

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

**Yearly Financial Report**

**For the fiscal period from the 1<sup>st</sup> of January 2008 until the 31<sup>st</sup> of December  
2008**

*(the amounts are expressed in thousands of euros)*

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ΕΤΑΙΡΙΑ ΥΔΡΕΥΣΕΩΣ & ΑΠΟΧΕΤΕΥΣΕΩΣ ΘΕΣΣΑΛΟΝΙΚΗΣ Α.Ε.



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**In accordance with article 4 of L. 3556/2007 and the relative executive  
Decisions of the BoD of the Capital Market Committee**

Dr. Skodras I. Georgios  
Chairman of the Board of Directors  
And Managing Director

Professor Smyris Pavlos  
A´Vice Chairman of the Board  
of Directors

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

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**STATEMENTS FROM THE MEMBERS OF THE BOARD OF DIRECTORS**  
**(According to article 4 par. 2 of L. 3556/2007)**

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

1. Dr. Skodras I. Georgios, Chairman of the BoD & Managing Director,
2. Professor Smyris Pavlos, A' Vice Chairman of the BoD,
3. Professor Oikonomou Athanasios, B' Vice Chairman of the BoD,

in official capacity as the Chairman and Managing Director and the two Vice Chairmen as specifically appointed by the 26-03-2009 decision of the BoD, state and certify with the present statement that, to the best of our knowledge:

- (a) the corporate, integrated, yearly financial statements of EYATH S.A for the fiscal period 01.01.2008-31.12.2008, drawn up according to the current Accounting Standards, truthfully show the assets and liabilities data, the net worth and the results for the fiscal period of EYATH S.A, as well as of the companies included in the integration as a total and that
- ((b) the attached report of the Board of Directors truthfully shows the development, performance and Company position as well as the companies included in the integration as a total, including a description of the main risks and uncertainties they face.

Thessaloniki, 26<sup>th</sup> of March 2009

The Certifying Members

Dr. Georgios I. Skodras	Professor Pavlos Smyris	Professor Athanasios Oikonomou
Chairman of the BoD and Managing Director	A' Vice Chairman Appointed by the BoD	B' Vice Chairman Appointed by the BoD.

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**MANAGEMENT REPORT  
OF THE BOARD OF DIRECTORS OF EYATH S.A.  
WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A.  
FOR THE 9<sup>TH</sup> FISCAL PERIOD (1st of January 2008-31<sup>st</sup> of December 2008)  
TO THE REGULAR GENERAL MEETING**

Dear Shareholders,

According to the provisions of L.3556/2007 and the respective decisions of the Capital Market Committee, we submit the present Yearly Report of the BoD for the current fiscal period (1/1/2008-31/12/2008).

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

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

The Company «WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A. », under the trade name EYATH (hereafter “COMPANY” or “EYATH S.A”) was founded in 1998 ( Law no. 2651/3-11-1998 (GN. A’ 248/2-11-1998) deriving from the merging of the S.A “Thessaloniki Water Supply Organization S.A”(OYTH S.A.) and the «Thessaloniki Sewerage Systems Company S.A” (OATH S.A) which had been turned into S.A’s in 1997.

The development and further expansion of the Group and Company activities continued also successfully during the closing managerial fiscal period that ended on the 31/12/2008, data that can be found in the attached financial results.

**Turnover**

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The Group's turnover for the closing fiscal period reached € 75.919 as opposed to €70.100 during the respective fiscal period last year thus increasing by € 5.819 or by 8,30%.

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

The increase in the turnover is attributed to the changes in invoices in 2008 but also to the usual increase of consumers in the existing Zone of activity.

Moreover, by the 24/2007 decision of the company's BoD on the 24/1/2007, default interests were approved on customer bills that had expired and a yearly interest of 12% was also imposed, a fact that led to the increase in revenues from default interests by approximately € 1.382.

#### **Pre tax earnings**

The Group and Company pre tax earnings for the closing fiscal period were improved and amounted to € 22.017 as opposed to € 17.487 and to € 21.999 as opposed to € 17.487 thus increasing by 25, 90% and 25, 80% respectively in comparison with the respective period of last year.

The Group's pre tax profit margin for the closing fiscal period reached a percentage of 29, 00% on sales, improving in comparison to the previous fiscal period when it had reached 24, 95%.

#### **Net after tax earnings**

The Group net after tax earnings for the closing fiscal period reached € 15.128 as opposed to € 12.441, thus increasing by € 2.687 or 21, 60%.

Regarding the parent company, after tax earnings reached € 15.115 as opposed to € 12.441, thus increasing by € 2.674 or 21,49%

The increase in Earnings is the result of a rationalization of expenses. The Group's Gross Profit for the closing fiscal period reached € 31.108 as opposed to € 24.343 in the previous year. That means the increase in Gross Profit reached the amount of € 6.765 or 27,79%.

The earnings before interests, taxes and depreciations (EBITDA), of EYATH S.A in the closing fiscal period reached € 25.498 as opposed to € 22.906 thus increasing by € 2.592 or 11,31%.

#### **Cash flows from operational activities**

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The Group and Company cash flows from operational activities during the closing managerial period reached € 11.660 as opposed to € 17.149 and € 11.530 as opposed to € 17.149 thus decreasing by 32,01% and 32,76% respectively in relation to the respective previous fiscal period..

### Total bank loans

Total bank loans ( long term and short term) of the Group in the end of the closing fiscal period reached € 3.110 as opposed to € 4.718 in the respective fiscal period last year, thus decreasing by 34,08%. As a result the leverage factor (the factor is calculated as net debt divided by total capital) reached -12,04% as opposed to -11,70% at the end of the respective fiscal period of last year. EYATH S.A's loan liabilities derive from loans drawn up in the past by the Greek State. EYATH S.A's view is that the repayment of these loans is a liability for EYATH FIXED ASSETS according to article 22 of L.2937/2001 (G.N 169/26-7-2001). The management of EYATH S.A has submitted the relevant claim.

### Equity Capital

The Group equity capital that related to company shareholders on the 31/12/2008 reached € 91.315 as opposed to € 80.542 on the 31/12/2007, while the Company equity capital reached € 91.301 as opposed to € 80.542, increasing by 13,37% and 13,36% respectively in comparison with the previous fiscal period, a result of the profitability of the closing managerial fiscal period.

### Company Financial Indicators

In the financial indicators that follow, we can see the entire activity of the Group and the profitability in each sector.

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>Performance and profitability indexes</u></b>					
- Gross Profit Margin {Sales – Cost of sales / Turnover (%)}	40,97%	34,73%	32,29%	32,65%	40,48%
- Exploitation profits (EBIT) {Pre tax earnings –Interests /Turnover (%)}	26,82%	25,21%	21,05%	21,79%	16,37%
<b><u>Capital Profitability indexes</u></b>					
- Net pre tax earnings / equity capital (ROE)	24,11%	21,71%	19,04%	19,52%	14,04%
- Net pre tax earnings / Total Assets (ROA)	14,85%	13,18%	11,34%	11,38%	8,27%
<b><u>Cash flow indexes</u></b>					
- General Flow	2,02	2,00	2,03	1,85	2,04

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{Current Assets / Short term liabilities}

**Capital structure and viability indexes**

Equity capital / Foreign capital	160,31%	154,40%	147,31%	139,94%	143,34%
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**Investment indexes**

Earnings per stock after taxes	0,4168	0,3427	0,2532	0,2186	0,1055
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As seen above the profitability indexes have been showing constant improvement in the past 5 years because of the rationalization of the company's productive funds, the increase in productivity and the decrease in operational expenses. Moreover, the cash flow index is particularly high because of increased profitability, a fact that allows management to suggest an increased dividend. The capital structure index always confirms the effective management of capital and the fortification of the company's capital efficiency. Finally, the earnings/stock index, which has been readjusted accordingly for reasons of comparability, depicts the constant increase in company profitability in recent years.

**B. Important facts that occurred during the closing fiscal period.**

The most important facts that occurred during the closing fiscal period are the following:

**Establishment of a subsidiary company**

In 2008, the Company proceeded with the establishment of the 100% of the subsidiary company EYATH SERVICES S.A with the aim to provide any Water Supply and Sewerage services, telecommunication services as well as to produce and sell electricity. The subsidiary company is based at 127 Egnatias Street, Municipality of Thessaloniki. The subsidiary's capital stock is € 60.

**Cooperation between EYATH S.A and E.MALAMATINAS S.A.**

An agreement for the cooperation between EYATH S.A and E. MALAMATINAS S.A in the field of bottled water production was signed, following a decision of the BoD of EYATH S.A on Monday the 19/5/2008, and was approved by the Regular General Stockholders Meeting on the 20/6/2008. A non disclosure agreement had been previously signed (NDA) on the 19/3/2008 and a Memorandum of Understanding (MoU) on the 8/4/2008. The principles framework agreement regards the realization of a joint investment for the construction of a water-bottling unit. Up until the ending of the current fiscal period, the composition of the new company had not yet been established.



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**Freezing of the water supply and sewerage systems invoices**

On the 18/11/2008 the BoD decided to freeze the water supply (price of water) and sewerage services (sewerage systems percentage) invoices for 2009 to the prices of 2008 for the first three grades of consumption (low and middle incomes) and the reduction of the invoices by 20% for 2009 for members with more than five members.

**Alteration in the time plan for Raised Capital Use**

The Company BoD by the 907/29.12.2008 decision has approved the alteration in the time plan for the materialization of raised capital for the construction of a building in 2009-2010.

**C. Important facts which occurred from the ending of the fiscal period until the date the present report was drawn up.**

There are no facts posterior to the financial statements for which mention is called for in accordance with the International Standards for Financial Informing (ISFI).

**D. Predictions on the development of Group and Company activity.**

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

★ REGARDING WATER SUPPLY, the Municipalities of Thessaloniki, Ampelokipoi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Efkarpia, Triandria, Eleftherio Kordelio, Evosmos, Stavroupoli, Panorama as well as the Thessaloniki industrial zone.

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

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

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

**Area C**» includes the zone of the high ground of the city complex of Thessaloniki and

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includes the Community of Pefka and the Districts of Asvestochori, Exochi, Fyliro of the Municipality of Chortiatis.

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

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

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

By a contract signed by the relevant municipality and EYATH Fixed Assets and approved by the joint decision of the Ministers for the Interior and Public Administration, of Finance, Development, for the Environment, Planning and Public Works and the Minister of Macedonia –Thrace, the Company can extend its activities in areas of a Local Authority Organizations outside the above mentioned areas.

In 2008, the replacement of the water meters in the Municipalities of Pefka, Pylaia and Oreokastro was completed and it is now possible to measure the quantity of supplied water and invoice the new customers of the Company. The number of new customers from the completion of the integration of the above-mentioned municipalities is approximately 20.000.

Within 2009, we expect to complete the printing of the Municipal Districts of Magnisia, Diavata, Kalochori and Sindos of the Municipality of Echedoros, with the aim to have recorded by the 31/12/2009 all new consumers belonging to those Municipalities, approximately 15.000.

Finally, within 2009, EYATH S.A expect to include in the area of responsibility the areas of Nikopoli, which now belongs, by 80% to the Municipality of Stavroupoli and by 20% to the Municipalities of Polichni and Evosmos. After the completion of the area's internal water supply networks, we expect the contractor in charge of the construction of the external branches to take over up to the water supply valve at the limits of the fields. Afterwards, inhabitants will be called to pay the final connection dues for their building as well as the dues for each specific space. It is estimated that the customers in the Nikopoli area are

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approximately 4.000.

**E. Group and Company activities in the field of research and development**

During the current fiscal period the Group has spend a total amount of € 496 in research and development on the development of new products.

**F. Company Branches**

During the current fiscal period as well as in the previous fiscal period the company owned no branches through which to practice its business activities.

**G. Group and Company own stocks**

During the current fiscal period, there were no stocks of the parent company owned by the company itself or by any other company included in the integration.

**H. Risk management**

**Risks regarding the field the company is active in.**

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

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

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

Therefore, we consider that there is no such possibility in the foreseeable future at

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least for the development of competition in the specific field. The only case for which, a possible, future European Union legislation could impose some form of competition is, if it demands, that the selection of a provider of services for water supply and sewerage systems will take place only after an open bid, so that the element of competition can be achieved through these means and not to a level of service supply but to a level of selecting the legal entity who would manage the existing water supply and sewerage systems networks to supply services to consumers.

### **Financial Risk management**

The Group is exposed to various financial risks the most important of which are price risk and credit risk. The relative risks management policies of the Group aim to minimize the negative impact these risks might carry in the Group's financial position and performance. The Company's general management manages risks and the BoD approves the relative policies. The financial risks management includes the recognition, estimation and counter balancing of the financial risks in close cooperation with the Group's operational units.

#### **Exchange Risk**

The Group faces no exchange risks as its transactions are in Euros only.

#### **Price fluctuation risk**

Regarding price risk the Company is not exposed to a significant risk of fluctuation of the variables, which determine revenues and cost. EYATH's invoicing policy has been determined for the period from the 1/1/2007 until the 31/12/2011 for water supply and sewerage systems services, expecting a yearly average increase of approximately 4%. Moreover, we would like to point out that, on the 18/11/2008 the BoD decided to freeze the water supply (price of water) and sewerage services (percentage of sewerage services) invoices for 2009 at 2008 prices for the first three grades of consumption (low and middle income) and the reduction by 20% for 2009 in the invoices for families with more than five members.

#### **Credit risk**

Credit risk is managed on Group basis. Credit risk derives from the cash reserves and bank deposits as well as from the credit reports to the customers including important claims and transactions that have been carried out.

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

### **Liquidity Risk**

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

### **Cash flow risk and risk of fair interest rate value**

The Group faces no interest rate risk for its loan liabilities as the loans are in fixed interest. On the contrary, it faces limited interest risk in the interest bearing elements of the Assets (deferred deposits) and therefore, revenues and operational cash flows are depended up to a point on the changes in the interest market.

The Management constantly watches the variations in interest rates and evaluates per case the duration and type of deferred deposits.

### **I. Important transactions between the Group, the Company and associated persons**

The most important Company and Group transactions with associated persons according to the IAS 24, during the closing fiscal period are as follows (amounts in thousands of euros)):

<b>Amounts in thousands of euros</b>	<b>GROUP</b>	<b>COMPANY</b>
a) Revenues	0	0
b) Expenses	0	157
c) Claims	0	6
d) Liabilities	0	27
e) Transactions and payments of executive members and management members	863	797
f) Claims by executive members and management members	2	2
g) Liabilities towards executive members and management members	51	2

Company expenses amounting to €157 regard services for water meters measurement

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supplied by the subsidiary «EYATH SERVICES S.A. ». The Company claim for the amount of €6 regards foundation expenses performed by EYATH S.A on behalf of the subsidiary company «EYATH SERVICES S.A. ». The Company's liability for €27 regards services of receipt distribution and water meter measurements services towards the subsidiary company «EYATH SERVICES S.A».

### **I. Structure of the Company capital stock.**

The Company capital stock amounts to forty million six hundred fifty six thousand euros (€40.656.000) divided in thirty six million three hundred thousand euros (36.300.000) common anonymous stocks with voting right, each of nominal value one euro twelve cents (€1,12).

Company stocks are introduced for negotiation in the Athens Stock Exchange (High Capitalization category). Stockholder rights deriving from the stocks, depend on the capital percentage to which the paid value of the stock responds.

Each stock offers all rights according to the Law and the Company Statute. In particular:

- The right to dividends on the yearly company profits.

A percentage of 35% of the net profits after extracting only the regular reserves is distributed from the earnings of each fiscal year to the stockholders as first dividend, unless it is otherwise determined by the General Meeting, while the granting of an additional dividend is also decided by the General Meeting. Especially for the dividend for the fiscal period 2008 it is suggested to distribute a dividend of 0,14 €/stock, so as to avoid possible liquidity problems due to the Company's high investment program. Each stockholder has the right to a dividend on the date of determination of dividend beneficiaries. The dividend for each stock is paid to the stockholder within two (2) months from the date of the Regular General Meeting that approved the Yearly Financial Lists. How dividends are paid and where, is announced through the press. The dividend collection right is deleted and the respective amount is given to the State after 5 years from the end of the year during which the dividend was approved for distribution by the General Meeting.

- The right to withdraw the contribution during the settlement or, respectively, the capital depreciation that responds to the stock, if so decided by the General Meeting.
- The right to preference, for every raise in the Company's capital stock in cash and the acquisition of new stocks.
- The right to receive a copy of the Financial Lists and the Reports by the Registered Chartered Auditors and the Company's BoD.

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- The right to participate in the General Meeting, which implies the following rights: legalization, presence, participation in the discussions, suggestions for daily agenda issues, registration of the views in the records and right to vote.
- The General Stockholders Meeting of the Company maintains all its rights during the settlement.

The stockholders liability is limited to the Nominal value of the stocks they hold.

**K. Limitations regarding the transfer of Company stocks.**

The transfer of stocks is done as determined by Law 2190/1920 article 8b and there are no limitations in the transfer according to the company statute. The stocks are intangible and introduced in the Athens Stock Exchange. In addition, article 18 par. 8 of L.2937/2001 (G.N 169/26-7-2001) states «*the State can dispose stocks to investors at a percentage of no more than 49% of the occasional company capital stock*».

L. Important direct or indirect participations according to the concept of articles 9 to 11 of L.. 3556/2007.

Stockholders with a percentage of more than 2% of the total of voting rights of the Company on the 31/12/2008 are the following:

STOCKHOLDER	NUMBER OF STOCKS OWNED	PARTICIPATION PERCENTAGE ON THE 31/12/2007
Greek State	26.868.000	74,02%
SUEZ ENVIRONMENT COMPANY	1.885.399	5,19%
Other Stockholders with a participation percentage lower than 2,0 %	7.546.601	20,79%
<b>TOTAL</b>	<b><u>36.300.000</u></b>	<b><u>100,00%</u></b>

**M. Stockholders of any kind that provide special control rights.**

There are no Company stocks that provide stockholders with special control rights.

