

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

***INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE
PERIOD 1ST OF JANUARY TO SEPTEMBER 30TH
2008***

***ACCORDING TO IFRS ADOPTED BY THE
EUROPEAN UNION***

***DOMICILIATION
OROPOU 156
GALATSI***

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The Condensed Financial Statements, page 1 to 17, were approved by the Board of Directors at 27 November 2008. Under the permission of the Board of Directors the following officers named below sign the Financial Statements:

Athens , 27 November 2008,

The Chairman of the
Board of Directors
Kostoulas
Konstantinos

The Chief Executive
Officer
Vartholomeos Antonios

The Deputy Director of
Economic Services
Misailidis Michael

The Accounting
Department Supervisor
Spyropoulou Eleni

1. GENERAL INFORMATION FOR THE COMPANY

Name:	EYDAP SA
Domiciliation:	Oropou 156 – Galatsi
Date of Establishment:	25/10/1999
Duration:	100 years
Main Activity:	Water Supply - Sewerage
Registration Number of S.A.:	44724/06/B/99/52
Prefecture:	Athens
Tax Number:	094079101
Members of the Board of Directors:	K.Kostoulas, A.Vartholomeos, Th.Georgakelos, E.Baltas, G.Mitsioulis, G.Zafiropoulos, A.Spiropoulos, N.Sigalas, D.Anagnostopoulos, G.Mastragelopoulos, Ch. Mistriotis, K.Galanis, E.Moutafis
Ending Day of the Period:	30 September 2008
Period:	9 months
Form of Financial Statements:	Interim Condensed – First Half
Date of Approval of Financial Statements:	27 November 2008
Chartered Public Accountants:	M. Hatzipavlou and E. Giouroukos
Auditing Company:	Deloitte Hatzipavlou, Sofianos & Kampanis Public Accountants and Business Consultants SA
Internet address where the Financial Statements are registered:	www.eydap.gr

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

2. CONDENSED INTERIM INCOME STATEMENTS FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2008 & 2007

Amounts in Thousands of €	NOTES	30.09.2008	30.09.2007	1.07-30.09.08	1.07-30.09.07
Sales	3	300.054	292.613	121.919	113.041
Cost of Goods Sold	3	(164.656)	(153.021)	(59.839)	(51.959)
Gross Profit		135.398	139.592	62.080	61.082
Other Operating Income		1.872	1.496	1.001	329
General and administration expenses	3	(62.884)	(62.137)	(21.686)	(20.394)
Distribution and selling expenses	3	(25.599)	(25.902)	(8.106)	(9.293)
Profit from operating activities		48.787	53.049	33.289	31.724
Other operating expenses		(958)	(2.399)	(252)	(172)
Finance income net		2.345	1.924	816	489
Finance costs net		(6.853)	(5.167)	(2.172)	(2.276)
Profit from ordinary activities before income taxes		43.321	47.407	31.681	29.765
Income tax expense	4	(20.366)	(12.926)	(16.797)	(7.817)
Net profit for the year		22.955	34.481	14.884	21.948
Earnings per share (in €)	5	0,22	0,32	0,14	0,21

The accompanying notes on pages 6-15 form an integral part of these condensed interim income statements

