenditures according to the contract with the Greek State. However, since it is not feasible to extract the amount that corresponds to maintenance from the total amount of expenditures that are related with the operation and maintenance of installations that is Euro 704,43 millions the corresponding subsidy has not been finalized between the company and the State until the conduction of the present finacial statements .
7.Transactions with related parties (Amounts in thousands of Euro)
Cumulative amounts from the beginning of the current economic use concerning puchases and sales together with the company's claims and liabilities at the end of the current economic use that have been resulted from its transactions with related parties in the sense of the IAS 24 are as follows :

	2 008	2007
Revenues	76.909	75.625
Claims	277.951	247.771
Transactions and Payrolls of Directors and Members of the Administration	347	347

8.Certain Items of the 2007 Financial Statements reclassified to conform with those of the current use,however not affecting the already published financial statetments of the previous economic use. More specific, during the period 1/1/2007 to 31/12/2007 amount of Euro 1.691 th. transferred from "Other Short- term borrowings" to "Reserves for employee benefits".
9. Net income of Euro 530 th. which has been charged directly to equity as an expense at 31/12/2008, concerns non current assets appropriated for sale(profolio revaluation).
10.The emphasis matters of the Auditors Report refer to the above mentioned data under the footnotes 5 & 6 as also in the fact that assigned fixed assets of a total undeprciated value of approximately € 657 ml.had not been transfered to the Public Entity "EYDAP fixed assets company".

Athens, 27 March 2009

The Chairman of the Board of Directors	The Chief Executive Officer	The Chief Financial Officer	The Chief Accounting Officer
Kostoulas Konstantinos	**Vartholomeos Antonios**	**Leventi Maria**	**Spyropoulou Eleni**
I.D. No AE 043716	I.D. No X 666882	I.D. No Σ 099991	I.D. No Σ 194321

Information of the Article 10 of the Law 3401/2005

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

Ημερομηνία	**Θέμα**
21/02/2008	Plan of intended corporate actions for the year 2008
31/03/2008	2007 Financial Results
18/04/2008	Company presentation to the representatives of the capital market
21/04/2008	Notification of Executive's Appointment at the Shareholders Service Office
09/05/2008	Notification of Executives Appointment
12/05/2008	Invitation to the Special Shareholders Meeting
12/05/2008	Invitation to the General Shareholders Meeting
21/05/2008	Distribution of Annual Bulletin for the year 2007
30/05/2008	First Quarter 2008 Key Figures and Results
02/06/2008	Announcement of dividends payment
03/06/2008	General Meeting Decisions
03/06/2008	Special Meeting Decisions
04/06/2008	Changes in the first quarter additional figures and information
4/6/2008	Invitation to the Extraordinary General Meeting
20/06/2008	Notification of Executive's Appointment in the Internal Audit Department
25/6/2008	Change in the Company's Board of Directors
25/06/2008	Extraordinary Meeting Decisions
18/07/2008	Constitution of Internal Audit Committee
29/8/2008	Q2 2008 Key Figures and Results
26/09/2008	New tariffs in water supply and sewerage services
28/11/2008	Q3 2008 Key Figures & Results