**N. Limitations in the voting right – deadline for the practice of the relative rights.**

The Company statute does not provide for limitations on the voting right that derives from stocks.

**O. Agreements among company Stockholders.**

The Company is not aware of any agreements among its stockholders which would mean

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limitations in the transfer of stocks or the practice of the voting rights that derive from the stocks.

**P. Rules on the appointment and replacement of members of the BoD and on Statute alterations.**

The rules stated in the Company statute on the appointment and replacement of members of the BoD and the alterations of its provisions are not altered by what is stated in E.L. 2190/1920.

**Q. Authority of the members or certain members of the BoD for the issuance of new stocks or the purchase of own stocks.**

According to article 5 of the Company statute, by a decision of the General Meeting, which is subject to the publication formalities of article 7b of E.L. 2190/1920 as valid, the Board of Directors can receive the right, by a decision of at least 2/3rds of the total of its members, to increase equity capital partially or totally with the issuance of new stocks, up to the amount paid on the date the respective authority was granted to the BoD. For the purchase of own stocks the BoD's authority is not altered by what is stated in article 16 of the E.L.2190/1920. The Company statute holds no opposing provision.

**R. Each important agreement that the Company has signed which comes into effect is altered or expires in the case of changes in company control following a public motion.**

There are no agreements that come into effect that are altered or expire in the case of changes in company control following a public motion.

**S. Each agreement that the Company has signed with the members of the Board of Directors or with its staff, which provides for compensation in case of resignation or dismissal without well-grounded reason or termination of a term or employment because of a public motion.**

There are no agreements between the Company and the members of the BoD or with its staff that provide for compensation especially in case of resignation or dismissal without well-grounded reason or termination of a term or employment because of a public motion.

**T. Dividends policy**



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Given the increase in company Earnings, the company Management suggest the distribution of a dividend of € 0,14 per stock. In particular it is suggested that the dividend amounts to € 5.082 for the 2008 fiscal year as opposed to € 4.356 in the previous fiscal year of 2007, for the total of the 36.300.000, 00 anonymous stocks.

Closing the present report we stress that we will make ourselves available at your convenience for any further information or clarification u may need on the above-mentioned issues.

*Thessaloniki the 26<sup>th</sup> of March 2009*

**FOR THE BOARD OF DIRECTORS**

Dr. Skodras I. Georgios  
Chairman of the Board of Directors  
And Managing Director

Professor Smyris Pavlos  
A Vice Chairman of the Board  
of Directors

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**INDEPENDENT AUDITOR'S REPORT**  
(Translated from the original Greek version)

To the Shareholders of «Thessaloniki Water Supply & Sewerage Co. S.A.»

**Report on the Financial Statements**

We have audited the accompanying separate and consolidated financial statements of «Thessaloniki Water Supply & Sewerage Co. S.A. » (the Company), which comprise the separate and consolidated balance sheet as of 31 December 2008 and the income statements, statements of changes in equity and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by 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. This responsibility also includes 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 Greek Standards on Auditing which conform with International Standards on Auditing. Those Standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

**Opinion**

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

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**Report on Other Legal Requirements**

We have verified the consistency of Board of Directors' Report with the accompanying financial statements, in the context of the requirements of articles 43a, 107 and 37 of C.L. 2190/1920.

**Thessaloniki, March 26, 2008**

**The Certified Auditors-Accountants**

**Margarita Konstantia Ant. Vasileiadou**

**S.O.E.L. Registration Number 12861**

**Damilakos Spyr.Vrasidas**

**S.O.E.L. Registration Number 22791**

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**YEARLY FINANCIAL STATEMENTS**

**FOR THE FISCAL PERIOD FROM THE 1<sup>ST</sup> OF JANUARY 2008 UNTIL THE 31<sup>ST</sup> OF  
DECEMBER 2008**

**ACCORDING TO THE INTERNATIONAL STANDARDS FOR FINANCIAL INFORMING**

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	Note	THE GROUP		THE COMPANY	
		1/1- 31/12/2008	1/1- 31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
<b>RESULTS STATEMENT FOR FISCAL PERIOD</b>					
Sales		75.919	70.100	75.919	70.100
Less: Cost of sales	7	(44.811)	(45.757)	(44.693)	(45.757)
Gross profit		31.108	24.343	31.225	24.343
Other exploitation revenues	8	4.090	7.188	4.037	7.188
		35.198	31.532	35.262	31.532
Managerial operation expenses	9	(7.745)	(7.596)	(7.668)	(7.596)
Research and Development operation expenses	10	(496)	(1.094)	(496)	(1.094)
Distribution operation expenses	11	(3.713)	(3.737)	(3.871)	(3.737)
Other operational expenses	12	(2.889)	(2.271)	(2.888)	(2.271)
Operational results		20.355	16.834	20.339	16.834
Cost of funding	13	1.663	653	1.660	653
Results of common works		22.017	17.487	21.999	17.487
Revenues from investments		0	0	0	0
Pre-taxes results		22.017	17.487	21.999	17.487
Income tax	14	(6.889)	(5.045)	(6.885)	(5.045)
<b>After taxes results</b>		<b>15.128</b>	<b>12.441</b>	<b>15.115</b>	<b>12.441</b>
Third party rights		0	0	0	0
<b>After taxes results that relate to the Group</b>		<b><u>15.128</u></b>	<b><u>12.441</u></b>	<b><u>15.115</u></b>	<b><u>12.441</u></b>
<b>Earnings per stock (€ per stock)</b>					
Basics	15	<b>0,4168</b>	<b>0,3427</b>	<b>0,4164</b>	<b>0,3427</b>
Recommended dividend per stock - (in euros)				0,1400	0,1200

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<b>BALANCE SHEET</b>		<b>THE GROUP</b>		<b>THE COMPANY</b>	
<b>ASSETS</b>	<b>Note</b>	<b>31/12/2008</b>	<b>31/12/2007</b>	<b>31/12/2008</b>	<b>31/12/2007</b>
<b>Fixed Assets</b>					
Tangible assets	16	89.030	85.942	89.027	85.942
Intangible assets	17	154	152	153	152
Participations in subsidiaries	18	0	0	60	0
Long term liabilities	19	361	361	361	361
Deferred tax claims	14	0	0	0	0
<b>Fixed assets total</b>		<b><u>89.545</u></b>	<b><u>86.455</u></b>	<b><u>89.601</u></b>	<b><u>86.455</u></b>
<b>Circulating capital</b>					
Reserves	20	1.512	1.187	1.512	1.187
Customers and other claims	21	44.295	31.913	44.215	31.913
Cash and cash reserves	22	12.924	13.152	12.735	13.152
<b>Total circulating capital</b>		<b><u>58.731</u></b>	<b><u>46.252</u></b>	<b><u>58.462</u></b>	<b><u>46.252</u></b>
<b>ASSETS TOTAL</b>		<b><u>148.275</u></b>	<b><u>132.707</u></b>	<b><u>148.063</u></b>	<b><u>132.707</u></b>
<b>LIABILITIES</b>					
<b>EQUITY CAPITAL</b>					
Capital Stock	23	40.656	40.656	40.656	40.656
Difference from issuance of stocks above par	23	2.830	2.830	2.830	2.830
Reserve Funds	24	25.230	24.474	25.230	24.474
New profit (loss) balance		22.598	12.582	22.585	12.582
<b>Total of equity capital Group stocks</b>		<b><u>91.315</u></b>	<b><u>80.542</u></b>	<b><u>91.301</u></b>	<b><u>80.542</u></b>
Third party rights		0	0	0	0
<b>Equity capital total</b>		<b><u>91.315</u></b>	<b><u>80.542</u></b>	<b><u>91.301</u></b>	<b><u>80.542</u></b>
<b>LIABILITIES</b>					
<b>Long term liabilities</b>					
Loans	25	1.929	3.110	1.929	3.110
Provisions for supplies to employees	26	5.476	6.597	5.476	6.597
Deferred tax liabilities	14	125	9	125	9
Provision for potential risks and expenses	27	4.265	4.415	4.265	4.415
Future revenues from government grants	28	5.447	5.504	5.447	5.504
Other long term liabilities	29	10.652	9.444	10.652	9.444
<b>Total of long term liabilities</b>		<b><u>27.895</u></b>	<b><u>29.080</u></b>	<b><u>27.895</u></b>	<b><u>29.080</u></b>
<b>Short term liabilities</b>					
Suppliers and other liabilities	30	19.495	16.042	19.326	16.042
Loans	25	1.181	1.608	1.181	1.608
Short term tax liabilities		8.390	5.435	8.360	5.435
<b>Total of short term liabilities</b>		<b><u>29.066</u></b>	<b><u>23.084</u></b>	<b><u>28.867</u></b>	<b><u>23.084</u></b>
<b>Total liabilities</b>		<b><u>56.961</u></b>	<b><u>52.164</u></b>	<b><u>56.762</u></b>	<b><u>52.164</u></b>
<b>EQUITY CAPITAL AND LIABILITIES TOTAL</b>		<b><u>148.275</u></b>	<b><u>132.707</u></b>	<b><u>148.063</u></b>	<b><u>132.707</u></b>

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**GROUP EQUITY CAPITAL CHANGES STATEMENT**

	Capital Stock	Above par difference	Regular reserves	Tax law reserves	New balance	Total
<b>Balances on the 31<sup>st</sup> of December 2006 according to the ISFI.. (note 6.3.3)</b>	<b><u>20.328</u></b>	<b><u>2.830</u></b>	<b><u>3.923</u></b>	<b><u>19.914</u></b>	<b><u>24.723</u></b>	<b><u>71.718</u></b>
After tax profits for fiscal period 1/1-31/12/2007	0	0	637	0	11.804	12.441
Distributed dividends	0	0	0	0	(3.617)	(3.617)
Capital Stock Increase	20.328	0	0	0	(20.328)	0
<b>Balances on the 31<sup>st</sup> of December 2007 according to the ISFI. (note 6.4.3)</b>	<b><u>40.656</u></b>	<b><u>2.830</u></b>	<b><u>4.560</u></b>	<b><u>19.914</u></b>	<b><u>12.582</u></b>	<b><u>80.542</u></b>
After tax profits for the fiscal period 1/1-31/12/2008	0	0	757	0	14.372	15.128
Distributed dividends	0	0	0	0	(4.356)	(4.356)
Capital Stock Increase	0	0	0	0	0	0
<b>Balances on the 31<sup>st</sup> of December 2008 according to the I.S.F.I</b>	<b><u>40.656</u></b>	<b><u>2.830</u></b>	<b><u>5.316</u></b>	<b><u>19.914</u></b>	<b><u>22.598</u></b>	<b><u>91.315</u></b>

**COMPANY EQUITY CAPITAL CHANGES STATEMENT**

	Capital Stock	Above par difference	Regular reserves	Tax law reserves	New balance	Total
<b>Balances on the 31<sup>st</sup> of December 2006 according to the ISFI.. (note 6.3.3)</b>	<b><u>20.328</u></b>	<b><u>2.830</u></b>	<b><u>3.923</u></b>	<b><u>19.914</u></b>	<b><u>24.723</u></b>	<b><u>71.718</u></b>
After tax profits for fiscal period 1/1-31/12/2007	0	0	637	0	11.804	12.441
Distributed dividends	0	0	0	0	(3.617)	(3.617)
Capital Stock Increase	20.328	0	0	0	(20.328)	0
<b>Balances on the 31<sup>st</sup> of December 2007 according to the ISFI. (note 6.4.3)</b>	<b><u>40.656</u></b>	<b><u>2.830</u></b>	<b><u>4.560</u></b>	<b><u>19.914</u></b>	<b><u>12.582</u></b>	<b><u>80.542</u></b>
After tax profits for the fiscal period 1/1-31/12/2008	0	0	756	0	14.359	15.115
Distributed dividends	0	0	0	0	(4.356)	(4.356)
Capital Stock Increase	0	0	0	0	0	0
<b>Balances on the 31<sup>st</sup> of December 2008 according to the I.S.F.I</b>	<b><u>40.656</u></b>	<b><u>2.830</u></b>	<b><u>5.315</u></b>	<b><u>19.914</u></b>	<b><u>22.585</u></b>	<b><u>91.301</u></b>

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**CASH FLOW STATEMENT**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	1/1- 31/12/2008	1/1- 31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
<b><u>Cash flows from operational activities:</u></b>				
Pre tax profits	22.017	17.487	21.999	17.487
<b>Plus (less) adjustments for:</b>				
Depreciations	5.447	5.370	5.446	5.370
Provisions	1.257	(226)	1.257	(226)
Results (revenues, expenses, profits and liabilities) from investment activities	3	841	3	841
Depreciations of fixed assets investment grants	(290)	(139)	(290)	(139)
Results (revenues, expenses, profits and liabilities) from financing activities	0	(609)	0	(609)
Interests and relevant expenses	(1.663)	(653)	(1.660)	(653)
	<u>26.772</u>	<u>22.071</u>	<u>26.756</u>	<u>22.071</u>
Plus/ less adjustments for working capital account changes or relevant to operational activities:				
Decrease / (increase) of reserves	(325)	220	(325)	220
Decrease / (increase) of claims	(12.381)	(4.979)	(12.302)	(4.979)
Decrease / (increase) of long term claims	2.162	2.498	1.991	2.498
(Less):				
Interests and other relevant paid expenses	(196)	(283)	(196)	(283)
Paid taxes	(4.370)	(2.378)	(4.394)	(2.378)
<b>Total of inflows / (outflows) from operational activities (a)</b>	<b><u>11.660</u></b>	<b><u>17.149</u></b>	<b><u>11.530</u></b>	<b><u>17.149</u></b>
<b><u>Investment activities:</u></b>				
Acquisition of subsidiaries, affiliates, joint stock companies and other investments	0	0	(60)	0
Purchase of tangible and intangible fixed assets	(8.539)	(11.075)	(8.536)	(11.075)
Collections from sales of tangible and intangible assets	0	1	0	1
Received interests	1.858	936	1.856	936
<b>Total of inflows / (outflows) from investment activities (b)</b>	<b><u>(6.681)</u></b>	<b><u>(10.138)</u></b>	<b><u>(6.740)</u></b>	<b><u>(10.138)</u></b>
<b><u>Financing activities:</u></b>				
Repayments of loans	(1.608)	(1.600)	(1.608)	(1.600)
Collections from grants	784	1.011	784	1.011
Paid dividends	(4.383)	(3.627)	(4.383)	(3.627)
<b>Total of inflows / (outflows) from financing activities (c)</b>	<b><u>(5.207)</u></b>	<b><u>(4.217)</u></b>	<b><u>(5.207)</u></b>	<b><u>(4.217)</u></b>
<b>Net increase / (decrease) in cash flows and equivalents of fiscal periods (a)+(b)+(c)</b>	<b><u>(228)</u></b>	<b><u>2.794</u></b>	<b><u>(417)</u></b>	<b><u>2.794</u></b>
<b>Cash flows and equivalents of beginning of fiscal period</b>	<b>13.152</b>	<b>10.358</b>	<b>13.152</b>	<b>10.358</b>
<b>Cash flows and equivalents of ending of fiscal period</b>	<b><u>12.924</u></b>	<b><u>13.152</u></b>	<b><u>12.735</u></b>	<b><u>13.152</u></b>



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**GENERAL INFORMATION ON THE GROUP AND THE COMPANY**

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

Board of Directors:        Skodras Georgios, Chairman and Managing Director  
                                     Smyris Pavlos A' Vice Chairman, executive member  
                                     Oikonomou Athanasios, non-executive member  
                                     Spiliopoulos Anastasios, non-executive member  
                                     Samantzidis Minas, non-executive member  
                                     Papamimikos Andreas, non-executive member  
                                     Eminoglou Christodoulos, non-executive member  
                                     Theotokis Kleovoulos, non-executive member  
                                     Tzimopoulos Christos, non-executive member  
                                     Arzoglou Nicholaos, non-executive member  
                                     Vasileiadis Dimitrios, non-executive member

Main Offices:                127, Egnatia Street  
                                     54635, Thessaloniki  
                                     Greece

S.A serial number:        41913/ 06/ B/ 98/ 32

Auditing Company:        BDO Protypos Auditing Company SA.  
                                     Pation 81 & Heyden 8-10  
                                     10434, Athens  
                                     Greece

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

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## **1. Base for drawing up Financial Statements**

### **1.1 General**

The intermediate financial statements of the fiscal period 1/1-30/6/2008 have been drafted according to the International Standards for Financial Informing (ISFI) as issued by the Board for the International Accounting Standards and the Interpretations issued by the Permanent Interpretations Committee as valid on the 31<sup>st</sup> of December 2008.

The financial statements for the fiscal period 1/1-31/12/2008 have been drawn up based on the principle of historical cost (with the exception of certain categories of tangible assets which were depreciated at reasonable values during the transition date, 1/1/2004, in the International Standards for Financial Information used since as imputed, historical cost). Moreover, the said intermediate financial statements have been drawn up based on the principle of continuation of the Company's and the Group's operation.

### **1.2 Statutory Financial Statements**

The Group and the Company keep their accounting books according to Greek Commercial Law (U.L. 2190/1920) and the current tax legislation. Since the 1<sup>st</sup> of January 2005, the Group is obliged to, in accordance with the provisions of the existing legislation, draw up its statutory financial statements according to the ISFI adopted by the European Union. Consequently, the above intermediate financial statements are based on those drawn up by the Group according to the existing tax legislation, on which all non accounting registrations have been completed in order to agree with the ISFI.

### **1.3 Fiscal period assessment**

The drawing up of the financial statements according to the ISFI's requires the Group and Company management to proceed with assessments and assumptions that affect the balances of the assets, liabilities and the results statement of the fiscal year, as well as the announcement of likely claims and liabilities on the date the financial statements are drawn up. These assessments and assumptions are based on the existing experience and on other factors and data that are considered reasonable and are reviewed regularly. The effects of the reviewed adopted assessments and assumptions is not only recognized in the fiscal

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period they take place but also in future periods should the reviews affect not only the present but also the future fiscal periods.

#### **1.4 Approval of Yearly Financial Statements**

The yearly financial statements of the fiscal period 1/1-31/12/2008 were approved for publication by the Company's Board of Directors on the 26<sup>th</sup> of March 2009.