3.CONDENSED BALANCE SHEETS AT SEPTEMBER THE 30th 2008 AND 31 DECEMBER 2007

	NOTES	30.09.2008	31.12.2007
ASSETS			
<i>Amounts in thousands of Euro</i>			
Non-current assets			
Goodwill		3.357	3.357
Other Intangible assets		3.148	3.260
Property, plant and equipment, net	7	982.500	976.255
Investment in associates	11	479	347
Available-for-sale Investments		1.277	1.669
Long-term receivables		114.713	103.205
Deferred tax assets	12	40.898	49.664
Total non-current assets		1.146.372	1.137.757
Current assets			
Materials and spare parts	17	19.208	19.263
Trade receivables	8 , 17	292.895	246.434
Other receivables		26.765	26.298
Cash and cash equivalents		14.546	14.486
Total Current assets		353.414	306.481
Total Assets		1.499.786	1.444.238
LIABILITIES AND SHAREHOLDER'S EQUITY			
Equity			
Share Capital	15	63.900	63.900
Share Premium		40.502	40.502
Reserves		377.738	378.130
Retained Earnings	16	339.211	331.166
Total Equity		821.351	813.698
Non-current liabilities			
Reserves for employees benefits	14	185.721	179.025
Provisions	17	39.579	40.198
Investment subsidies and customer contributions		203.931	204.731
Consumers' guarantees		16.412	15.864
Total non-current liabilities		445.643	439.818
Current Liabilities			
Operating Current Liabilities	9 , 17	27.352	38.379
Current tax liabilities		5.518	4.186
Short term loans and borrowings	13	158.104	115.840
Other current liabilities	10	41.818	32.317
Total Current Liabilities		232.792	190.722
Liabilities and Shareholder's Equity		1.499.786	1.444.238

The accompanying notes on pages 6-15 form an integral part of these condensed balance sheets

**4. CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
1st OF JANUARY to 30 SEPTEMBER 2008 & 2007**

2007	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Other reserves	Retained Earnings	Total Equity
Equity Balance at 1/1/2007	63.900	40.502	16.500	358.283	377	301.763	781.325
Profit / (Losses) of the year, after tax						34.481	34.481
Dividends						(11.715)	(11.715)
Net Profit from portfolio revaluation available for sale					295		295
Net Profit/Losses arising from participations impairment						31	31
Equity Balance at the end of September 30th 2007	63.900	40.502	16.500	358.283	672	324.560	804.417

2008	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Other reserves	Retained Earnings	Total Equity
Equity Balance at 1/1/2008	63.900	40.502	18.664	358.283	1.183	331.166	813.698
Profit / (Losses) of the year, after tax						22.955	22.955
Dividends						(14.910)	(14.910)
Net Profit from portfolio revaluation available for sale					(392)		(392)
Net Profit/Losses arising from participations impairment							
Equity Balance at the end of September 30th 2008	63.900	40.502	18.664	358.283	791	339.211	821.351

The accompanying notes on pages 6-15 form an integral part of these Condensed Statements of Changes in Shareholders' Equity

5. CONDENSED CASH FLOW STATEMENT FOR THE PERIOD 1ST OF JANUARY TO 30 SEPTEMBER 2008 & 2007

	<u>1.01-30.09-2008</u>	<u>1.01-30.09-2007</u>
<u>Cash Flows from operating activities</u>		
Profit before tax	43.321	47.407
Adjustments for:		
Depreciation and amortization	23.576	21.773
Amortization of customers' contributions and subsidies	(6.493)	(6.377)
Impairment of participating interests	(132)	(16)
Provisions	(530)	2.749
Revenues from Securities	(32)	(24)
Interest and related income	(2.182)	(1.838)
Interest and related expense	6.853	5.167
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(46.550)	(39.696)
Other receivables	(9.373)	(8.883)
Long-term receivables	(11.508)	(3.368)
Materials and spare parts	55	(1.522)
Increase in (Decrease in)		
Operating Current Liabilities	(14.460)	(8.074)
Other current liabilities	9.502	11.731
Consumers' guarantees	549	750
Reserve for employees benefits	6.696	7.042
Minus:		
Interest and related expenses paid	5.512	4.221
Income Tax paid	9.472	11.671
Net cash from operating activities (a)	<u>(15.694)</u>	<u>10.929</u>
<u>Cash Flows from investing activities</u>		
Interest and related income received	1.992	1.443
Purchases of property, plant, and equipment	(26.907)	(20.680)
Purchases of intangible assets	(1.293)	(1.853)
Proceeds from customers' contributions and subsidies	5.693	5.915
Dividends received	32	24
Investments in associates	0	(105)
Net cash from investing activities (b)	<u>(20.483)</u>	<u>(15.256)</u>
<u>Cash Flows from financing activities</u>		
Proceeds from borrowings	64.000	47.495
Repayments of borrowings	(21.833)	(35.833)
Dividends paid	(5.929)	(7.647)
Net cash from investing activities (c)	<u>36.238</u>	<u>4.015</u>
Net (decrease) increase in cash and cash equivalents		
(a) + (b) + (c)	<u>61</u>	<u>(312)</u>
Cash and cash equivalents, beginning of period	<u>14.486</u>	<u>14.018</u>
Cash and cash equivalents, end of period	<u>14.547</u>	<u>13.706</u>