#### **2. New standards, interpretations and alterations of existing International Accounting Standards**

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

##### Mandatory standards for the fiscal period 31 December 2008

No new standards or alterations of the standards have been issued, which would be mandatory for accounting periods beginning during the current fiscal period.

##### Mandatory Interpretations for the fiscal period 31 December 2008

###### **IIIFI 11 - ISFI 2: Group Own Stock transactions**

This interpretation applies since the 1<sup>st</sup> of March 2007 and offers guidance on whether stock based transactions that involve own stocks or group entities (e.g. right to parent company stocks) shall be taken into consideration as own capital settlement transactions or settlement transactions in cash based on stocks, in the individual financial statements of the parent company and the Group companies. The interpretation does not affect the Group's financial statements.

###### **IIIFI 12 – Concession Agreements on service supply rights.**

This interpretation applies from the 1<sup>st</sup> of January 2008 and briefly describes an approach on how to handle contract agreements that derive from various agencies of public service. It sets the condition that the handler should not perceive the infrastructure works as fixed

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assets but to identify such works as a financial element of the assets or as an intangible element of the assets. The IIFFI 12 does not apply to the Group.

**IIFFI 13, Customer Loyalty Programs**

This interpretation applies since the 1<sup>st</sup> of July 2008 and clarifies that in the cases where products and services are sold along with a 'loyalty award' to the customer (e.g. loyalty points or free products), the agreement is an agreement of multiple elements and the received price from the consumer is distributed in the composing elements of the agreement using fair value.. This interpretation does not apply to the Group, as none of the Group companies uses any customer loyalty award programs.

**IIFFI 14 –IAS 19. Assets limits for defined benefits, minimum required formed capital and their interaction**

Interpretation 14 offers instructions for the evaluation of the limit as defined in IAS 19 regarding the surplus value amount that can be identified as assets. Moreover, it explains how the asset or liability of an employee's insurance program can be affected by a minimum capital liability deriving from the statute of the contract. The Interpretation does not affect the financial statements of the Group.

Mandatory standards after the fiscal period 31st of December 2008

**IAS 1 'Presentation of Financial Statements' -Alteration**

The revised standard will dictate the presentation of revenues and expenses ( that are changes in equity capital and regard transactions with third parties- not company stockholders) in the equity capital changes board, demanding that the equity capital changes that result from transactions with third parties, are presented separately than the changes in equity capital that result from transactions with company stock holders. All equity capital changes regarding third parties, not company stockholders, will have to be presented in a performance financial statement, however entities can choose to either present a performance financial statement (comprehensive income statement) or two statements (the results statement and the comprehensive income statement). In the case where the entities are reforming or re evaluating comparative information, they are obliged to submit a revised balance sheet from the beginning of the comparative period in addition to the current obligation to present balance

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sheets at the ending of the current period and the comparative period. The Group will apply the altered IAS 1 from the 1<sup>st</sup> of January 2009.

**IAS 16, Tangible immobilizations – alteration (and subsequent alteration of the IAS 7, Cash flow statements).**

This interpretation applies since the 1<sup>st</sup> of January 2009. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. Entities whose usual activities include renting and selling assets present the income from the sale of the assets in question as revenues and should transfer residual value to reserves when they are rendered retained for sale. According to a consequent alteration in the IAS 7, cash flows that derive from the purchase, rental and sale of such assets register as cash flows from operational activities. The alteration will not affect the Group activities as well as none of the subsidiaries as they are not usually involved with the rental and sale of assets.

**IAS 19, Employee Benefits – alteration.**

This interpretation applies since the 1<sup>st</sup> of January 2009.. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. We specify that an alteration to a benefits program that leads to a change in the impact of future salary increases constitutes a cut while an alteration that changes the benefits responding to past service leads to a negative cost from past service if it results in a decrease in the present value of the determined benefits obligation. The definition of the return of the retirement programs' investment assets has been altered in order to determine that the managerial cost of these programs is deducted during the estimation of the return of the invested assets, only to the part where these expenses are excluded from the measuring of the determined benefits obligation. The distinction between short term and long-term benefits to employees will be based on whether the benefits will be paid immediately or after 12 months from the service of the employee. According to the IAS 37, Provisions, Probable Liabilities and Probable Claims, an announcement and not recognition of the probable liabilities is required. IAS 19 has been altered to be consistent with all the above. The Group will apply the altered IAS19 from the 1<sup>st</sup> of January 2009.

**IAS 20. Accounting of Government Grants and Announcement of Government Support- alteration.**

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This interpretation applies since the 1<sup>st</sup> of January 2009. The debt from a government loan with a lower interest rate than the market interest rate is measured as the difference in residual value according to the IAS 39 Financing Tools: Identification and measurement, and the income received with the debt according to IAS 20. The alteration does not affect the Group activities.

**IAS 23 – Loan Cost -Alteration**

The reviewed issue of the above standard applies starting the 1<sup>st</sup> of January 2009. This alteration demands that an entity capitalizes loan costs that are directly attributed to buy-outs, construction or production of a specific asset (an asset that requires a long term before it can be sold or operate) as part of this asset's cost. The choice of immediate amortization of this asset, as expenses, is abolished.

**IAS 27, Integrated and individual financial statements-alteration**

This interpretation applies since the 1<sup>st</sup> of January 2009. .. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. When an investment in a subsidiary company that is taken into consideration according to the provisions of IAS 39, Financial Tools: Identification and measurement, is registered as available for sale according to the provisions of the ISFI 5, Non circulating assets for sale and interrupted activities, the provisions of the IAS 39 will continue to apply. This alteration will not affect the Group activities, as the Group policy on investments in subsidiary companies is to include them in the purchase value in the individual financial statements of each entity.

**IAS. 28, Investments in affiliated companies – alteration (and subsequent alterations in the IAS 32, Financial tools: Presentation, and ISFI 7, Financial Tools: Announcements).**

This interpretation applies since the 1<sup>st</sup> of January 2009. .. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. An investment in an affiliated company is considered, for reasons of control of impairment, as a single asset. Any impairment damage cannot be distributed to the specific assets of the investment, for example to surplus value. The impairment reversions are listed as an adjustment to the balance of the investment, to the amount that the retrievable amount of the affiliated company increases. The alteration does not affect the Group activities.

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**IAS 29, Financial informing in hyperinflation economies - alteration.**

This interpretation applies since the 1<sup>st</sup> of January 2009. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. The alteration occurred to indicate the fact that a percentage of the assets and liabilities is measured in reasonable value instead of historical cost. This alteration will not affect the Group activities, as there is no activity in any hyperinflation economies.

**IAS 31, Financial Informing on rights in joint stock companies- alteration ( and subsequent alteration of IAS 32 Financial Tools: Presentation and ISFI 7 Financial Tools: Notifications).**

This interpretation applies since the 1<sup>st</sup> of January 2009. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. When an investment in a joint stocks company is registered according to the provisions of the IAS 39, it is necessary that only specific, and not all, notifications are made according to the provisions of IAS 31 in addition to the notifications required by the provisions of the IAS 32 Financing tools: Presentation and the ISFI 7 Financial Tools: Notifications. This alteration will not affect the Group activities, as there are no rights in joint stock companies.

**IAS 32. Financial Tools: Presentation – review and IAS 1, Presentation of Financial Statements- Financial tools with the right of premature sale to the issuer and liabilities that result in liquidations- alteration.**

The modified standards require entities to list financial tools that offer the right of premature sale to the issuer, and tools or elements of tools which impose on the entity the obligation to deliver to another contacting party a percentage of the net assets of the entity, during the liquidation as equity capital , provided that the financial tools have specific characteristics and abide by certain prerequisites. The Group will apply the altered IAS 32 and IAS 1 from the 1<sup>st</sup> of January 2009, they are however expected not to affect the financial statements.

**IAS 36, Impairment of the assets value - alteration.**

This interpretation applies since the 1<sup>st</sup> of January 2009. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. Where reasonable value minus cost of sales is calculated based on discounted cash flows, there should be notifications respective to those of the calculation of the fiscal period

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value. The Group will apply the altered IAS 36 and make all necessary notifications regarding impairment audits from the 1<sup>st</sup> of January 2009.

**IAS 38, Intangible assets - alteration**

This interpretation applies since the 1<sup>st</sup> of January 2009. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. An advance payment will be identified in the case of payment made prior to the acquisition of the access right to products or services. This means that a payment for a product will be identified when the Group has access to the specific product and not when the product is distributed to clients, according to the current accounting principle of the Group. The Group will apply the altered IAS 38 from the 1<sup>st</sup> of January 2009.

**IAS 39. Financial tools: Identification and measurement– alteration.**

This interpretation applies since the 1<sup>st</sup> of January 2009. .. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. The alteration specifies that it is possible to transfer inside and outside the reasonable value category through the results statement when a product begins or ceases to be considered a compensating tool of cash flows or net investment. The definition of the financial elements (assets and liabilities) in reasonable value through the results statement has also been altered as it depends on funds saved for negotiation. The alteration in question specifies that a financial claim or liability that is part of a financial tool's portfolio under joint management with proven achievement of short-term profit based on a recent plan is included in such a portfolio during the initial recognition. .The current managerial directives on the determination and recording of the compensations determine that a compensating tool should involve a different entity than the informing entity. This means that according to the current conditions, in order to apply the compensating accounting at field level, the demands for the application need to be met by the respective field. The alteration removes the field's model so that the managerial directions are consistent to the ISFI 8, Operational fields, which demands that the notifications of the fields are based on information mentioned in the head decision maker. Currently, for information purposes, at field level, each subsidiary sets contracts with group treasury as reasonable value or cash flows compensating tool so that the compensations are mentioned in the field the compensating funds refer to. This is consistent with the information examined by the head decision maker. After the alteration comes in effect, the compensation will continue to be presented in the field the



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compensated funds refer to (and information mentioned in the head decision maker), however the Group will not record and officially examine the relation in question. When the residual value of a tool is re measured in the form of debt at the expiration of the reasonable value compensating accounting, it is specified in the alteration that the reviewed result interest is used ( calculated on the expiration date of the reasonable value compensating accounting). The Group will apply the altered IAS 39 from the 1<sup>st</sup> of January 2009, it is not however expected to affect the Group's financial statements.

**IAS 40, Estate investments- alteration (and subsequent alteration of the IAS16)**

This interpretation applies since the 1<sup>st</sup> of January 2009. .. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. Buildings under construction or under development for future use as investment estate are within the analysis framework of the IAS40. When a reasonable value model is applied, estates such as those mentioned before are depreciated to their reasonable value. However, when the reasonable value of an investment estate under construction is not possible to be determined with any credibility, the estate is depreciated to the acquisition value until the soonest date between the date of completion of the construction and the date when reasonable value can be estimated with credibility. This alteration will not affect the Group activities, as there are no investments on buildings under construction.

**IAS. 41, Agriculture - alteration**

This interpretation applies since the 1<sup>st</sup> of January 2009. .. The alteration is part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008. The use of an advance interest based on current market values is required and the calculations of reasonable value based on advance cash flows and the lift of the ban taking into consideration the biological formation on the estimation of reasonable value. This alteration will not affect the Group activities as the Group is involved in no agricultural activity.

**ISFI. 1, First application of the ISFI – (alteration) and IAS 27 Integrated and individual financial statements**

The modified standard applies from the 1<sup>st</sup> of January 2009. The modified standard allows those who apply it for the first time to use an estimated cost, either reasonable value or the residual value from a prior accounting manipulation to measure the initial cost of investments in subsidiaries, entities of joint control and affiliated companies in the individual financial

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statements. This alteration also draws back the definition of the cost method by the IAS 27 and replaces it with the claim that dividends are listed as revenues in the individual financial statements of the investor. This alteration will not affect the Groups financial statements.

**ISFI. 2, Payments based on participative titles- alteration.**

This alteration applies for yearly fiscal periods starting on the or after the 1<sup>st</sup> of January 2009. The modified standard deals with vesting conditions as well as vesting cancellations in which these prerequisites are mentioned. It also specifies that the afore mentioned prerequisites regard only the terms of service supply and performance. Other characteristic features of a payment based on participative titles are not considered vesting prerequisites. These transactions with employees and others, supplying such services, will have to be included in their fair value on the date of the payment. They will not affect the number of grants expected to be assigned or the depreciation date posterior to the grant date. All cancellations either from the entity or from other contracting parties should receive the same accounting treatment. The Group will apply the altered ISFI 2 from the 1<sup>st</sup> of January 2009. The Group's financial statements will not be affected.

**ISFI. 3, Business Mergings – review**

The reviewed standard is valid from the 1<sup>st</sup> of July 2009 and continues to apply the method of purchasing in the business mergings, with few important changes. For example, all payments for the buy out of a company should be listed in the reasonable value on the date of the buy out with the likely payments listed as debt and later re evaluated through the results statement. There is a choice in the base of each buy out to measure the minority participation in the bought out entity, either in reasonable value or by the percentage of the minority participation in the net assets of the acquired company, which relates to the interest for no company inspection. Any costs relative to the buy out will have to be accounted for in expenses. The Group will apply the modified ISFI 3 from the 1<sup>st</sup> of January 2009. No substantial effect is expected on the Group's financial statements because of the adoption of the present standard.

**ISFI. 5, Non circulating assets owned for sale and interrupted activities– modification (and subsequent modifications in the ISFI 1, First application)**

The modified standard applies from the 1<sup>st</sup> of July 2009. The modification is part of a study on yearly improvements of the Board for International Accounting Standards, published in May

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2008. The modification specifies that all assets and liabilities of a subsidiary are characterized as possessions for sale if a sales plan or partial disposal plan leads to loss of control. For this subsidiary a relative notification is required if the definition of an interrupted activity is met. A subsequent modification in the ISFI 1 mentions that these modifications will be applied in the future after the date of transition to the ISFI's.

**ISFI 8 – Fields of activity**

The standard applies from the 1<sup>st</sup> of January 2009 and replaces the IAS14, "Financial information per field", aligning information per field with the requirements of the USA standard SFAS 131, "Notifications for business fields and relative information". The new standard requires a management approach, under which information per fields are presented on the same basis with that used for internal informing purposes. In addition, the fields are presented in a way that is more compatible with the inside informing offered to the head decision maker. The Group will apply the ISFI 8 and proceed with the necessary changes in the presentation of the financial statements in 2009.

Mandatory interpretations after the fiscal period of the 31<sup>st</sup> of December 2008

**ISFI 15 – Agreements for the construction of buildings**

The interpretation applies from the 1<sup>st</sup> of January 2009 and specifies whether the IAS 18, Revenues, or the IAS 11, Construction contracts, will have to be applied in specific transactions with the possible result the application of the IAS18 on a wider spectrum of transactions. Interpretation 15 is irrelevant to the Group activities.

**ISFI16 – Counter balance of a net investment from exploitation abroad.**

This interpretation applies from the 1<sup>st</sup> of October 2008 and applies to a financial entity which counter balances the risk of foreign currency that derives from a net investment on an exploitation abroad, and meets the terms of accounting counter balance in accordance with the IAS 39. The interpretation offers guidelines regarding the manner in which a financial entity should determine the amounts reclassified by equity capital in the results for the means of counter balance as well as for the counter balanced element. The interpretation does not apply to the Group, as the Group does not use the accounting manipulation of counter balance for any investment on exploitation abroad.

**ISFI 17, Distribution of non-monetary assets to stockholders**

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The interpretation applies from the 1<sup>st</sup> of July 2009 and offers guidelines regarding the measurement of the distribution of non-monetary assets when the liability has been submitted and the distribution has taken place. This includes the distribution of specific assets as well as more complex transactions such as company fragmentations. The said guidelines do not apply when the asset that is transferred is controlled by the same entity before and after the transaction, therefore it is not relevant to distributions between subsidiary and parent company, nor to transitions between subsidiary companies that are considered distribution by estimation. They do not apply either if a parent company distributes part of its investment to a subsidiary, thus creating minority participation but maintaining control. In this case, the distribution is taken into consideration in accordance with the provisions of the ISFI 27 (as modified in May 2008). Moreover, the Interpretation specifies that it apply only to distributions where all stockholders receive the same treatment. If an entity distributes assets to its stockholders who are also a parent company and non controlling, the entire distribution lies outside the field of the Interpretation as parts of the transferred assets are controlled by the same entity before and after the transfer.

There is a number of smaller modifications in the ISFI7 Financial Tool: Notifications, the IAS8 Accounting policies: changes in accounting estimations and mistakes, the IAS10: Facts posterior to the Balance Sheet, the IAS 18: Revenues, IAS 20 State grants accounting and Notification of State Support, IAS29 Financial Informing in economies with hyperinflation, IAS 34 and IAS 38, Intermediate Financial Informing, that are part of a study on yearly improvements of the Board for International Accounting Standards, published in May 2008 (which have not been mentioned above). The said modifications are not expected to affect the Group's Financial Statements and are therefore not analyzed in detail.

### **3. Adopted Accounting Principles**

The yearly financial statements for the fiscal period 1/1-31/12/2008 have been drafted based on the same accounting principles, methods and admissions adopted by the Management for the drawing up of the yearly financial statements for the fiscal period ending on the 31<sup>st</sup> of December 2007. Moreover, the Group and Company management has adopted the following accounting principle for drawing up the integrated financial statements for the fiscal period 1/1-31/12/2008.

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### **3.1 Integration**

#### **a) Subsidiaries:**

These are all the companies run and controlled directly or indirectly by another Company (Parent), either through holding the majority of the subsidiary company stocks to which the investment was made or through the dependence of the company on the expertise supplied by the Group.

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

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

#### **b) Base for Integration:**

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

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

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More particularly, the Company in 2008 proceeded with the composition of the 100% of the subsidiary company EYATH Services S.A with the aim to provide any kind of Water Supply and Sewerage Systems services, telecommunication services as well as the production and sale of electricity. The subsidiary company is based at the Municipality of Thessaloniki at 127 Egnatia Street. The subsidiary's capital stock amounts to € 60.