Notes to the condensed financial statements for the period ended 30 September 2008

1. BASIS OF PREPARATION

The condensed financial statements have been conducted using Accounting policies in accordance with IFRS and International Accounting Standard (IAS) 34, Interim Financial Reporting.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments.

The accounting policies, the presentation and the methods of calculation adopted in the conduction of the condensed financial statements are consistent with those followed in the preparation of the Company's Annual statements for the year ended 31st December 2007.

Improvements in IFRS issued in May 2008, the implementation of which is compulsory in various dates with the newest to begin for the annual financial periods starting at or after 1st January 2009. Improvements concern a series of changes in IFRS resulted from the annual work of the IFRS Board. The company is under the procedure of evaluating the revision effect upon its financial statements together with the expected date of adoption.

New Standards, interpretations and revision in existing Standards .

A) The new Standards, interpretations and revisions in existing Standards which have been issued however not yet adopted are as follows:

a) **IAS 23- Borrowing Costs – Revised.** A revised IAS 23 Borrowing costs was issued in March 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. The revisions to the Standard have not yet been endorsed by the EU.

b) **IFRS 3- Business Combinations and IAS 27 Consolidated and Special Financial Statements.**

The revision of IFRS 3 and IAS 27 issued in January 2008. However is going to become effective for the financial years beginning on or after 1 July 2009. IFRS 3 mainly concerns the accounting handle of combinations emerging during these periods and its area of implementation has been revised to include combinations which are under common control and combinations without payment (parallel flotation). IFRS 3 AND IAS 27 require among others the greater use of fair value through the Profit and Loss account and the economic empowerment of the referred entity. Furthermore these Standards introduce the following requirements:

1) Reassessment of the participation part has to be made when the control is recover or lose 2) the effect of all transactions between the controlled and not controlled parts when the control has not been lost, must be recognised in Equity 3) the focus is more on what has been given to the seller as price rather than the acquisition expense. More specific figures that relate with the acquisition, changes in the value of the potential price, benefits relate with shares value and preexisting contracts repayments will be accounted for separately from the companies combinations, thus affecting the Profit and Loss Account. The revision in these Standards has not yet been endorsed by the E.U.

Notes to the condensed financial statements for the period ended 30 September 2008

2.SIGNIFICANT ACCOUNTING POLICIES continued

c) **IAS 1- Presentation of Financial Statements – Revised**

A revised IAS 1 Presentation of Financial Statements was issued in September 2007 and becomes effective for financial years beginning on or after January 2009. The standard was revised to require statement of changes in equity to include only transactions with shareholders. A new statement of comprehensive income is introduced and dividends to equity holders are shown only in the statement of changes of equity or notes to the financial statements.

The company is under the procedure of evaluating the revision effect upon its Financial Statements. The Standard's revision has not yet been endorsed by the E.U.

d) **IFRS 8 Operating Segments** (effective for financial years beginning on or after 1 January 2009)

It specifies how the company must present information regarding the operating segments, replacing requirements concerning determination of the basic and secondary relative areas of the company. The company is in the procedure of evaluating the effect of the revised standard's implementation upon the Financial Statements.

e) **Interpretation 13, - Customer loyalty programs** (effective for financial years beginning on or after 1 July 2008). This Interpretation is not valid for the company's operations.

f) **Amendment to IFRS 2 - 'Share based payment: vesting conditions and cancellations** (effective for financial years beginning on or after 1 January 2009). The revision to the Standard has not yet been endorsed by the EU.

g) **Revisions in IAS 32 and IAS 1- Financial Instruments available from the occupant or puttable instrument.** (effective for financial years beginning on or after 1 January 2009). The revised IAS 32 requires that some financial instruments available from the occupant (or puttable instruments) and obligations coming from an entity's liquidation must be classified as Equity if met certain criteria. The revision of IAS 1 requires the disclosure of information concerning the puttable instruments which are classified as Equity. The company expects that these revisions will not affect its Financial Statements. The revision to the Standard has not yet been endorsed by the EU.

h) **Interpretation 15, -Contracts for Real Estate Construction.** Issued in July 3 2008. It is effective for the financial years beginning on 1 January 2009 and after. It is retroactive. Interpretation 15, includes directions concerning the determination if a contract for real estate construction is under the implementation of IAS 11 (Contractual Agreements) or IAS 18 (Revenues) and regarding with this Standard, when it has to be recognised as construction revenue. The company is under the procedure of evaluating the revision effect upon its Financial Statements. The revision to the Standard has not yet been endorsed by the EU.

i) **Interpretation 16, - Net Investment Hedging in Operations Abroad.** Issued in July 3 2008. It is effective for the financial years beginning on 1 October 2008. It can be implemented in the future. It can be also retroactive. Interpretation 16, clears up three points: a) The Financial Statements currency does not lead to risk exposure for which hedge accounting must be applied. As a result the mother company can define as risk for hedging only the foreign exchange differences coming from the currency of operation and the currency of operations abroad b) Any company of the group can possess hedge means c) Although IAS 39 (Financial Instruments: Recognition and measurement) is applied for the determination of the amount that has to transfer in the Profit and Loss Account from the reserve for foreign exchange differences relative to the hedge mean, IAS 21 (Effects of the Exchange Rates Changes) is applied relative to the hedging element. None of the Standards and Interpretations has any effect in the Financial Statements. B) Standards and Revisions which are valid for the financial year ending in December 31st 2008. The following Standards and Interpretations are valid for the current period.

Notes to the condensed financial statements for the period ended 30 September 2008

2.SIGNIFICANT ACCOUNTING POLICIES continued

a) **Interpretation 11, IFRS 2 – Transactions with same Shares and Group Share Transactions** (effective for financial years beginning on or after 1 March 2007). The standard requires transactions whereby an employee is granted rights to an economic entity's participating titles to be accounted for as common shares. The implementation of the Interpretation had not affected Financial Statements as the the accounting manipulation implemented by the company did not differ from the Interpretation procedure.

b) **Interpretation 12- Service Concession Arrangements** (effective for financial years beginning on or after 1 January 2008).

c) **Interpretation 14 IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.** (effective for financial years beginning on or after 1 January 2008). The revision to the Standard has not yet been endorsed by the EU.

3.RESULTS FOR THE PERIOD

SALES REVENUE

The company's sales revenue rose by € 7,4 m mainly due to:

- the increase in revenues coming from construction works made for third parties by € 4,1m.
- the increase in revenues from water supply services by € 4,0 m.
- the increase in revenues from sewerage services by € 3,6 m due to the network expansion which resulted in new clients entries.
- the decrease in revenues coming from new water supply works by € 4,3 m.

COST OF GOODS SOLD

The cost of goods sold increased by € 11,6 m. This increase was caused mainly by:

The increase:

- in operation and conservation expenses (b' phase of Psytallia) by € 7,4 m.
- in third party providings (mainly of electrical power-b' phase of Psytallia - Iliki lake and Viliza as a result of water pumping) by € 8,7 m.
- in fixed assets depreciation by € 1,5 m.