The Group has drawn up integrated Financial Statements for the first time on the 31/3/2008 including the subsidiary company, by the method of full integration since the 1/1/2008. Up until the current fiscal period, there has been no change in the integrated companies and /or the participation % or the method of integration.

### **3.2 Tangible fixed assets**

Tangible fixed assets are presented in the financial statements in their acquisition value. On the 1<sup>st</sup> of January 2004 the own fields-parcels of land, the buildings and the Company machinery were depreciated in their reasonable value which was determined base on a study by renowned independent estate evaluators. These reasonable values were used as imputed cost on the date of transition to the ISFI's. The result was a surcuote, credited to new profit. These values appear decreased: a) during the accumulated depreciations b) the probable demerit of fixed assets.

The initial acquisition cost of a fixed asset, facility or equipment is composed of the market price including the import duties and the non returnable market taxes as well as any other necessary cost so that the asset can be operational and ready for intended use.

Posterior expenses, made in relation to tangible fixed assets, are capitalized only when they increase future financial benefits, likely to derive from the exploitation of the affected elements. All other expenses for the maintenance, repair, etc of these assets, are listed in

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the expenses of the fiscal year within which they are realized.

On the withdrawal or sale of an asset, its relative cost and accumulated amortizations are deleted from the respective accounts for the period in which they are sold or withdrawn and the respective earnings or damages are identified in the results of that fiscal period.

Amortizations burden the Results Statement for the fiscal period, based on the fixed amortization method during the entire estimated working life of the fixed assets. Land property is not amortized. The estimated working life, per fixed assets category, is as follows:

Buildings and Technical works	40 years
Machinery and Facilities	5-24 years
Means of Transport	5-14 years
Furniture and Other Equipment	3-14 years

The residual values and the tangible fixed assets service life are subject to re evaluation in each yearly balance sheet. When the accounting principles of the tangible fixed assets exceed the re acquisition value, the differences (depreciation) are listed as expenses in the results.

### **3.3 Intangible fixed assets**

#### **3.3.1 Software**

The software that regards the cost of purchase or own production, payroll, material, services as well as every expense made during the development of software in order for it to start functioning. The expenses that boost or expand the performance of software ,beyond its initial potential, are identified as capital expenses and added to the initial software cost.

The amortizations of the software burden the results account by the fixed amortization method, throughout the working life. The estimated duration of the working life is as follows:

Software	6 years
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#### **3.4 Impairment of the fixed assets value**

Tangible and intangible assets and other non circulating elements of the assets are examined for probable impairment damage, whenever there are facts or circumstances which show that their accounting value may not be recovered. Whenever an accounting value of an asset exceeds the recoverable amount for that asset, the respective

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compensation damage is recorded in the results statement of the fiscal year. The recoverable value of an asset is the largest amount between the estimated net sale's price of the asset and its use value. We consider net sale's value the feasible revenue from the sale of an asset in the frame of a bilateral transaction in which the parties are fully informed and act on their own will, after deducting any additional direct distribution cost of the asset. Use value is the present value of the estimated future cash flows by the continuous use of an asset and by its distribution at the end of the estimated working life. If there is no option to estimate the recoverable value of an asset for which there is an indication that there will be an impairment of its value, then the recoverable amount of the unit that produces cash flows, and to which the asset belongs, is estimated .

An offsetting of impairment damage of the assets' value reversed in previous years only occurs when there is able proof that this impairment no longer exists or that it has been decreased. In these cases, the above offsetting is identified as revenue.

### **3.5 Reserves.**

Reserves are presented in their lowest value between the acquisition or production cost and their liquid value. Liquid value is the estimated price of sale, decreased by the distribution cost of reserves. The reserves distribution is determined using the method of weighed average and includes the expenses for the acquisition of the reserves, the production expenses (regarding own production) and the expenses for their transport to their location.

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

### **3.6 Commercial and other claims**

Customer claims are initially listed in their reasonable value and later assessed in unamortized cost with the use of real interest, minus the impairment damages. The impairment damages ( losses from bad claims) are identified only when there is objective proof that the Group and Company are not in a position to collect all amounts that are due according to contract terms. The impairment damage amount is the difference between the



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accounting value of the claims and the present value of the estimated future cash flows, discounted with real interest. The impairment damage amount is listed as expenses in the results statement.

### **3.7 Availables**

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

### **3.8 Capital stock**

Common stocks are referred to as capital. The increased external cost directly paid to the issuance of new stocks appears in the capital less than received amount.

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

### **3.9 Loans**

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

### **3.10 Income tax (current and deferred)**

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

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

The expected tax impact from the temporary tax differences are determined and appear

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either as future (deferred) tax liabilities or as deferred tax claims.

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

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

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

### **3.11 Dividends**

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

### **3.12 Provisions for benefits to employees**

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

The relevant liability is calculated based on the financial and actuarial admissions and are determined using the Projected Unit Method. The net retirement cost of the fiscal period are included in the payroll cost in the attached results statement and include the present value of the benefits for the fiscal period, the interests on the benefits liability, the cost of previous service, the actuarial profit or losses and any other additional retirement cost. The previous service cost is identified on a regular basis on the mid term until the benefits of the program are validated. The unidentified actuarial profit and losses are identified on the average residual duration of the service supply period of active employees and are included as part of the net retirement cost of each period if, at the beginning of the period they exceed the 10%

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of the future estimated liability for benefits. The liabilities for retirement benefits cannot be financed.

### **3.13 Provisions and probable Claims, Liabilities**

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

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

### **3.14 Grants**

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

### **3.15 Financial tools**

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

### **3.16 Revenues identification**

Revenues from the sale of products are identified when the important risks and benefits of

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ownership are transferred to the buyer. Revenues from the supply of services are based on the completion stage, determined by the mention until now to the supplied services, as a percentage on the total supplied services.

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

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

### **3.17 Expenses**

#### **3.17.1 Operational leases**

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

#### **3.17.2 Financing cost**

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

### **3.18 Earnings per stock**

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

### **3.19 Field analysis of the Group activities**

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

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

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#### **4. Financial risk management**

The Group is exposed to all kinds of financial risks, most important of which being the price risk and credit risk. The risk management policies of the Group aim to minimize any negative effects from these risks to the financial position and performance of the Group. The Company's General management is responsible for risk management and the Board of Directors approves the respective policies. The management of financial risks involves the identification, estimation and compensation of financial risks in close co-operation with the Groups operational units.

##### **A. Market risk**

###### **(i) Exchange risk**

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

###### **(ii) Price risk**

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

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

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

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

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

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On the 31/12/2008, if the deposits interest were 1,00 % higher/lower and the rest of the variables remained fixed, the after tax results of the ending fiscal period would appear increased/decreased by € 43 approximately, mainly due to the higher/lower revenues from credit cards that would occur.

**B. Credit risk**

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

**Γ. Liquidation risk**

Liquidation risk is kept at low levels through the availability of adequate cash availables. The maturity of the financial liabilities on the 31<sup>st</sup> of December 2008 (31<sup>st</sup> of December 2007) for the Group is analyzed as follows:

**MATURITY BOARD OF FINANCIAL LIABILITIES 31/12/2008**

	<b>2008</b>			
	<b>Short term</b>		<b>Long term</b>	
	<b>Within 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>Later than 5 years</b>
Bank loans	602	579	1.929	0
Other long term liabilities				10.652
Suppliers and other liabilities	10.050	9.445		
Short term tax liabilities	8.390			
<b>Total</b>	<b>19.042</b>	<b>10.024</b>	<b>1.929</b>	<b>10.652</b>

**MATURITY BOARD OF FINANCIAL LIABILITIES 31/12/2007**

	<b>2007</b>			
	<b>Short term</b>		<b>Long term</b>	
	<b>Within 6 months</b>	<b>6 to 12 months</b>	<b>Within 6 months</b>	<b>6 to 12 months</b>
Bank loans	794	814	2.958	152
Other long term liabilities				9.444
Suppliers and other liabilities	8.445	7.597		
Short term tax liabilities	5.435			
<b>Total</b>	<b>14.674</b>	<b>8.411</b>	<b>2.958</b>	<b>9.596</b>

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**Δ. Capital risk management**

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

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

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>31/12/2008</b>	<b>31/12/2007</b>	<b>31/12/2008</b>	<b>31/12/2007</b>
Total loans	3.110	4.718	3.110	4.718
Less: cash availables	<b>(12.924)</b>	<b>(13.152)</b>	<b>(12.735)</b>	<b>(13.152)</b>
<b>Net debt</b>	<b>(9.814)</b>	<b>(8.434)</b>	<b>(9.625)</b>	<b>(8.434)</b>
Total of equity capital	91.315	80.542	91.301	80.542
<b>Total capital</b>	<b>81.501</b>	<b>72.108</b>	<b>81.676</b>	<b>72.108</b>
<b>Leverage factor</b>	<b>-12,04%</b>	<b>-11,70%</b>	<b>-11,78%</b>	<b>-11,70%</b>

**Reasonable value**

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

**5. Important accounting judgments, assessments and assumptions**

The Group's management proceeds with judgments, assessments, admissions and evaluations in order to select the most appropriate accounting principles and rules in relation to the future development of facts and situations and transaction occurring currently. The said assessments and admissions are re-evaluated sporadically in order to respond to the current data and reflect the occasional risks and they are based on prior experience of the Group's management in relation to the nature and level of the respective transactions and facts.

The basic assessments and evaluations regarding facts whose development could affect the funds in the financial statements for the next twelve months are the following:

**Recoverability of claims – Foul claims**

The management judgment regarding the assessment for the recoverability of claims is an

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important clue for the evaluation of the rest as foul or not and the measurement of a likely impairment of value.

Bad accounts are presented with the amounts that could be recovered. The assessments for the amounts that are expected to be recovered derive after an analysis as well as by the Company experience regarding the possibility of bad customer claims.

**Obsolence of reserves**

The management judgments and knowledge regarding the obsolence or not of the remaining reserves is subject to subjective (judgment regarding the use of the reserves) as well as to objective criteria (natural appropriateness of the reserve).

**Provision for income tax**

For the determination of the provisions for the income tax, important assessments are required. There are many transactions and estimations for which the exact determination of the tax is uncertain during the usual course of a company. The Group recognizes the liabilities for probable tax audit issues based on estimations for the additional taxes likely to owe. When the final result from the taxes of these cases differs from the amount originally recognized in the financial statements, these differences affect the income tax of that fiscal period in which the amounts are finalized. The effects from the change in factors in accordance with L.3697/25.09.2008 have been included in the results statement of the fiscal year 2008.

**Working life of amortized assets**

The Group's management examines the working lives of the amortized assets in each fiscal period. On the 31<sup>st</sup> of December 2008 the management estimates that the working lives represent the expected use of the assets.

**6. Change in the tax accounting policy - re-adjustment of funds in Financial lists (IAS 8)**

During the ending period an audit of the unaudited fiscal periods was conducted for the years 2001 to 2003 by the responsible tax authorities, which resulted in differences in taxes and additions of total amount € 1.052. By the opportunity of the given tax audit, the company's management received an updated image regarding the adequacy thoroughness of the books and their elements, which was the basic cause for the change in the adopted accounting tax



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policy. In particular, according to the adopted tax accounting policy that was valid up until the end of the closing fiscal period, the Company identified the tax liabilities after an audit of the unaudited fiscal periods by the tax authorities after a completion of the audit and finalization of the respective tax amounts. Management decided to change the above adopted accounting tax policy for unaudited fiscal periods to yearly provisions that would cover any likely difference in taxes which might result from a future tax audit. Management believes that by this change, despite the fact that the estimation for a provision for unaudited fiscal periods is not easy because of the various ambiguities in many tax provisions, the thoroughness of the financial statements will be enhanced. Therefore, management, based on the findings of the recently conducted tax audit, proceeded with the determination of a total, relevant tax burden and its presentation in the respective fiscal periods it should burden.

For the re adjustment of the affected funds of the already published financial statements of the previous fiscal periods, the Company has applied the provisions of the IAS 8 "Accounting Policies, alterations in the Accounting Assessments and Faults". From the change I the accounting policy for taxes of unaudited fiscal periods, the Balance Sheet, Equity Capital and Results of previous fiscal years ending on the 31<sup>st</sup> of December 2004, 31<sup>st</sup> of December 2005, 31<sup>st</sup> of December 2006 and the 31<sup>st</sup> of December 2007 re adjusted as follows:

**6.1 Re- adjustment of allotments for the Financial Statements for the fiscal year 2004**

The Company Financial Statements allotments, which were re adjusted due to the change in the accounting policy, for the fiscal year ending on the 31<sup>st</sup> of December 2004, are as follows:

**6.1.1 Fiscal year 2004 – Balance Sheet:** The Balance Sheet allotments for the fiscal period ending on the 31<sup>st</sup> of December 2004 were re adjusted as follows:

	Balances on the 31/12/2004 as previously published	Correction from the provision for unaudited fiscal years	Re adjusted balances on the 31/12/2004
<b><u>BALANCE SHEET</u></b>			
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Tangible assets	72.341	0	72.341
Intangible assets	206	0	206
Long term liabilities	347	0	347
Deferred tax claims	1.853	0	1.853
<b>Fixed assets total</b>	<b><u>74.747</u></b>	<b><u>0</u></b>	<b><u>74.747</u></b>
<b>Circulating capital</b>			
Reserves	2.004	0	2.004
Customers and other claims	16.992	0	16.992
Cash and cash reserves	9.899	0	9.899
<b>Total circulating capital</b>	<b><u>28.895</u></b>	<b><u>0</u></b>	<b><u>28.895</u></b>

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<b>ASSETS TOTAL</b>	<b><u>103.642</u></b>	<b><u>0</u></b>	<b><u>103.642</u></b>
<b>LIABILITIES</b>			
<b>EQUITY CAPITAL</b>			
Capital Stock	18.150	0	18.150
Difference from issuance of stocks above par	2.830	0	2.830
Reserve Funds	22.881	0	22.881
New profit (loss) balance	17.839	<b>(650)</b>	17.189
<b>Equity capital total</b>	<b><u>61.701</u></b>	<b><u>(650)</u></b>	<b><u>61.051</u></b>
<b>LIABILITIES</b>			
<b>Long term liabilities</b>			
Loans	7.878	0	7.878
Employee rights	6.635	0	6.635
Provisions for probable risks	2.165	650	2.815
Future revenues from government grants	3.912	0	3.912
Deferred tax liabilities	0	0	0
Other long term liabilities	7.152	0	7.152
<b>Total of long term liabilities</b>	<b><u>27.743</u></b>	<b><u>650</u></b>	<b><u>28.393</u></b>
<b>Short term liabilities</b>			
Suppliers and other liabilities	7.479	0	7.479
Loans	1.625	0	1.625
Short term tax liabilities	5.095	0	5.095
<b>Total of short term liabilities</b>	<b><u>14.199</u></b>	<b><u>0</u></b>	<b><u>14.199</u></b>
<b>Total liabilities</b>	<b><u>41.942</u></b>	<b><u>650</u></b>	<b><u>42.592</u></b>
<b>EQUITY CAPITAL AND LIABILITIES TOTAL</b>	<b><u>103.642</u></b>		<b><u>103.642</u></b>

**6.1.2 Fiscal year 2004 – Results statement for the fiscal year:** The after taxes Results for the fiscal year ending on the 31<sup>st</sup> of December 2004, as previously published, amounted to € 4.478 and re adjusted to € 3.828, as analyzed in the below board:

	Balances on the 31/12/2004 as previously published	Correction from the provision for inaudited fiscal years	Re adjusted balances on the 31/12/2004
<b>RESULTS STATEMENT FOR FISCAL PERIOD</b>			
Sales	55.235	0	55.235
Less: Cost of sales	<b>(32.877)</b>	0	<b>(32.877)</b>
Gross profit	22.358	0	22.358
Other exploitation revenues	4.711	0	4.711
	<u>27.069</u>	<u>0</u>	<u>27.069</u>
Managerial operation expenses	<b>(6.535)</b>	0	<b>(6.535)</b>
Research and Development operation expenses	<b>(323)</b>	0	<b>(323)</b>
Distribution operation expenses	<b>(3.623)</b>	0	<b>(3.623)</b>

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Other operational expenses	(7.546)	0	(7.546)
Operational results	9.043	0	9.043
Cost of funding (net)	(469)	0	(469)
Results of common works	8.574	0	8.574
Revenues from investments	0	0	0
Pre-taxes results	8.574	0	8.574
Income tax	(4.096)	(650)	(4.746)
<b>After taxes results</b>	<b><u>4.478</u></b>	<b><u>(650)</u></b>	<b><u>3.828</u></b>

**Earnings per stock (€ per stock)**

Basics	0,2467	0,2109
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**6.1.3 Fiscal year 2004 – Net Worth Changes:** The Net Worth Changes statement for the fiscal year ending on the 31<sup>st</sup> of December 2004 was re adjusted as follows:

**EQUITY CAPITAL CHANGES STATEMENT**

	Capital Stock	Above par difference	Regular reserves	Tax law reserves	New balance	Total
Balances on the 31 <sup>st</sup> of December 2004 as previously published	18.150	2.830	2.967	19.915	17.839	61.701
Re adjusted results for the fiscal year 2004 after taxes (see note 6.1.2)	0	0	0	0	(650)	(650)
<b>Re adjusted balances on the 31<sup>st</sup> of December 2004</b>	<b>18.150</b>	<b>2.830</b>	<b>2.967</b>	<b>19.915</b>	<b>17.189</b>	<b>61.051</b>

**6.2 Re -adjustment of allotments for the Financial Statements for the fiscal year 2005**

The Company Financial Statements allotments, which were re adjusted due to the change in the accounting policy, for the fiscal year ending on the 31<sup>st</sup> of December 2005, are as follows:

**6.2.1 Fiscal year 2005 – Balance Sheet:** The Balance Sheet allotments for the fiscal period ending on the 31<sup>st</sup> of December 2005 were re adjusted as follows:

	Balances on the 31/12/2005 as previously published	Correction from the provision for unaudited fiscal years	Re adjusted balances on the 31/12/2005
<b><u>BALANCE SHEET</u></b>			
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Tangible assets	76.711	0	76.711
Intangible assets	201	0	201
Long term liabilities	348	0	348
Deferred tax claims	1.322	0	1.322
<b>Fixed assets total</b>	<b><u>78.582</u></b>	<b><u>0</u></b>	<b><u>78.582</u></b>
<b>Circulating capital</b>			
Reserves	1.378	0	1.378
Customers and other claims	25.127	0	25.127
Cash and cash reserves	7.533	0	7.533

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<b>Total circulating capital</b>	<b><u>34.038</u></b>	<b><u>0</u></b>	<b><u>34.038</u></b>
<b>ASSETS TOTAL</b>	<b><u>112.620</u></b>	<b><u>0</u></b>	<b><u>112.620</u></b>
<b>LIABILITIES</b>			
<b>EQUITY CAPITAL</b>			
Capital Stock	18.150	0	18.150
Difference from issuance of stocks above par	2.830	0	2.830
Reserve Funds	22.881	0	22.881
New profit (loss) balance	22.972	<b>(1.150)</b>	21.822
<b>Equity capital total</b>	<b><u>66.833</u></b>	<b><u>(1.150)</u></b>	<b><u>65.683</u></b>
<b>LIABILITIES</b>			
<b>Long term liabilities</b>			
Loans	6.318	0	6.318
Employee rights	6.940	0	6.940
Provisions for probable risks	2.165	1.150	3.315
Future revenues from government grants	4.093	0	4.093
Deferred tax liabilities	0	0	0
Other long term liabilities	7.920	0	7.920
<b>Total of long term liabilities</b>	<b><u>27.436</u></b>	<b><u>1.150</u></b>	<b><u>28.586</u></b>
<b>Short term liabilities</b>			
Suppliers and other liabilities	12.107	0	12.107
Loans	1.560	0	1.560
Short term tax liabilities	4.683	0	4.683
<b>Total of short term liabilities</b>	<b><u>18.351</u></b>	<b><u>0</u></b>	<b><u>18.351</u></b>
<b>Total liabilities</b>	<b><u>45.787</u></b>	<b><u>1.150</u></b>	<b><u>46.937</u></b>
<b>EQUITY CAPITAL AND LIABILITIES TOTAL</b>	<b><u>112.620</u></b>		<b><u>112.620</u></b>

**6.2.2 Fiscal year 2005 – Results statement for the fiscal year:** The after taxes Results for the fiscal year ending on the 31<sup>st</sup> of December 2005, as previously published, amounted to € 8.436 and re adjusted to € 7.936, as analyzed in the below board:

	Balances on the 31/12/2005 as previously published	Correction from the provision for inaudited fiscal years	Re adjusted balances on the 31/12/2005
<b><u>RESULTS STATEMENT FOR FISCAL PERIOD</u></b>			
Sales	60.246	0	60.246
Less: Cost of sales	<b>(40.575)</b>	0	<b>(40.575)</b>
Gross profit	19.671	0	19.671
Other exploitation revenues	6.489	0	6.489
	<u>26.160</u>	<u>0</u>	<u>26.160</u>
Managerial operation expenses	<b>(7.897)</b>	0	<b>(7.897)</b>
Research and Development operation expenses	<b>(308)</b>	0	<b>(308)</b>
Distribution operation expenses	<b>(3.879)</b>	0	<b>(3.879)</b>

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Other operational expenses	(946)	0	(946)
Operational results	13.130	0	13.130
Cost of funding (net)	(311)	0	(311)
Results of common works	12.820	0	12.820
Revenues from investments	0	0	0
Pre-taxes results	12.820	0	12.820
Income tax	(4.384)	(500)	(4.884)
<b>After taxes results</b>	<b><u>8.436</u></b>	<b><u>(500)</u></b>	<b><u>7.936</u></b>

**Earnings per stock (€ per stock)**

Basics	0,4648	0,4372
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**6.2.3 Fiscal year 2005 – Net Worth Changes:** The Net Worth Changes statement for the fiscal year ending on the 31<sup>st</sup> of December 2005 was re adjusted as follows:

**EQUITY CAPITAL CHANGES STATEMENT**

	Capital Stock	Above par difference	Regular reserves	Tax law reserves	New balance	Total
Balances on the 31 <sup>st</sup> of December 2005 as previously published	18.150	2.830	3.402	19.914	22.536	66.833
Re adjusted results for the fiscal year 2005 after taxes (see note 6.2.2)	0	0	0	0	(1.150)	(1.150)
<b>Re adjusted balances on the 31<sup>st</sup> of December 2005</b>	<b>18.150</b>	<b>2.830</b>	<b>3.402</b>	<b>19.914</b>	<b>21.386</b>	<b>65.683</b>

**6.3 Re adjustment of allotments for the Financial Statements for the fiscal year 2006**

The Company Financial Statements allotments, which were re adjusted due to the change in the accounting policy, for the fiscal year ending on the 31<sup>st</sup> of December 2006, are as follows:

**6.3.1 Fiscal year 2006 – Balance Sheet:** The Balance Sheet allotments for the fiscal period ending on the 31<sup>st</sup> of December 2006 were re adjusted as follows:

	Balances on the 31/12/2006 as previously published	Correction from the provision for unaudited fiscal years	Re adjusted balances on the 31/12/2006
<b><u>BALANCE SHEET</u></b>			
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Tangible assets	80.469	0	80.469
Intangible assets	172	0	172
Long term liabilities	348	0	348
Deferred tax claims	703	0	703
<b>Fixed assets total</b>	<b><u>81.692</u></b>	<b><u>0</u></b>	<b><u>81.692</u></b>
<b>Circulating capital</b>			
Reserves	1.407	0	1.407

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Customers and other claims	26.947	0	26.947
Cash and cash reserves	10.358	0	10.358
<b>Total circulating capital</b>	<b><u>38.712</u></b>	<b><u>0</u></b>	<b><u>38.712</u></b>
 <b>ASSETS TOTAL</b>	 <b><u>120.403</u></b>	 <b><u>0</u></b>	 <b><u>120.403</u></b>
 <b>LIABILITIES</b>			
<b>EQUITY CAPITAL</b>			
Capital Stock	20.328	0	20.328
Difference from issuance of stocks above par	2.830	0	2.830
Reserve Funds	23.837	0	23.837
New profit (loss) balance	26.323	(1.600)	24.723
<b>Equity capital total</b>	<b><u>73.318</u></b>	<b><u>(1.600)</u></b>	<b><u>71.718</u></b>
 <b>LIABILITIES</b>			
<b>Long term liabilities</b>			
Loans	4.718	0	4.718
Employee rights	7.174	0	7.174
Provisions for probable risks	2.165	1.600	3.765
Future revenues from government grants	5.240	0	5.240
Deferred tax liabilities	0	0	0
Other long term liabilities	8.676	0	8.676
<b>Total of long term liabilities</b>	<b><u>27.973</u></b>	<b><u>1.600</u></b>	<b><u>29.573</u></b>
 <b>Short term liabilities</b>			
Suppliers and other liabilities	13.732	0	13.732
Loans	1.600	0	1.600
Short term tax liabilities	3.779	0	3.779
<b>Total of short term liabilities</b>	<b><u>19.112</u></b>	<b><u>0</u></b>	<b><u>19.112</u></b>
 <b>Total liabilities</b>	 <b><u>47.085</u></b>	 <b><u>1.600</u></b>	 <b><u>48.685</u></b>
 <b>EQUITY CAPITAL AND LIABILITIES TOTAL</b>	 <b><u>120.403</u></b>		 <b><u>120.403</u></b>

**6.3.2 Fiscal year 2006 – Results statement for the fiscal year:** The after taxes Results for the fiscal year ending on the 31<sup>st</sup> of December 2006, as previously published, amounted to € 9.640 and re adjusted to € 9.190, as analyzed in the below board:

	Balances on the 31/12/2006 as previously published	Correction from the provision for inaudited fiscal years	Re adjusted balances on the 31/12/2006
<b><u>RESULTS STATEMENT FOR FISCAL PERIOD</u></b>			
Sales	66.035	0	66.035
Less: Cost of sales	(44.712)	0	(44.712)
Gross profit	21.323	0	21.323
Other exploitation revenues	6.225	0	6.225
	<u>27.549</u>	<u>0</u>	<u>27.549</u>
			0
Managerial operation expenses	(6.624)	0	(6.624)
Research and Development operation expenses	(685)	0	(685)
Distribution operation expenses	(3.631)	0	(3.631)

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Other operational expenses	(2.721)	0	(2.721)
Operational results	13.888	0	13.888
Cost of funding (net)	(232)	0	(232)
Results of common works	13.656	0	13.656
Revenues from investments	0	0	0
Pre-taxes results	13.656	0	13.656
Income tax	(4.016)	(450)	(4.466)
<b>After taxes results</b>	<b><u>9.640</u></b>	<b><u>(450)</u></b>	<b><u>9.190</u></b>

**Earnings per stock (€ per stock)**

Basics	0,2656	0,2532
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**6.3.3 Fiscal year 2006 – Net Worth Changes:** The Net Worth Changes statement for the fiscal year ending on the 31<sup>st</sup> of December 2006 was re adjusted as follows:

**EQUITY CAPITAL CHANGES STATEMENT**

	Capital Stock	Above par difference	Regular reserves	Tax law reserves	New balance	Total
Balances on the 31 <sup>st</sup> of December 2006 as previously published	20.328	2.830	3.923	19.914	26.323	73.318
Re adjusted results for the fiscal year 2006 after taxes (see note 6.3.2)	0	0	0	0	(1.600)	(1.600)
<b>Re adjusted balances on the 31<sup>st</sup> of December 2006</b>	<b>20.328</b>	<b>2.830</b>	<b>3.923</b>	<b>19.914</b>	<b>24.723</b>	<b>71.718</b>

**6.4 Re adjustment of allotments for the Financial Statements for the fiscal year 2007**

The Company Financial Statements allotments, which were re adjusted due to the change in the accounting policy, for the fiscal year ending on the 31<sup>st</sup> of December 2007, are as follows:

**6.4.1 Fiscal year 2007 – Balance Sheet:** The balance sheet allotments for the fiscal period ending on the 31<sup>st</sup> of December 2007 have been re adjusted as follows:

	Balances on the 31/12/2007 as previously published	Correction from the provision for unaudited fiscal years	Re adjusted balances on the 31/12/2007
<b><u>BALANCE SHEET</u></b>			
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Tangible assets	85.942	0	85.942
Intangible assets	152	0	152
Long term liabilities	361	0	361
Deferred tax claims	0	0	0
<b>Fixed assets total</b>	<b><u>86.455</u></b>	<b><u>0</u></b>	<b><u>86.455</u></b>
<b>Circulating capital</b>			
Reserves	1.187	0	1.187
Customers and other claims	31.913	0	31.913
Cash and cash reserves	13.152	0	13.152
<b>Total circulating capital</b>	<b><u>46.252</u></b>	<b><u>0</u></b>	<b><u>46.252</u></b>

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<b>ASSETS TOTAL</b>	<b><u>132.707</u></b>	<b><u>0</u></b>	<b><u>132.707</u></b>
<b>LIABILITIES</b>			
<b>EQUITY CAPITAL</b>			
Capital Stock	40.656	0	40.656
Difference from issuance of stocks above par	2.830	0	2.830
Reserve Funds	24.474	0	24.474
New profit (loss) balance	14.482	<b>(1.900)</b>	12.582
<b>Equity capital total</b>	<b><u>82.442</u></b>	<b><u>(1.900)</u></b>	<b><u>80.542</u></b>
<b>LIABILITIES</b>			
<b>Long term liabilities</b>			
Loans	3.110	0	3.110
Employee rights	6.597	0	6.597
Provision for potential risks and expenses	2.515	1.900	4.415
Future revenues from government grants	5.504	0	5.504
Deferred tax liabilities	9	0	9
Other long term liabilities	9.444	0	9.444
<b>Total of long term liabilities</b>	<b><u>27.180</u></b>	<b><u>1.900</u></b>	<b><u>29.080</u></b>
<b>Short term liabilities</b>			
Suppliers and other liabilities	16.042	0	16.042
Loans	1.608	0	1.608
Short term tax liabilities	5.435	0	5.435
<b>Total of short term liabilities</b>	<b><u>23.084</u></b>	<b><u>0</u></b>	<b><u>23.084</u></b>
<b>Total liabilities</b>	<b><u>50.264</u></b>	<b><u>1.900</u></b>	<b><u>52.164</u></b>
<b>EQUITY CAPITAL AND LIABILITIES TOTAL</b>	<b><u>132.707</u></b>		<b><u>132.707</u></b>

**6.4.2 Fiscal year 2007 – Results Statement for the fiscal year:** The after taxes results for the fiscal year ending on the 31<sup>st</sup> of December 2007, as previously published, amounted to € 12.741 and re adjusted to € 12.441, as analyzed in the below board:

<b><u>RESULTS STATEMENT FOR FISCAL PERIOD</u></b>	<b>Balances on the 31/12/2007 as previously published</b>	<b>Correction from the provision for inaudited fiscal years</b>	<b>Re adjusted balances on the 31/12/2007</b>
Sales	70.100	0	70.100
Less: Cost of sales	<b>(45.757)</b>	0	<b>(45.757)</b>
Gross profit	24.343	0	24.343
Other exploitation revenues	7.188	0	7.188
	31.532	0	31.532
Managerial operation expenses	<b>(7.596)</b>	0	<b>(7.596)</b>
Research and Development operation expenses	<b>(1.094)</b>	0	<b>(1.094)</b>
Distribution operation expenses	<b>(3.737)</b>	0	<b>(3.737)</b>



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Other operational expenses	(2.271)	0	(2.271)
Operational results	16.834	0	16.834
Cost of funding (net)	653	0	653
Results of common works	17.487	0	17.487
Revenues from investments	0	0	0
Pre-taxes results	17.487	0	17.487
Income tax	(4.745)	(300)	(5.045)
<b>After taxes results</b>	<b><u>12.741</u></b>	<b><u>(300)</u></b>	<b><u>12.441</u></b>

**Earnings per stock (€ per stock)**

Basics	<b>0,3510</b>	<b>0,3427</b>
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**6.4.3 Fiscal year 2007 – Net Worth Changes Statement:** The Net Worth changes statement for the fiscal year ending on the 31<sup>st</sup> of December 2007, was re adjusted as follows:

**NET WORTH CHANGES STATEMENT**

	Capital Stock	Above par difference	Regular reserves	Tax law reserves	New balance	Total
<b>Balances on the 31<sup>st</sup> of December 2007</b> as previously published	40.656	2.830	4.560	19.914	14.482	82.442
Re adjusted results for the fiscal period 2007 after taxes (see note 6.4.2)	0	0	0	0	(1.900)	(1.900)
<b>Re adjusted Balances on the 31<sup>st</sup> of December 2007</b>	<b>40.656</b>	<b>2.830</b>	<b>4.560</b>	<b>19.914</b>	<b>12.582</b>	<b>80.542</b>

**7. Cost of sales**

Cost of sales is analyzed as follows:

Cost of sales	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Cost of consumables	2.196	2.212	2.196	2.212
Own production	-1.258	-1.213	-1.258	-1.213
Staff fees and expenses	17.342	17.869	17.342	17.869
Other fees and third party expenses	1.248	944	1.132	944
Electricity	9.370	8.305	9.370	8.305
Rental fees	322	198	322	198
Maintenance and repair expenses	9.450	11.254	9.450	11.254
Other third party supplies	33	32	33	32
Taxes and dues expenses	303	271	303	271
Transport expenses	185	158	185	158
Immediate consumption material	712	954	712	954
Various expenses	460	401	460	401
Other expenses	2	2	2	2
Amortization expenses	4.446	4.371	4.445	4.371
<b>Balance</b>	<b><u>44.811</u></b>	<b><u>45.757</u></b>	<b><u>44.693</u></b>	<b><u>45.757</u></b>

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**8. Other exploitation revenues**

Other exploitation revenues are analyzed as follows:

**Other Exploitation revenues**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>1/1-31/12/2008</b>	<b>1/1-31/12/2007</b>	<b>1/1-31/12/2008</b>	<b>1/1-31/12/2007</b>
Revenues from subsidies	177	241	177	241
Compensation from pluvial water network management services	1.484	1.890	1.484	1.890
Revenues from supplying other services	1.424	288	1.424	288
Rental fees	57	3	4	3
Grant amortizations	290	139	290	139
Other special revenues	67	275	67	275
Other revenues from previous fiscal years	185	2.553	185	2.553
Other revenues from grants	356	1.798	356	1.798
Revenues from provisions from previous fiscal years	50	0	50	0
<b>Balance</b>	<b><u>4.090</u></b>	<b><u>7.188</u></b>	<b><u>4.037</u></b>	<b><u>7.188</u></b>

**9. Managerial operation expenses**

Managerial operation expenses are analyzed as follows:

<b>Managerial operation expenses</b>	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>1/1-31/12/2008</b>	<b>1/1-31/12/2007</b>	<b>1/1-31/12/2008</b>	<b>1/1-31/12/2007</b>
Staff fees and expenses	3.450	3.974	3.450	3.974
Fees and expenses for self employed	832	593	832	593
Fees and expenses for non self employed	409	285	343	285
Third party processes	90	65	90	65
Other fees and third party expenses	97	140	90	140
Rental fees expenses	307	274	307	274
Maintenance and repair expenses	88	44	88	44
Other third party supplies	192	193	192	193
Expenses from taxes and dues	147	147	146	147
Transport expenses	32	32	32	32
Travel expenses	41	22	41	22
Promotion and advertisement expenses	392	303	392	303
Other expenses	738	553	734	553
Amortization expenses	829	856	829	856
Staff compensation provision	103	115	103	115
<b>Balance</b>	<b><u>7.745</u></b>	<b><u>7.596</u></b>	<b><u>7.668</u></b>	<b><u>7.596</u></b>

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**10. Research and development expenses**

The research and development expenses are analyzed as follows:

Research and development expenses	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Fees and staff expenses	233	241	233	241
Fees and expenses for self employed	32	63	32	63
Other fees and third party expenses	189	39	189	39
Maintenance and repair expenses	2	0	2	0
Expenses from taxes and dues	36	32	36	32
Other expenses	0	713	0	713
Depreciation expenses	3	6	3	6
	<b><u>496</u></b>	<b><u>1.094</u></b>	<b><u>496</u></b>	<b><u>1.094</u></b>

**11. Distribution operation expenses**

The distribution operation expenses are analyzed as follows:

Distribution expenses	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Fees and staff expenses	2.338	2.452	2.338	2.452
Fees and expenses for free lancers	389	274	389	274
Third party processes	90	65	90	65
Other payments and third party expenses	65	141	223	141
Rental fees expenses	45	41	45	41
Maintenance and repair expenses	43	40	43	40
Other third party supplies	99	95	99	95
Expenses from taxes and dues	47	41	47	41
Transport expenses	16	16	16	16
Other expenses	2	8	2	8
Depreciation expenses	169	138	169	138
Provision for staff compensation	410	425	410	425
<b>Balance</b>	<b><u>3.713</u></b>	<b><u>3.737</u></b>	<b><u>3.871</u></b>	<b><u>3.737</u></b>

**12. Other operational expenses**

Other operational expenses are analyzed as follows:

	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Tax fines, other fines & surcharges	0	9	0	9
Third parties' compensation from damages to the water supply network	282	59	282	59
Payment of compensation for judicial decisions	286	128	286	128

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Other special expenses and damages	438	403	438	403
Water meter replacement damages	3	5	3	5
Other expenses from previous fiscal periods	470	642	470	642
Other construction and maintenance expenses	665	1.025	665	1.025
Provisions for bad claims	745	0	745	0
<b>Balance</b>	<b><u>2.889</u></b>	<b><u>2.271</u></b>	<b><u>2.888</u></b>	<b><u>2.271</u></b>

**13. Cost of financing (net)**

The financing revenues (expenses) are analyzed as follows:

	THE GROUP		THE COMPANY	
	1/1- 31/12/2008	1/1-31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
Red Interests from bank liabilities	193	274	193	274
Other financial expenses	3	10	3	10
<b>Total of financing expenses</b>	<b>196</b>	<b>283</b>	<b>196</b>	<b>283</b>
Black interests and relevant revenues	1.858	936	1.856	936
Other financing revenues	0	0	0	0
<b>Total of financing revenues</b>	<b>1.858</b>	<b>936</b>	<b>1.856</b>	<b>936</b>
<b>Net financing revenues (expenses)</b>	<b><u>1.663</u></b>	<b><u>653</u></b>	<b><u>1.660</u></b>	<b><u>653</u></b>

It is noted that the account balance « Black interests and relevant revenues» on the 31/12/2008 of € 1.858 includes default interests for customer accounts of € 1.382 and deposit interests of € 476. The policy for charging for default interest for customer accounts, has been in use since the BoD decision on the 16-5-2007

**14. Income Tax**

The taxation on results has been determined as follows:

	THE GROUP		THE COMPANY	
	1/1- 31/12/2008	1/1-31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
Income tax for the fiscal period	5.521	4.033	5.516	4.033
Imputed taxes which regard previous fiscal periods	1.052	0	1.052	0
Provision for taxation on inaudited fiscal periods	200	300	200	300
Deferred tax	116	712	116	712

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<b>Total of taxes in the Results Statement for the fiscal period</b>	<u><b>6.889</b></u>	<u><b>5.045</b></u>	<u><b>6.885</b></u>	<u><b>5.045</b></u>
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On the 9/12/2008, the regular tax audit of the fiscal periods 2001-2003 was completed and there were imputed taxes, dues and surcharges of €1.052.

	<b>1/1- 31/12/2008</b>	<b>1/1-31/12/2007</b>	<b>1/1- 31/12/2008</b>	<b>1/1- 31/12/2007</b>
Pre tax earnings	22.017	17.487	21.999	17.487
Tax estimated by the Company tax rate (2008: 25 %, 2007: 25 %)	5.504	4.372	5.500	4.372
Expenses non deducting from income tax	132	374	132	374
Imputed taxes which regard previous fiscal periods	1.052	0	1.052	0
Provision for taxation on inaudited fiscal periods	200	300	200	300
<b>Total of taxes in the Results Statement for the fiscal period</b>	<u><b>6.889</b></u>	<u><b>5.045</b></u>	<u><b>6.885</b></u>	<u><b>5.045</b></u>

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

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>On the 31/12/2008</b>	<b>On the 31/12/2007</b>	<b>On the 31/12/2008</b>	<b>On the 31/12/2007</b>
Deferred tax claims	3.319	3.660	3.319	3.660
Deferred tax liabilities	(3.444)	(3.669)	(3.444)	(3.669)
<b>Total of deferred taxes in the Balance Sheet</b>	<u><b>(125)</b></u>	<u><b>(9)</b></u>	<u><b>(125)</b></u>	<u><b>(9)</b></u>

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>On the 31/12/2008</b>	<b>On the 31/12/2007</b>	<b>On the 31/12/2008</b>	<b>On the 31/12/2007</b>
Balance at the beginning of the fiscal period	(9)	703	(9)	703
Results tax	(182)	(712)	(181)	(712)
Effects from changes in taxation rates	66	0	66	0
Equity Capital tax	0	0	0	0
<b>Balance at the ending of the fiscal period</b>	<u><b>(125)</b></u>	<u><b>(9)</b></u>	<u><b>(125)</b></u>	<u><b>(9)</b></u>

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<b>THE GROUP</b>				
	<b>On the 31/12/2007</b>	<b>Result Charges(Credits)</b>	<b>Equity Capital Charges(Credits)</b>	<b>On the 31/12/2008</b>
<b>Deferred tax liabilities</b>				
Financial depreciations of tangible fixed assets	(3.496)	190	0	(3.307)
Adjustment of grants for fixed assets	(173)	35	0	(138)
	<b>(3.669)</b>	<b>225</b>	<b>0</b>	<b>(3.444)</b>
<b>Deferred tax claims</b>				
Off setting entry adjustment of fixed assets	550	334	0	884
Adjustment of value of fixed assets	625	(125)	0	500
De-Identification of expenses of long term depreciations and adjustment of depreciations of intangible fixed assets	387	(123)	0	264
Adjustment of value of received accounts	212	211	0	424
Reserves deprecation adjustment	150	0	0	150
Staff compensation provision due to retirement from service	1.649	(550)	0	1.099
Provision for distribution to the staff	88	(88)	0	0
	<b>3.660</b>	<b>(341)</b>	<b>0</b>	<b>3.319</b>
<b>Net deferred tax claims in the Balance Sheet</b>	<b><u>(9)</u></b>	<b><u>(116)</u></b>	<b><u>0</u></b>	<b><u>(125)</u></b>
<b>Appearance on the Balance Sheet</b>				
Deferred tax claims	0			0
Deferred tax liabilities	(9)			(125)
	<b><u>(9)</u></b>			<b><u>(125)</u></b>

<b>THE COMPANY</b>				
	<b>On the 31/12/2007</b>	<b>Result Charges(Credits)</b>	<b>Equity Capital Charges(Credits)</b>	<b>On the 31/12/2008</b>
<b>Deferred tax liabilities</b>				
Financial depreciations of tangible fixed assets	(3.496)	190	0	(3.306)
Adjustment of grants for fixed assets	(173)	35	0	(138)
	<b>(3.669)</b>	<b>225</b>	<b>0</b>	<b>(3.444)</b>
<b>Deferred tax claims</b>				
Off setting entry adjustment of fixed assets	550	334	0	884

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Adjustment of value of fixed assets	625	(125)	0	500
De-Identification of expenses of long term depreciations and adjustment of depreciations of intangible fixed assets	387	(124)	0	263
Adjustment of value of received accounts	212	211	0	424
Reserves deprecation adjustment	150	0	0	150
Staff compensation provision due to retirement from service	1.649	(550)	0	1.099
Provision for distribution to the staff	88	(88)	0	0
	<b>3.660</b>	<b>(341)</b>	<b>0</b>	<b>3.319</b>
<b>Net deferred tax claims in the Balance Sheet</b>	<b><u>(9)</u></b>	<b><u>(116)</u></b>	<b><u>0</u></b>	<b><u>(125)</u></b>

According to recent institutional changes in tax legislation a gradual decrease in the income tax rate is provided, for legal entities, for the years 2010 until 2014 from 24% to 20% respectively. The Group, taking into consideration the new tax rates and in accordance with the provisions of IAS 12 "Income Tax", has re adjusted accordingly the height of the deferred tax claims and liabilities by € 66 identifying the relative difference (debt) as revenue in the results statement of the closing fiscal period.

### 15. Earnings per stock

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

	THE GROUP		THE COMPANY	
	1/1- 31/12/2008	1/1-31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
Net profit delivered to the company's common stockholders	15.128	12.441	15.115	12.441
Average weighted number of stocks in circulation	36.300.000	36.300.000	36.300.000	36.300.000
<b>Less:</b> Average weighted number of own stock	0	0	0	0
Total average weighted number of stocks in circulation	36.300.000	36.300.000	36.300.000	36.300.000
<b>Basic earnings (loss) per stock (in €)</b>	<b>0,4168</b>	<b>0,3427</b>	<b>0,4164</b>	<b>0,3427</b>

The published earnings per stock of the previous fiscal period 1/1 - 31/12/2007 €0,3510 have been adjusted to €0,3427 on account of the effects of the re adjustment of the Income Tax in the respective fiscal period (see note 6.4.2)

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**16. Tangible assets**

The Group and Company tangible fixed assets are analyzed as follows:

THE GROUP							
Fields and Land	Buildings and building facilities	Machinery & machinery facilities	Means of Transport	Furniture and other equipment	Fixed assets under construction or installation	Total	
<b>Acquisition or valuation value</b>							
<b>On the 31/12/2007</b>	18.896	5.826	67.732	1.102	1.607	5.610	100.773
Additions 1/1-31/12/2008	0	0	10.106	5	447	6.736	17.295
Sales / Transfers 1/1-31/12/2008	0	0	(29)	0	(3)	(8.819)	(8.851)
<b>Total on the 31/12/2008</b>	<b>18.896</b>	<b>5.826</b>	<b>77.809</b>	<b>1.106</b>	<b>2.051</b>	<b>3.528</b>	<b>109.216</b>
<b>Accumulated depreciations</b>							
<b>On the 31/12/2007</b>	0	582	12.867	549	832	0	14.830
Additions 1/1-31/12/2008	0	146	4.957	138	140	0	5.382
Sales / Transfers 1/1-31/12/2008	0	0	(26)	(0)	(0)	0	(26)
<b>Total on the 31/12/2008</b>	<b>0</b>	<b>728</b>	<b>17.798</b>	<b>687</b>	<b>972</b>	<b>0</b>	<b>20.186</b>
<b>Unamortized value</b>							
<b>On the 31/12/2007</b>	18.896	5.243	54.866	553	775	5.610	85.942
<b>On the 31/12/2008</b>	18.896	5.097	60.011	419	1.078	3.528	89.030

THE COMPANY							
Fields and Land	Buildings and building facilities	Machinery & machinery facilities	Means of Transport	Furniture and other equipment	Fixed assets under construction or installation	Total	
<b>Acquisition or valuation value</b>							
<b>On the 31/12/2007</b>	18.896	5.826	67.732	1.102	1.607	5.610	100.773
Additions 1/1-31/12/2008	0	0	10.106	5	445	6.736	17.292
Sales / Transfers 1/1-31/12/2008	0	0	(29)	0	(3)	(8.819)	(8.851)
<b>Total on the 31/12/2008</b>	<b>18.896</b>	<b>5.826</b>	<b>77.809</b>	<b>1.106</b>	<b>2.049</b>	<b>3.528</b>	<b>109.213</b>
<b>Accumulated depreciations</b>							
<b>On the 31/12/2007</b>	0	582	12.867	549	832	0	14.830
Additions 1/1-31/12/2008	0	146	4.957	138	140	0	5.382
Sales / Transfers 1/1-31/12/2008	0	0	(26)	(0)	(0)	0	(26)
<b>Total on the 31/12/2008</b>	<b>0</b>	<b>728</b>	<b>17.798</b>	<b>687</b>	<b>972</b>	<b>0</b>	<b>20.186</b>
<b>Unamortized value</b>							
<b>On the 31/12/2007</b>	18.896	5.243	54.866	553	775	5.610	85.942
<b>On the 31/12/2008</b>	18.896	5.097	60.011	419	1.076	3.528	89.027



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The Group and the Company's depreciations in the current fiscal period by € 4.392 (2007: 4.321) have increased the cost of sales by € 819 (2007: € 846) the expenses for the administrative operation, by € 3 (2007: € 6) the research and development expenses and by € 167 (2007: € 136) the function of distribution expenses.

The Company's depreciations in the current fiscal period by € 4.392 (2007: 4.321) have increased the cost of sales by € 819 (2007: € 846) the expenses for the administrative operation, by € 3 (2007: € 6) the research and development expenses and by € 167 (2007: € 136) the function of distribution expenses

There are no encumbrances on the fixed assets of the Group and the Company

### **17. Intangible assets**

The intangible fixed assets of the Group and the Company are analyzed as follows:

	THE GROUP			THE COMPANY		
	Software	Concessions and rights	Total	Software	Concessions and rights	Total
<b><u>Acquisition or valuation value</u></b>						
<b>On the 31/12/2007</b>	416	0	416	416	0	416
Additions 1/1-31/12/2008	67	0	67	66	0	66
Sales / Transfers 1/1-31/12/2008	0	0	0	0	0	0
<b>Total on the 31/12/2008</b>	<b>482</b>	<b>0</b>	<b>482</b>	<b>481</b>	<b>0</b>	<b>481</b>
<b><u>Accumulated depreciations</u></b>						
<b>On the 31/12/2007</b>	264	0	264	264	0	264
Additions 1/1-31/12/2008	65	0	65	65	0	65
Sales / Transfers 1/1-31/12/2008	0	0	0	0	0	0
<b>Total on the 31/12/2008</b>	<b>329</b>	<b>0</b>	<b>329</b>	<b>329</b>	<b>0</b>	<b>329</b>
<b><u>Unamortized value</u></b>						
<b>On the 31/12/2007</b>	152	0	152	152	0	152
<b>On the 31/12/2008</b>	154	0	154	153	0	153

The depreciations of the current fiscal period for the Company by € 53 (2007: € 48) have increased the cost of sales, by € 10 (2007: € 10) the expenses for the administrative operation and by € 2 (2007: € 2) the function of distribution expenses.

The depreciations of the current fiscal period for the Group by € 53 (2007: € 48) have increased the cost of sales, by € 10 (2007: € 10) the expenses for the administrative operation and by € 2 (2007: € 2) the function of distribution expenses.

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**18. Participations in subsidiaries**

The Company on the 31/1/2008 has deposited a capital stock of € 60 for the composition of the subsidiary «EYATH SERVICES S.A». Until the ending of the current fiscal period there has been no change in the participations.

**19. Long term Claims**

The Group's long-term claims on the 31<sup>st</sup> of December 2008 represent Public Electricity Company given guarantees of € 361

**20. Reserves**

The Group and Company reserves are analyzed as follows:

	THE GROUP		THE COMPANY	
	On the 31/12/2008	On the 31/12/2007	On the 31/12/2008	On the 31/12/2007
Raw and support material- office supplies	1.512	1.187	1.512	1.187
<b>Total</b>	<b><u>1.512</u></b>	<b><u>1.187</u></b>	<b><u>1.512</u></b>	<b><u>1.187</u></b>

There are no pledges on Company reserves.

**21. Customers and other claims**

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

	THE GROUP		THE COMPANY	
	On the 31/12/2008	On the 31/12/2007	On the 31/12/2008	On the 31/12/2007
Customers	30.556	20.784	30.520	20.784
Short term claims against affiliated companies	0	0	6	0
Bad and doubtful debts	4.920	4.242	4.920	4.242
Various debts	8.547	5.709	8.545	5.709
Accounts for the management of advances and credits	79	141	79	141
Expenses of following fiscal periods	146	169	146	169
Received fiscal period revenues	4.966	5.031	4.918	5.031
Other assets suspense accounts	0	12	0	12
	<b>49.214</b>	<b>36.088</b>	<b>49.135</b>	<b>36.088</b>
<b>Less: Provisions</b>	<b>(4.920)</b>	<b>(4.175)</b>	<b>(4.920)</b>	<b>(4.175)</b>

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Balance	<u>44.295</u>	<u>31.913</u>	<u>44.215</u>	<u>31.913</u>
	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>On the 31/12/2008</b>	<b>On the 31/12/2007</b>	<b>On the 31/12/2008</b>	<b>On the 31/12/2007</b>
<b>Doubtful claims balance:</b>				
Initial balance	4.242	4.242	4.242	4.242
Increase/(Decrease)	677	0	677	0
<b>Final balance</b>	<b>4.920</b>	<b>4.242</b>	<b>4.920</b>	<b>4.242</b>
<b>Balance of provisions for doubtful claims:</b>				
Initial balance	4.175	4.175	4.175	4.175
Increase/(Decrease)	745	0	745	0
<b>Final balance</b>	<b>4.920</b>	<b>4.175</b>	<b>4.920</b>	<b>4.175</b>

**MATURITY OF TRADE CLAIMS BOARD 31/12/2007**

	<b>2008</b>	
	<b>Within 6 months</b>	<b>Over 6 months</b>
Clients and other claims	26.230	4.326
Bad – Clients and Debts in dispute		4.920
<b>Less : Provisions</b>		<b>(4.920)</b>
<b>Total</b>	<b>26.230</b>	<b>4.326</b>

**MATURITY OF TRADE CLAIMS BOARD 31/12/2007**

	<b>2007</b>	
	<b>Within 6 months</b>	<b>Over 6 months</b>
Clients and other claims	20.784	
Bad – Clients and Debts in dispute		4.242
<b>Less : Provisions</b>		<b>(4.175)</b>
<b>Total</b>	<b>20.784</b>	<b>68</b>

All claims are short term (they represent their reasonable value) and no discount is required on the date of the Balance Sheet. There is no concentration of credit risk in relation to customer claims, as the Company has a great number of customers and the credit risk is dispersed.