The decrease:

- in the transportation and deposition of dehydrated sludge by € 3,4 m.
- in the provision concerning litigations and claims by € 2,3 m.
- in other expenses by € 0,3 m.

ADMINISTRATIVE COSTS

Administrative costs increased by € 0,7 m mainly because of :

- a rise in payroll by € 1,1 m.as it resulted from the actuarial report transacted at 31/12/2007 concerning personnel's healthcare .
- an increase in third party providings by € 0,6m.
- a rise in taxes by € 0,6 m.
- a decrease of € 0,5 m.in third party fees and expenses .
- a decrease of € 0,3 m. in other expenses
- a fall of € 0,8 m.in donations and grants.

Notes to the condensed financial statements for the period ended 30 September 2008

4. INCOME TAX

Income tax for the current period was assessed as follows:

	30.09.2008	30.09.2007
Profit before tax	43.321	47.407
Income tax assessed based on the current tax rate (25%)	10.830	11.851
Effect from the readjustment of tax rate	8.292	0
Unaudited fiscal years (by public revenue authorities)	800	800
Tax over non-deductible tax expenses	444	275
Total Taxes	<u>20.366</u>	<u>12.926</u>

It is worth noting that according to the Tax Act 3697/2008 income tax rate is going to decrease periodically by 1% from 2010 (24%) to 2014 (20%). The influence of this fall in the current's period deferred taxes claim is analysed in paragraph 12.

5. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings per share is based on the following data:

	30.09.2008	30.09.2007
Earnings	22.955	34.481
Number of shares	106.500	106.500
Earnings per share	0,22	0,32

6. DIVIDENDS

The General Annual Shareholders Meeting approved a dividend distribution for 2007 of 14 cents per share (€0,14), while the dividend for 2006 was 0,11 € per share.

7. TANGIBLE ASSETS

During the period 01/01/2008-31/09/2008, the company spent € 22,2 m for investments in order to improve and expand the water supply and sewerage networks plus € 6,2 m for the acquisition of other fixed assets like software, machinery, furnitures and fixtures and other equipment.

8. CUSTOMERS

The customers balance increased in the current period by approximately € 46,5 m because of:

- an increase in claims towards the Greek State, and Municipalities by € 11,1 m. mainly because of a rise in overdue debts.
- an increase in claims coming from private customers by € 9,2 m. mainly because of a rise in overdue debts.
- an increase (until 30 September 2008) of € 26,2 m. in accrued, however not priced revenues as a result of a consumption meterage delay in August.

Notes to the condensed financial statements for the period ended 30 September 2008

8.CUSTOMERS continued

Trade Debtors account involves an amount of € 1,67m that has to do with a claim from the Municipality of New Peramos. This claim, that concerns with the trasferment of the respect water supply network will offset, according to the 5/4/2007 contract terms a) with the value (up to an amount of € 1,25m) of Agios Panteleimonas settlement ,which will deliver after its comletion (not after 30/06/2009),and b) with the value that incur after the valuation of fixed assets (lands ,water reservoirs etc) which will tranfer to the company according to the aforementioned contract. The objective value of these assets was at 5/4/2007 € 18,5 th .

The company in order to confront credit risk concerning its failing to collect its claims has formed provisions for doubtful debts, the amount of which was approximately € 29,8 m at 30/9/2008.

The Direction of Economic Programming and Audit periodically audits and reexamines the company's exposition to credit risk .

Because of the great spreading of its clients (approximately 1.971.574 at 30/9/2008) credit risk is relatively low.

Simultaneously ,the contract terms of water supply and sewerage services are such giving the company the maximum possible degree of collecting its claims from the owners of water supplies.

The provision for doubtful debts that has been formed is mainly based on statistical figures concerning the collection of water supply and sewerage bills per category of billing and furthermore, on Management projections about the possible amount that will collect from claims that will settle in a future period.

9. OPERATING CURRENT LIABILITIES

The operating current liabilities decreased substantially by €11,0 m comparing with those of 31/12/2007. The decrease is due to the:

- Decrease in dividends payable by approximately € 0,1 m .
- Decrease in the social security contributions by €3,8 m because of the Christmas benefit contributions which were included in 2007 use .
- Decrease in suppliers balance by € 7,0 m.
- Decrease in other taxes-charges by € 0,1 m.

10. OTHER CURRENT LIABILITIES

The other current liabilities increased by € 9,5 m mainly due to:

- the increase in the provision for payroll benefits, holiday allowances, and for not taking (vacations) leave which amounts approximately € 12,8 m.
- an increase in the provision for Contractors payments by € 1,6 m for works that had already completed however not priced until 30/09/2008.
- a decrease in accrued expense for the transportation and deposition of dehydrated sludge from Psytallia Island by € 8,1 m. as a result of the exhaustion of dried mud reserves at 30/9/2008.
- an increase in the amount of the owing payable checks by € 3,9 m.
- a decrease in sundry current liabilities by 0,7 m.

Notes to the condensed financial statements for the period ended 30 September 2008

11. INVESTMENTS IN ASSOCIATES

Investments in associates of € 479 th. include the Participation of the Company at the "Suburbs Gas Company S.A." (E.P.A). On February 2003 the joint-venture of EYDAP S.A., ELLINIKI TECHNODOMIKI-TEV S.A. and AKTOR S.A. was chosen, by EPA Attikis, to promote the project of natural gas connections for households and small professional customers in the north part of Attica basin, as well as a part of the Athens Municipality. For this reason was established the "Gas Company of the Suburbs S.A." and EYDAP participates with a share of 35%.

At September 30 2008 the acquisition cost of E.P.A climb to € 542 th. while accumulated losses from the acquisition date to 30/09/2008 was € 63 th.
It is worthnote that the profits for the current period increased to € 132 th..

Because the company participates only in associate enterprises, the financial statements under IFRS are them where the associate is accounted ,with the equity method. In this case the preparation of individual financial statements , where information about the impact of the method of cost or fair value on the balance sheet and income statement accounts , is not obligatory.(Decision 39 -10/2/2005 Greek Accounting Standards)

The information provided in balance sheet accounts and the statement of income at September 30 2008 will not be materially differentiated if individual financial statements were prepared, as far as the there is no significant difference between the acquisition cost (impairments included) and the equity of the associate as these are presented in the current financial statements .

Notes to the condensed financial statements for the period ended 30 September 2008

12. DEFERRED TAXATION

Below are the main assets and liabilities from deferred taxation recorded by the Company and their movements for the period ended at 31.03.2008 and the year ended at 31.12.2007

Deferred Assets

	31/12/2007			30/09/2008		
	Opening Balance	Credit to profit/loss of the period	Ending Balance	Credit to profit/loss of the period	Credit to profit/loss because of tax ratio readjustment	Ending Balance
Expensing of intangible assets	289	(62)	227	(55)		172
Slow moving Inventory	481	17	498		(10)	488
Employee Benefits liabilities	18.290	4.456	22.746	2.080	(4.411)	20.415
Provisions for Bad Debt	3.448	123	3.571	(422)	(714)	2.435
Other Provisions	7.287	304	7.591	(132)	(443)	7.016
Customer Contributions	14.741	1.387	16.128	396	(3.225)	13.299
Depreciation difference from revaluation of useful life	(1.310)	(1.212)	(2.522)	(686)	504	(2.704)
Accrual revenues	2.441	(2.522)	(81)	(2.095)	84	(2.092)
Other Deferred tax assets	1.250	256	1.506	440	(77)	1.869
TOTALS	46.917	2.747	49.664	(474)	(8.292)	40.898

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

Notes to the condensed financial statements for the period ended 30 September 2008