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It is noted that the account balance for «Various debts » on the 31/12/2008 of € 8.547, regards a deposit of income tax and other retained taxes of € 4.365, special grants claims from services supplied to the Ministry for the Environment, Planning and Public Works of € 1.347 and claims from other debts of € 2.835.

Moreover, it is noted that the account balance for «Received fiscal period revenues» on the 31/12/2008 of € 4.966, regards work revenues of EYATH S.A for the fiscal period 1/1/2008-31/12/2008 (in which they were listed) which will be invoiced at a next fiscal period of €3.926, revenues from supplied services towards the Municipalities of Michaniona, Thermaikou,Oreokastro and Efkarpia which had not been invoiced until the 31/12/2008 of €501and other received revenues of € 188.

### 22. Cash and Cash reserves

	THE GROUP		THE COMPANY	
	On the 31/12/2008	On the 31/12/2007	On the 31/12/2008	On the 31/12/2007
Cash	587	360	398	360
Sight and time deposits	12.337	12.792	12.337	12.792
<b>Balance</b>	<b><u>12.924</u></b>	<b><u>13.152</u></b>	<b><u>12.735</u></b>	<b><u>13.152</u></b>

Cash reserves represent the cash in the Company's cash registers and the bank deposits available upon first request.

### 23. Capital Stock and Capital above par

The Company's capital stock includes 36.300.000 common nominal stocks of € 1, 12 nominal value each. The Company's stocks are introduced in the category High Capitalization of the Athens Stock Exchange.

According to the Company's Stockholders Register on the 31/12/2008, stockholders with a percentage larger than 2 % were the following:

STOCKHOLDER	NUMBER OF STOCKS OWNED	PARTICIPATION PERCENTAGE ON THE 30/9/2008
Greek State	26.868.000,00	74,02%
SUEZ ENVIRONMENT	1.885.399,00	5,19%
Other Stockholders with a participation percentage lower than 2,0 %	7.546.601	20,79%
<b>TOTAL</b>	<b><u>36.300.000</u></b>	<b><u>100,00%</u></b>

The Company's above par capital stock derived during the fiscal period 2002, of total amount

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€ 2.830, with the issuance of stocks instead of cash at a value larger than their nominal value.

#### **24. Reserves**

The Group and Company reserves are analyzed as follows:

	THE GROUP		THE COMPANY	
	On the 31/12/2008	On the 31/12/2007	On the 31/12/2008	On the 31/12/2007
Regular reserves	5.316	4.560	5.315	4.560
Tax free reserves according to special provisions of the law	3.329	3.329	3.329	3.329
Reserves for own stocks	1	1	1	1
Other reserves	16.584	16.584	16.584	16.584
<b>Balance</b>	<b><u>25.230</u></b>	<b><u>24.474</u></b>	<b><u>25.230</u></b>	<b><u>24.474</u></b>

According to the provisions of the Greek corporate law, the creation of a «regular reserve» - with the yearly transfer of an amount equal to the 5 % of the yearly after tax profits-is mandatory until the regular reserve reaches the  $\frac{1}{3}$  of the capital stock. The «regular reserve» is distributed only upon the Company's liquidation, it can however, be compensated with accumulated loss.

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

#### **25. Loans**

Group loans have been issued by the Greek State, for the financing of the Company investment programs. All loans are in euros with a yearly nominal fixed interest rate of 3%. The Company provides for accrued interests for the service of loans and burdens the financial statement of the occasional fiscal period. The analysis of the loans expiration is presented in note 4.

There are no guarantees or ownership bindings or uses on the fixed assets and the other assets of the Company.

#### **26. Employee Rights**

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

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

	THE GROUP		THE COMPANY	
	On the 31/12/2008	On the 31/12/2007	On the 31/12/2008	On the 31/12/2007
<b>Persons:</b>				
Full time employment	439	509	439	509
Seasonal employment				
<b>Total</b>	<u><b>439</b></u>	<u><b>509</b></u>	<u><b>439</b></u>	<u><b>509</b></u>
<b>Employee cost analysis:</b>				
Payroll expenses	18.932	20.144	18.932	20.144
Employer contributions	4.165	4.213	4.165	4.213
Subsequent benefits and staff expenses	205	179	205	179
Additional cost of benefits to employees	61	0	61	0
Staff compensation provision due to retirement from service	513	540	513	540
<b>Total cost</b>	<u><b>23.876</b></u>	<u><b>25.076</b></u>	<u><b>23.876</b></u>	<u><b>25.076</b></u>

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

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

	THE GROUP		THE COMPANY	
	On the 31/12/2008	On the 31/12/2007	On the 31/12/2008	On the 31/12/2007
Present value of non funded liability	6.232	7.357	6.232	7.357
Unidentified actuarial profits (loss)	(756)	(760)	(756)	(760)
<b>Net Liability identified in the Balance Sheet</b>	<u><b>5.476</b></u>	<u><b>6.597</b></u>	<u><b>5.476</b></u>	<u><b>6.597</b></u>

**Amounts identified in the results account**

	On the 31/12/2008	On the 31/12/2007	On the 31/12/2008	On the 31/12/2007
Cost of service	187	185	187	185
Financial Cost	322	355	322	355
Actuarial profits (loss)	4	0	4	0

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Cut effect	0	0	0	0
Cost of additional benefits to employees	61	0	61	0
<b>Total burden on the results of the fiscal period</b>	<b><u>574</u></b>	<b><u>540</u></b>	<b><u>574</u></b>	<b><u>540</u></b>

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

	<b>On the 31/12/2008</b>	<b>On the 31/12/2007</b>	<b>On the 31/12/2008</b>	<b>On the 31/12/2007</b>
Net liability at the beginning of the fiscal period	6.597	7.174	6.597	7.174
Employer contributions	0	(0)	0	(0)
Benefits paid by the employer	(1.634)	(1.117)	(1.634)	(1.117)
Total of expenses identified in the results account	574	540	574	540
<b>Net liability at the end of the fiscal year</b>	<b><u>5.537</u></b>	<b><u>6.597</u></b>	<b><u>5.537</u></b>	<b><u>6.597</u></b>

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

Present value of liability at the beginning of the fiscal period	7.357	7.174	7.357	7.174
Cost of service	187	185	187	185
Financial cost	322	355	322	355
Actuarial profits(loss)	0	760	0	760
Cut effect	0	0	0	0
Benefits paid by the employer	(1.634)	(1.117)	(1.634)	(1.117)
Cost of additional benefits to employees	0	0	0	0
<b>Present value of liability at the end of the fiscal period</b>	<b><u>6.232</u></b>	<b><u>7.357</u></b>	<b><u>6.232</u></b>	<b><u>7.357</u></b>

**Basic assumptions of actuarial study:**

Discount rate	4,8%
Inflation	2,5%
Future pay rises	4,0%
Expected remaining working life	8,40

**27. Provisions for risks and expenses**

A provision for the amount of €2.165 regarding probable liabilities which could result from the judicial settlement of litigations with third parties as well as the Group and Company staff has been formed.

Moreover, a provision of €2.100 has been formed, as analyzed in Note 6, regarding the estimation of the probable tax liabilities likely to occur during the tax audit of the inaudited fiscal periods by the tax authorities. For the closing fiscal period the respective formed provision amounted to € 200.

**28. Future grant revenues**

The grants regard fixed assets investments, which have been carried out in accordance to tax laws. The grants are recognized as revenues along with the depreciation of the fixed assets –mostly machinery- that were funded. The grant amount transferred to the results statement of the fiscal period was € 290 (2007: € 139). Depending on the provisions of the

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law in the frame of which the grant was given, there are certain limitations as to the transfer of funded machinery, and as to the differentiation of the legal entity of the company receiving the grant. During sporadic audits by the authorities there has been no case of non compliance with these limitations.

**29. Other long term liabilities**

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

**30. Suppliers and Other Liabilities**

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

	THE GROUP		THE COMPANY	
	On the 31/12/2008	On the 31/12/2007	On the 31/12/2008	On the 31/12/2007
Suppliers	4.580	4.472	4.561	4.472
Payable checks	1.946	1.738	1.946	1.738
Customer Advance payments	68	0	0	0
Insurance Organizations	867	888	867	888
Liabilities towards associated businesses	0	0	27	0
Payable dividends	30	57	30	57
Various Creditors	9.999	8.150	9.950	8.150
Fiscal period accrued expenses	1.942	737	1.937	737
Other transitive liability accounts	9	0	9	0
<b>Balance</b>	<b><u>19.495</u></b>	<b><u>16.042</u></b>	<b><u>19.326</u></b>	<b><u>16.042</u></b>

The balance for the account "Various Creditors" on the 31/12/2008 of € 9.999, regards liabilities towards the company EYATH Fixed Assets for the purchase of water and cover of various operational needs to the amount of € 9.445 (2007: 7.597) and liabilities towards other creditors to the amount of € 554 (2007:553).

The expiration for Suppliers and Other Liabilities on the 31<sup>st</sup> of December 2008 (31<sup>st</sup> of December 2007) for the Group is analyzed as follows:

	Short term 2008		Short term 2007	
	Within 6 months	Over 6 months	Within 6 months	Over 6 months
Suppliers	4.580		4.472	
Payable checks	1.946		1.738	
Insurance Organizations	867		888	



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Customer Advance payments	68		0	
Payable dividends	30		57	
Various Creditors	554	9.445	553	7.597
Next fiscal periods revenues	55		0	
Fiscal period accrued expenses	1.942		737	
Other transitive liability accounts	9		0	
	<u>10.050</u>	<u>9.445</u>	<u>8.445</u>	<u>7.597</u>

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**31. Transactions and Balances with Associated Persons**

The Group considers the members of the Board of Directors, the Managerial members as well as the stock holders holding a percentage higher than the 5% of its capital stock (including their associated persons) as associated persons. The transactions and balances of the Group and Company associated persons for the fiscal period 1/1/2008-31/12/2008 and on the 31<sup>st</sup> of December 2008 respectively, are analyzed in the below board:

<i>Amounts in thousands of Euros</i>	<b>GROUP</b>	<b>COMPANY</b>
a) Revenues	0	0
b) Expenses	0	157
c) Claims	0	6
d) Liabilities	0	27
e) Transactions and fees of managerial members and executive members	863	797
f) Claims from managerial members and executive members	2	2
g) Liabilities towards managerial members and executive members	51	2

The Company expenses of €157 regard water meter measurement services supplied by the subsidiary company «EYATH SERVICES S.A». The company claim for €6 regards foundation expenses from EYATH S.A on behalf of the subsidiary company «EYATH SERVICES S.A». The Company liability of €27 regards services of distribution of receipts and water meter measurements towards the subsidiary « EYATH SERVICES S.A».

**32. Commitments and Likely Liabilities**

**32.1 Likely liabilities from litigations or disputes under arbitration**

On the 31/12/2008 there are legal actions, solicitor's letters and in general future claims against the Group to the total amount of € 2.552. For these cases a provision of € 2.165, has been formed which is included in the long-term liabilities account "Provisions for risks and expenses". The Group's legal department estimates that there will be no other cases, other than those a provision has been formed for, whose judicial outcome could significantly affect the assets and operation of the Group.

**32.2 Commitments from operational leases**

On the 31<sup>st</sup> of December 2008 the Group had drafted contracts on the operational lease of buildings and means of transport which end until 2012. The rent for the operational leases

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which were included in the results statement of the current fiscal period amounted to € 533 (2007: 482).

The future minimum rent payments for operational lease of a premises based on a non cancelable contract of operational lease are as follows:

<b>BOARD NOTES</b>		
	<b>2008</b>	<b>2007</b>
0-1 YEARS	482	533
1-5 YEARS	1.172	1.568
Over 5 years	0	86
	<b>1.654</b>	<b>2.187</b>

### **32.3 Other probable liabilities**

The Company on the 31/12/2008 had granted letters of guarantee for the proper performance of contract works to the amount of € 299 (2007: € 287).

The Company has not been audited by the respective tax authorities for the fiscal years 2004 up until 2008 and therefore, there has been an accumulated provision for probable taxes and surcharges of €2.100 (see note 27).

The subsidiary company has not been audited since its establishment in 2008. No probable taxes and surcharges are expected to be imposed and therefore no such provision has been formed.

### **33. Number of employees**

The Group's number of employees at the end of the current fiscal period was 439 persons while at the end of the previous fiscal period it was 509 persons.

### **34. Important facts for the fiscal period 1/1-31/12/2008**

#### **Cooperation between EYATH S.A and E. MALAMATINAS Company S.A**

A cooperation agreement between EYATH S.A and E. MALAMATINAS S.A in the filed of bottled water production was signed, following a decision of the EYATH BoD , on Monday 19-5-2008 and was approved by the Regular General Stockholders Meeting on the 20.6.2008. A non disclosure agreement had been priorly signed (NDA) on the 19-3-2008 and a Memorandum of Understanding (MoU) on the 8-4-2008. The principles framework agreement regards the realization of a joint investment for the construction of a drinking water bottling unit. In particular, the composition of a joint company is provided in which EYATH S.A will be the main stockholder controlling a percentage of 55%, and appointing

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four members in the board of directors among which the chairman, while E. MALAMATINAS S.A will hold a percentage of 45% and appoint three members in the board of directors among which the managing director.

Up until the ending of the current fiscal period, the new company had not yet been established.

**Freezing of the water supply and sewerage services invoice.**

On the 18-11-2008 The Board of Directors decided to freeze the water supply invoice(water price) and sewerage services (sewerage percentage) for 2009 at 2008 prices for the first three grades of consumption (low and middle incomes) and the reduction of the invoice for 2009 by 20% for families with more than five members.

**Composition of subsidiary company**

In 2008, the Company proceeded with the composition of a 100% subsidiary company EYATH Services S.A with the aim to provide all kinds of Water Supply and Sewerage Systems, telecommunications services as well as the production and sale of electricity. The subsidiary company is based at 127 Egnatias Street. The subsidiary's capital stock amounts to € 60.

**Modification of Fiscal Period Time plan for Raised Capital**

The Company's Board of Directors by the 907/29.12.2008 decision, approved and modified the time plan for the materialization of raised capital for the construction of a building in the years 2009-2010.

**35. Facts Posterior to the Balance Sheet**

On the 4-2-2009, the BoD of EYATH S.A approved the final plan of the union contract proposed by the Organization for Mediation and Arbitration (O.ME.D) the duration of which is for two years, that is from the 1-1-2008 until the 31-12-2009, and provides for a 4,5% increase in basic salaries of employees of all categories for 2008 and an increase of 3,5% in the 2009 salaries.

There are no facts other than those mentioned above posterior to the Balance Sheet of the 31<sup>st</sup> of December 2008 that regard the Group and the Company, which require mentioning according to the International Standards of Financial Reporting.

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**36. Raised Capital Board**

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

"EYATH S.A."

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

Seat: 127 Egnatias Street- 54635 Thessaloniki

It is announced that, according to the 2.8.2001 decision of the Athens Stock Exchange S.A, capitals of net amount of Euros 5.430.623,54 (Euros 5.910.000 minus expenses Euros 479.376,46) were raised from the increase in the company's Capital Stock by cash payment carried out based on the 27.7.2001 decision of the Special General Stockholders Meeting of EYATH S.A and the no.1/223/7.8.2001 decision of the Board of Directors of the Capital Market Committee. The time period when the right to registration could be exercised was from the 24.8.2001 until the 29.8.2001. From this increase 1.500.000 new nominal stocks derived which were introduced for negotiation on the 21.9.2001. The validation of the Capital Stock increase from the company's BoD took place on the 13.9.2001. The raised funds in relation to those mentioned in the Informative Bulletin, following the change that took place by the 30.12.2002, 30.06.2005 and 29.12.2006 decisions of the company's Stockholders General Meetings, were available until the 31-12-2008, according to the below board which was drafted based on the 33 decision of the Board of Directors of the Athens Stock Exchange ( 24-11-2005 Meeting).

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

MANNER OF RAISED FUNDS DISTRIBUTION (KIND OF INVESTMENT)	Initial program according to the approved by the BoD of the ASE S.A. & CM Informative Bulletin of Introduction			Program according to the 30.12.2002 decision of the Special General Meeting			Completion of Investment for the purchase of means of transport A' trimester 2003	Program according to the 30.06.2005 decision of the Regular General Meeting			Total of spent capital for the construction of building from the 1.1.2006 until the 31.12.2006	Program according to the 29.12.2006 decision of the Special General Meeting			Total of spent capital for the construction of building from the 1.1.2007 until the 31.12.2007	Total of spent capital for the construction of building from the 1.1.2008 until the 31.12.2008	Amount for distribution in thousands of Euros
	2002	2003	Total in thousands of Euros	2003	2004	Total in thousands of Euros		2005	2006	Total in thousands of Euros		2007	2008	Total in thousands of Euros			
Buildings-Fields	2.348	2.348	4.696	2.348	2.348	4.696	0	2.348	2.348	4.696	127	2.284	2.285	4.569	335	465	3.769
Means of transport	440	294	734	440	294	734	734										
<b>Total</b>	<b>2.788</b>	<b>2.642</b>	<b>5.430</b>	<b>2.788</b>	<b>2.642</b>	<b>5.430</b>	<b>734</b>	<b>2.348</b>	<b>2.348</b>	<b>4.696</b>	<b>127</b>	<b>2.284</b>	<b>2.285</b>	<b>4.569</b>	<b>335</b>	<b>465</b>	<b>3.769</b>

Notes: the remaining amount to be distributed of € 3.769, on the 31.12.2008 lies in short term deposits and is included in the Balance Sheet under ' Cash Flow and Equivalents' . According to the 907/29-12-2008 decision of the Board of Directors of EYATH S.A it was decided to alter the time-schedule for the materialization of the raised funds for the construction of a building in the years 2009-2010. The given decision remains to be approved by the next General Meeting of the stockholders.