13. BORROWINGS

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

	30th September 2008	31st December 2007
Bank Loans	154.962	112.698
Greek State Loans	3.142	3.142
	158.104	115.840
The borrowings are repayable as follows:		
On demand or within on year	158.104	115.840
In the second year		
Between the third and the fifth year		
After five years		
	158.104	115.840
Less: Amount due for settlement within 12 months (shown under current liabilities)	158.104	115.840
Amount due to settlement after 12 months	<u>0</u>	<u>0</u>

As the company's liquidity was not sufficient enough for the payment of its liabilities short-term borrowings increased by € 42,3 m in the current period according to the disclosed bank agreements of 31/12/2007. Both long-term and short-term bank loans repayments were made in line with previous disclosed terms. The changes that have been made in bank agreements are as follows :

- the spread for the overdraft account with an open credit of € 40 m. and a closing balance of € 17 m. at 30 September 2008 readjusted to 1% from 0,6% previously.
- the spread for the overdraft account with an open credit of € 25 m. and a closing balance of € 16 m. at 30 September 2008 readjusted to 1,15% from 0,59% previously.
- the spread for the overdraft account with an open credit of € 40 m. and a closing balance of € 24,7m. at 30 September 2008 readjusted to 1,30% from 0,9% previously.

Notes to the condensed financial statements for the period ended 30 September 2008

13. BORROWINGS continued

The Company's bank borrowings are denominated in € and consequently are not subject to foreign currency risk. Bank borrowings are subject to floating interest rates and consequently the Company is subject to the risk of future cash flows but not on the risk of the fair value of the debt.

The Company does not utilize derivative financial instruments in order to reduce its risk exposure, as at the balance sheet date, because management is of the opinion that there are no significant risks from interest rates changes.

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

14. LIABILITIES FOR EMPLOYEES BENEFITS

The account is analyzed as follows:

	30 September 2008	31 December 2007
Employees' end-of-service indemnities	26.414	26.977
Employees healthcare scheme	158.392	151.266
Special Employees' end-of-service indemnity	915	782
	185.721	179.025

Income charges concerning each of the previous mentioned liabilities programmes separately are based on costs estimation resulted from the actuarial study of 31/12/2007.

15. SHARE CAPITAL

The share capital of the Company at September 30 2008 was equal to €63,9m consisting of 106.500.000 ordinary shares of €0,60 par value. There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

16. RETAINED EARNINGS

Balance at 01.01.2007	301.763
Dividends payable	(11.715)
Profit after taxes for the period	34.481
Net Profit/losses as a result of the participations clearance	31
Balance at 30.09.2007	324.560

Balance at 01.01.2008	331.166
Dividends payable	(14.910)
Profit after taxes for the period	22.955
Balance at 30.09.2008	339.211

Notes to the condensed financial statements for the period ended 30 September 2008

17. PROVISIONS

The Provisions formed up to September 30 2008 concern:

- a) Provisions for litigations and claims amounting approximately € 39,6 m. More specific ,
Lawsuits for civil law cases with claims of an amount of € 55,08m have been raised
against the Company These lawsuits are mainly related with damages caused by floods
(either because of broken mains of from rainfalls) or they are lawsuits of various trade
creditors and contractors for violation of contractual terms.
There are also pending litigations with employees of around €48,1 m Against all these
potential losses, if the pending litigation will be finalized, EYDAP has formed a provision of
€ 39,60 m. as at September 30 2008 and of € 40,20 m as at 31st December 2007, which
are considered as sufficient.
- b) Provisions of € 3,79 m. for unaudited (by Public Revenue Services) tax uses concerning
the period 1/1/2005 to 30/09/2008 .
- c) Provisions of € 29,48 m. for bad debts.The provison has formulated for the accurate
representation of the receivables account ,which are show up subtractive to their value .
- d) Provisions of € 2,0 m.for stock depreciation. The provison has formulated for the
accurate representation of the stocks account ,which are show up subtractive to their
value .

18. COMMITMENTS AND CONTINGENT LIABILITIES –ASSETS

LIABILITIES

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

Insurance coverage

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

Committments from unexecuted contracts :

The company's committments concerning with expansions ,improvements, and
conservation of networks and installations as also supply works of electrical and thermal
coproduction units are € 107 mil.at September 30 2008.

ASSETS

Investment program:

(a) The Company according to its establishment Law 2744/99, has signed a contract with
the Greek State, according to which the Greek State undertakes the commitment for the
subsidization of EYDAP either from the Community Funds or from the Program of Public
Investments for the coverage of the 60% of the capital expenditure, which EYDAP pays for
the maintenance, restoration, improvement or the expansion of the water supply and
sewerage network system for the 8 years period 2000-2008. Against the aforementioned
investment program of around €1,22 billion, that includes, also the maintenances, the
Company has spent for capital expenditures until 30 September 2008 an amount of €
approximately 413,82 millions, for which it has the right to receive a subsidy of around
€248,29 millions (413,82*60%), while for the maintenance expenditures the Company
claims the corresponding subsidy. The Company against the subsidy that has the right to
receive has received until 30 September 2008 an amount of €9,08 millions. On the basis
of the above the claim of the Company from the Greek State is raised to at least €239,21
millions (248,29-9,08).

Notes to the condensed financial statements for the period ended 30 September 2008

18. COMMITMENTS AND CONTINGENT LIABILITIES –ASSETS continued

Therefore this amount has not recorded in the accounts receivables with an equal debit of the long-term liabilities accounts, the carrying amount of which is gradually transferred in the profit/loss of the period in proportion to the depreciation rate of the subsidized water supply and sewerage network system. If the aforementioned entries were carried out then the profit/loss account of the current period would be improved by around €3,7 m while the previous period by € 3,0 m approximately and the net equity at 30 September 2008 would have been improved by around € 33,0 m.

(b) In addition to these claims the Company has a claim for a subsidy relates to the maintenance expenditures according to the contract with the Greek State. Since it is not feasible to extract the exact amount corresponding to maintenance from the total amount of expenditures concerning operation and maintenance of installations which is €636,11 millions ,the proportional subsidy of € 381,67m must be finalized between the company and the Greek State.

19. EVENTS AFTER THE BALANCE SHEET DATE

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

Three works are under construction :

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

The commercial use of the above mentioned works is estimated to begin in 2009.

An application has been submitted concerning the permission of a 2mwp photovoltaic production station in the company's installations in Menidi.

In the section of its operations development EYDAP has set as a priority its geographical expansion

In the beginning of May 2007 the company incorporated the water supply network of New Peramos Municipality in its network apart from the network of Agios Panteleimonas settlement which will be delivered fully completed by the Municipality until the 31st of December 2008 with a minimum agreed in advance price of € 1,25m.

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

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

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

Notes to the condensed financial statements for the period ended 30 September 2008

19. EVENTS AFTER THE BALANCE SHEET DATE continued

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

In addition the increase in third party providings mainly because of the increase in the use of electrical power for the operation of the phase b' plant in Psytallia and the water pumping in Yliki for the coverage of Attica region needs in water ,influenced the cost of sales ,rising it by € 8,8 m.

20. RELATED PARTY TRANSACTIONS

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

	30th September 2008	30th September 2007
- Salaries (Chairman & CEO and Executive Consultants)	146	148
- Salaries & participation fees of the Members of the Board of Directors	106	105
	<u>252</u>	<u>253</u>

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

1) Transactions	30th September 2008	30th September 2007
- Revenues	57.742	54.680
- Cost of sales (construction works cost)	(4.881)	(778)
- Provisions	(82)	(891)
2) Outstanding amounts	30th September 2008	30th September 2007
- Long term receivables (Works(construction contracts) for third parties))	98.300	92.363
- Long term receivables (Arrangements of Municipalities)	13.522	5.958
- Trade receivables	147.914	143.793
- Other receivables (coverage of Employees' end-of-service indemnity)	2.029	7.393