Thessaloniki 26th of March 2009

THE CHAIRMAN &  
MANAGING DIRECTOR

Dr. Georgios I. Skodras  
I.D CARD NO. AZ 179911

THE A' VICE CHAIRMAN OF THE BoD

PAVLOS K. SMYRIS  
ID CARD NO. AB 706335

THE FINANCIAL MANAGER

NIOVI ST.VASILEIADOU  
F.P LICENSE NO. 005914 A' GRADE  
ID CARD NO. X 220518

**Results report from the performance of Agreed in Advance Procedures on the Distribution of Raised Capital Report  
To the BoD of the company «E.Y.A.TH. S.A.»**

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

Procedures:

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

Results:

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

Given that the performed work is neither an audit nor a review, according to the International Auditing Standards or the International Assignment Review Standards, we do not express any other assurance other than what we have mentioned above. Had we performed additional procedures or performed an audit or review we would be likely to have found further issues other than those we mentioned in the previous paragraph.

The present Report is addressed exclusively to the Company's BoD, in the frame of its obligations according to the regulatory framework of the Athens Stock Exchange and the relative legislation of the stock market. Therefore, this Report is not to be used for other purposes as it is limited to the data mentioned above and it does not extend to the financial lists drafted by the Company for the fiscal period which ended on the 31/12/2008 for which we have issued a separate Review Report, dated 26<sup>th</sup> of March 2009.

MARGARITA KONSTANTIA ANT.VASILEIADOU  
AUDITORS SERIAL NUMBER 12861

BDO PROTYPOS HELLENIC AUDITING COMPANY S.A

VRASIDAS P. DAMILAKOS  
AUDITORS SERIAL NUMBER 22791

BDO PROTYPOS HELLENIC AUDITING COMPANY S.A

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**37. Data and Information**

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

## Yearly Financial Report

For the fiscal period from the 1<sup>st</sup> of January 2008 until the 31<sup>st</sup> of December 2008

(the amounts are expressed in thousands of euros)

<b>WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI S.A.</b> JOINT STOCK COMPANIES REGISTER NUMBER: 4191306/B9/02 Seat: 127 Egeïssa Street-5653 Thessaloniki (published according to article 138, for businesses that draft yearly financial statements, consolidated or not, according to the IAS)		DATA OF THE FISCAL YEAR RETURN STATEMENT (The amounts are expressed in thousands of Euros)																											
		THE GROUP		THE COMPANY																									
		1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007																								
<b>Authority:</b> Ministry of Development Company website: <a href="http://www.eyath.gr">www.eyath.gr</a> <b>BoD Members:</b> Ekdoras Georgios-Chairman and Managing Director, Smyrni Pavlos-A' Vice Chairman executive member, Oikonomou Athanasios-B' Vice Chairman non executive member, Epilopoulos Anastasios-non executive member, Samardidis Minas -non executive member, Saitidi - Tassouli Anagallis-non executive member, Zingiridou Christodoulos-independent non executive member, Kivroudis Theodoros-non executive member, Tzimpopoulos Chrysothos-non executive member, Azoglou Nikolaos non executive member, Vasiliadis Dimitrios-non executive member Periodic Financial Statements Confirmation Date by the Board of Directors: 28 March 2009 <b>Chartered Auditor:</b> Margaria Vasileiada - Vivasias Oikonomia <b>Auditing Company:</b> BDO PROCTER AND GAMBLE COMPANY SA, REGISTERED NUMBER 111 In accordance Type of Review Report:		<b>Turnover:</b> 75.919 / 70.100 <b>Gross Profit(Loss):</b> 31.106 / 24.343 <b>Pre tax Profit(Loss) of funding and investment returns:</b> 20.358 / 17.875 <b>Pre Tax Profit(Loss):</b> 22.017 / 17.487 <b>After tax Profit(Loss):</b> 16.128 / 12.441 <b>Dividends to Company Shareholders:</b> 15.128 / 12.441 <b>Minority Shareholders:</b> 0 / 0 <b>After tax profit per share - basicly (in €):</b> 0.4168 / 0.3427 <b>Suggested dividend per share - (in €):</b> 1.180 / 0.1200 <b>Pre tax profits from funding, investment results and total depreciations:</b> 25.014 / 22.906																											
<b>BALANCE SHEET DATA at the 31st of December 2008</b> (The amounts are expressed in thousands of Euros)		<b>DATA OF NET WORTH CHANGE STATEMENT OF THE FISCAL PERIOD</b> (The amounts are expressed in thousands of Euros)																											
		THE GROUP		THE COMPANY																									
		1/1-31/12/2008	31/12/2007	1/1-31/12/2008	31/12/2007																								
<b>ASSETS</b> Intangible fixed assets used by owners: 89.030 / 85.942 Intangible fixed assets: 154 / 192 Other non current assets: 301 / 301 Stock: 1.512 / 1.187 Customer claims: 44.295 / 31.913 Other current assets: 12.804 / 13.152 <b>TOTAL ASSETS:</b> 148.275 / 132.707		<b>Total Net Worth of Period Opening (31/12/2008 and 31/12/2007 respectively):</b> 80.542 / 71.718 <b>After tax profit / (loss) of the fiscal period:</b> 15.128 / 12.441 <b>Distributed dividends:</b> (4.355) / (3.817) <b>Increase / (decrease) of equity capital:</b> 10.873 / 8.624 <b>Total Net Worth of Period Ending (31/12/2008 and 31/12/2007 respectively):</b> 91.315 / 80.542																											
<b>TOTAL NET WORTH AND LIABILITIES</b> Equity Capital: 40.658 / 40.658 Other net worth data: 39.886 / 30.645 <b>Total networth of the Company's shareholders (a):</b> 80.542 / 71.718 Minority rights (b): 0 / 0 <b>Total Net Worth (c) = (a) + (b):</b> 80.542 / 71.718 Long term loan liabilities: 1.929 / 3.110 Provisions / Other long term liabilities: 25.965 / 25.965 Short term loan liabilities: 1.181 / 1.808 Other short term liabilities: 27.886 / 21.477 Total liabilities (d): 29.966 / 25.184 <b>TOTAL NET WORTH AND LIABILITIES (c) + (d):</b> 148.275 / 132.707		<b>Operational activities:</b> <b>Pre tax profit (contributing activities):</b> 22.017 / 17.487 <b>Plus (minus) adjustments for:</b> Depreciations: 5.447 / 5.370 Provisions: 1.257 / (226) Results (reversal, expenses, profit and loss) from investment activity: 3 / 841 Depreciation of fixed assets investment fundings: (200) / (139) Results (reversal, expenses, profit and loss) from financing activity: 0 / (606) Interest and relevant expenses: (1.663) / (653) Plus / less adjustments for changes of working capital accounts or relevant to operational activities: 26.772 / 22.071 <b>Total inflows / (outflows) from operational activities (a):</b> 11.668 / 17.148																											
<b>ADDITIONAL DATA AND INFORMATION</b> 1. The Group first drew up consolidated Financial Statements on the 31/12/2008. Up until the 31/12/2008 there has been no change in the integrated companies under the % by which they participate or the method of integration. The companies included in the consolidated financial statements of the current fiscal period are the following: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Company</th> <th>Shareholding percentage</th> <th>Integration method</th> </tr> </thead> <tbody> <tr> <td>EYATH S.A.</td> <td>100%</td> <td>Full integration</td> </tr> <tr> <td>EYATH SERVICES S.A.</td> <td>100%</td> <td>Full integration</td> </tr> </tbody> </table>		Company	Shareholding percentage	Integration method	EYATH S.A.	100%	Full integration	EYATH SERVICES S.A.	100%	Full integration	2. According to the accounting tax policy adopted up until the end of the mentioned fiscal period, the Company recognizes its tax obligations deriving from the tax inspection of the audited fiscal years by the respective tax authorities following the completion of the inspection and the finalization of the respective tax amounts. The Management has decided to change the above mentioned adopted tax policy for audited fiscal periods by a policy by which there will be yearly adequate provisions which shall cover any possible tax differences by a future tax inspection. In order to reform the affected budgets of the already published financial statements of previous fiscal years, the Company has retroactively applied the provisions of the I.A.S. 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact of the change in tax policy for the latest of audited fiscal years in the Balance Sheet, Own Capital and the Results of the previous fiscal years are presented in detail in note 6 of the Yearly Financial Report. 3. The included fiscal periods for the companies included in the integrated financial statements are the following: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Company</th> <th>Shareholding percentage</th> <th>Audited Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>EYATH S.A.</td> <td>100%</td> <td>2004-2008</td> </tr> <tr> <td>EYATH SERVICES S.A.</td> <td>100.00%</td> <td>2008</td> </tr> </tbody> </table>				Company	Shareholding percentage	Audited Fiscal Period	EYATH S.A.	100%	2004-2008	EYATH SERVICES S.A.	100.00%	2008						
Company	Shareholding percentage	Integration method																											
EYATH S.A.	100%	Full integration																											
EYATH SERVICES S.A.	100%	Full integration																											
Company	Shareholding percentage	Audited Fiscal Period																											
EYATH S.A.	100%	2004-2008																											
EYATH SERVICES S.A.	100.00%	2008																											
4. The formed provisions for potential risks are as follows per case: a) For litigations or disputes under arbitration of the Group and the Company as well as for judicial decisions or arbitrary agencies, there is the provision for €2.105. There are no other disputes likely to significantly affect the financial statement or Company operation beyond this provision. (see note 32.1 of the Yearly Financial Report) b) An accumulated provision has been formed for insaudited fiscal years for €2.100 thousand (see note 27 of the Yearly Financial Report) 5. There are no commitments on the Group and the Company's fixed assets. 6. At the end of the current fiscal period the number of employees was Group: 439, Company: 439, while in 2007 respectively it was 509 for the Group and the Company. 7. The Company and Group investments on fixed assets for the current fiscal year amount to € 8.528 and €8.536 thousand respectively. In 2007 they amounted to €11.075 for the group and the company. 8. The amounts of assets and expenses from the beginning of the fiscal year and the remainder of the Group and Company's claims and liabilities at the end of the current fiscal period, deriving from transactions with affiliated members, as determined in the I.A.S. 24, are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Group</th> <th>Company</th> </tr> </thead> <tbody> <tr> <td>(a) Revenues</td> <td>0</td> <td>0</td> </tr> <tr> <td>(b) Expenses</td> <td>0</td> <td>157</td> </tr> <tr> <td>(c) Claims</td> <td>0</td> <td>6</td> </tr> <tr> <td>(d) Liabilities</td> <td>0</td> <td>27</td> </tr> <tr> <td>(e) Transactions and fees of executive members and management members</td> <td>863</td> <td>797</td> </tr> <tr> <td>(f) Claims from executive members and management members</td> <td>2</td> <td>2</td> </tr> <tr> <td>(g) Liabilities towards executive members and management members</td> <td>51</td> <td>2</td> </tr> </tbody> </table>			Group	Company	(a) Revenues	0	0	(b) Expenses	0	157	(c) Claims	0	6	(d) Liabilities	0	27	(e) Transactions and fees of executive members and management members	863	797	(f) Claims from executive members and management members	2	2	(g) Liabilities towards executive members and management members	51	2	<b>Investment activity:</b> Acquisition of substances, trust, affiliates and other investments: 0 / 0 Purchase of tangible and intangible fixed assets: (6.539) / (11.075) Revenues from the sale of tangible and intangible fixed assets: 0 / 1 Interest received: 1.856 / 956 Dividends received: 0 / 0 <b>Total inflows/(outflows) from investment activities (b):</b> (6.683) / (10.118)			
	Group	Company																											
(a) Revenues	0	0																											
(b) Expenses	0	157																											
(c) Claims	0	6																											
(d) Liabilities	0	27																											
(e) Transactions and fees of executive members and management members	863	797																											
(f) Claims from executive members and management members	2	2																											
(g) Liabilities towards executive members and management members	51	2																											
9. The accounting principles, followed in the current fiscal period are the same as those adopted for the drawing up of the financial lists of the 31.12.2007, less the change mentioned in note 2. 10. The Group owns no own shares. 11. Pre tax earnings, financing and investment results as well as pre tax earning and financing and investment results and total depreciations of the previous fiscal year have been re-adjusted for reasons of comparability. In accordance with circular 3424.1.2008 of the Capital Market Committee to €17.675 instead of the published €16.834 and to €22.906 instead of the published €22.204 respectively. These readjustments result from grant depreciations and also from investment activity. 12. In 2008 the Company proceeded to the foundation of the subsidiary 100% under the trade name WATER SUPPLY AND SEWERAGE SYSTEMS COMPANY OF THESSALONIKI SERVICES S.A. (EYATH SERVICES S.A). The subsidiary's registration in the S.A. Companies registry took place on the 11/12/2007 and capital payment on the 31.1.2008. The Group drew up Consolidated Financial Statements for the first time on the 31/12/2008 including the subsidiary by the method of full integration since the 1/1/2008. 13. On the 20th of June 2008 the Regular General Meeting of the Company has approved the 285/2008 decision of the BoD on the approval of a business plan with the E. MALAMATHIAS S.A for the foundation of a joint company in the field of bottled water. Up until the 31/12/2008 the composition of the new company has not yet been realized. Details in note 34. 14. On the 15-11-2008 the BoD has decided to freeze the water supply invoices (price of water) and sewerage services (sewerage services percentage) for 2009 at the 2008 prices for the first three grades of consumption (low and middle income) and the reduction by 20% for 2009 of the invoice for families over five members. Details in note 34. 15. The Company BoD by the 907/09.12.2008 decision, has approved the alteration of the timetable for the materialization of raised funds for the construction of a building in 2009-2010.		<b>Financing activities:</b> Cashings (payments) of loans: (1.406) / (1.406) Cashings from borrowings: 784 / 1.011 Dividends paid: (4.353) / (3.817) <b>Total inflows / (outflows) from financing activities (c):</b> (6.207) / (4.212)																											
<b>THE CHAIRMAN OF THE BoD AND MANAGING DIRECTOR</b>  Dr. Georgios I. Simitis ID NUMBER: A2179911		<b>THE VICE CHAIRMAN OF THE BoD</b>  PAVLOS K. SMYRNI ID NUMBER: AB706335																											
		<b>THE FINANCIAL MANAGER</b>  Mr. Nikos St. Vasilakos Hellenic Financial Control Reg. no.0005914 A Class ID Card number: A220518																											



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

**Yearly Financial Report**

**For the fiscal period from the 1<sup>st</sup> of January 2008 until the 31<sup>st</sup> of December  
2008**

*(the amounts are expressed in thousands of euros)*

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Of the fiscal period from the 1<sup>st</sup> of January 2008 until the 31<sup>st</sup> of December 2008, based on L. 2190, article 135 regarding businesses that draw up yearly Financial Statements, either Integrated or not, in accordance with the IAS.



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**38. Article 10 Information L. 3401/2005**

EYATH S.A has made available to the public for the fiscal period 1/1/2008 – 31/12/2008, applying the current legislation, the below information, which is posted on the Company website ([www.eyath.gr](http://www.eyath.gr)) and the webpage of the Athens Stock Exchange ([www.ase.gr](http://www.ase.gr)).

Notification on the Alteration of the Stock holders Percentage of the Introduced Company	10/12/2008
Nine month financial results 2008	18/11/2008
Announcement of the publication date for the data and information of the third trimester (nine months) 2008	18/11/2008
Comments on publication	7/10/2008
Announcement of adjusted information	7/10/2008
Announcement of comments on financial statements 30/6/2008	28/8/2008
MODIFICATION OF PUBLICATION DATE FOR THE RESULTS OF THE A' SEMESTER 2008	27/8/2008
Announcement of adjusted information L. 3556/2007	17/7/2008
Announcement of adjusted information L. 3556/2007	15/7/2008
Announcement of adjusted information L. 3556/2007	14/7/2008
General Meeting Decisions	23/6/2008
Notification for a dividend cut right/ dividend payment	20/6/2008
Confirmation –Clarifications on publications	18/6/2008
Company presentation at the Institutional Union	12/6/2008
Distribution of Yearly Press Release 2007 announcement	9/6/2008
Announcement of comments on financial /accounting statements	2/6/2008
Correction of the Schedule for Intended Company Actions 2008	29/5/2008
Announcement in advance of the General Meeting	29/5/2008
Yearly presentation of financial analysts	29/5/2008
Confirmation –Clarifications on publications	28/5/2008
Modification on the Schedule for Intended Company Actions 2008	27/5/2008
Press release	26/5/2008
MODIFICATION OF FINANCIAL CALENDAR 2008	26/5/2008
Strategic Cooperation Agreement between EYATH S.A & E.MALAMATINAS S.A	21/5/2008
Notification of the change in the composition of the Board of Directors or higher executive members	17/4/2008
Announcement of comments on financial statements	27/3/2008
Correction of the Schedule for Intended Company Actions - Yearly Results Publication Date 2007	26/3/2008
Yearly Results Publication Date 2007	26/3/2008
Correction of the Schedule for Intended Company Actions 2008	26/3/2008
Announcement of adjusted information L. 3556/2007	20/3/2008
Announcement of adjusted information L. 3556/2007	18/3/2008
Announcement of adjusted information L. 3556/2007	14/3/2008
Announcement of adjusted information L. 3556/2007	7/3/2008
Confirmation –Clarifications on publications	25/2/2008
Notification of the change in the composition of the Board of Directors or higher executive members	12/2/2008

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2008**  
*(the amounts are expressed in thousands of euros)*

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Announcement of adjusted information L. 3556/2007	24/1/2008
Announcement of adjusted information L. 3556/2007	22/1/2008
Announcement on company business developments	22/1/2008
Announcement of adjusted information L. 3556/2007	18/1/2008
Confirmation –Clarifications on publications	16/1/2008
Schedule for intended Company Actions	16/1/2008
Announcement of adjusted information L. 3556/2007	3/1/2008

**39. Availability of Financial Statements**

The yearly and intermediate financial statements of the Group and the Company, the Chartered Auditor's Report and the Management Report of the Board of Directors to the Regular General Stockholders' Meeting have been posted in the Company webpage ([www.eyath.gr](http://www.eyath.gr)).