

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

***INTERIM FINANCIAL STATEMENTS FOR THE 9 MONTH
PERIOD ENDED 30 SEPTEMBER 2006
ACCORDING TO IFRS***

***DOMICILIATION
OROPOU 156
GALATSI***

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The Condensed Financial Statements, page 3 to 16, were approved by the Board of Directors on 28 November 2006. Under the permission of the Board of Directors the following officers named below sign the Financial Statements:

Athens 28 November 2006,

The Chairman of the Board of Directors Kostoulas Konstantinos	The Chief Executive Officer Vartholomeos Antonios	The Chief Financial Officer Kakou Evagelia	The Chief Accounting Officer Leventi Maria
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1. GENERAL INFORMATION FOR THE COMPANY

Name:	EYDAP SA
Domiciliation:	Oropou 156 – Galatsi
Date of Establishment:	25/10/1999
Duration:	100 years
Main Activity:	Water Supply - Sewerage
Registration Number of S.A.:	44724/06/B/99/52
Prefecture:	Athens
Tax Number:	094079101
Members of the Board of Directors:	K.Kostoulas, A.Vartholomeos, Th.Georgakelos, E.Baltas, A.Manouris, G.Zafiropoulos, A.Spiropoulos, N.Sigalas, A.Giannouli, G.Mastraggeopoulos, A.Protonotarios, K.Galanis, E.Moutafis
Ending Day of the Period:	30 September 2006
Period:	9 months
Form of Financial Statements:	Condensed Interim for the 9 months
Date of Approval of Financial Statements:	28 November 2006
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 Financial Statements and Notes are in euro thousands unless otherwise stated

2. CONDENSED INCOME STATEMENTS FOR THE PERIODS ENDED 30 SEPTEMBER 2006 & 2005

NOTES	30.09.2006	30.09.2005	01.06- 30.09.06	01.06- 30.09.05
	<i>Amounts in thousands of Euro</i>			
Revenue from services rendered	273.177	265.856	105.890	97.654
Cost of Services	(149.042)	(142.639)	(49.086)	(47.748)
Gross Profit	124.135	123.217	56.804	49.906
Other Operating Income	2.134	1.533	738	479
General and administration expenses	(57.507)	(54.142)	(18.560)	(17.951)
Distribution and selling expenses	(22.458)	(21.664)	(7.859)	(7.056)
Profit from operating activities	46.304	48.944	31.123	25.378
Other operating expenses	(3.587)	(2.967)	(1.844)	(886)
Finance income net	1.796	1.776	612	492
Finance costs net	(3.278)	(3.173)	(1.268)	(861)
Profit from ordinary activities before income taxes	41.235	44.580	28.623	24.123
Income tax expense	(14.052)	(18.509)	(10.213)	(6.709)
Net profit for the year	27.183	26.071	18.410	17.414
Earnings per share (in €)	0,25	0,24	0,17	0,16

The accompanying notes on pages 8-16 form an integral part of these condensed interim income statements

3. CONDENSED BALANCE SHEETS AT 30 SEPTEMBER 2006 AND AT 31 DECEMBER 2005

	NOTES	30.09.2006	31.12.2005
ASSETS			
<i>Amounts in thousands of Euro</i>			
Non-current assets			
Goodwill		1.676	1.676
Other Intangible assets		2.497	1.949
Property, plant and equipment, net		974.475	978.314
Investment in associates		267	144
Available-for-sale Investments		691	644
Long-term receivables		98.008	98.468
Deferred tax assets		49.501	46.452
Total non-current assets		1.127.115	1.127.647
Current assets			
Materials and spare parts, net		17.590	17.676
Trade receivables, net		236.185	187.895
Other receivables, net		24.794	26.075
Cash and cash equivalents		12.593	12.221
Total Current assets		291.162	243.867
Total Assets		1.418.277	1.371.514
LIABILITIES AND SHAREHOLDER'S EQUITY			
Equity			
Share Capital		63.900	63.900
Share Premium		40.502	40.502
Reserves		373.117	373.117
Retained Earnings		297.495	277.719
Total Equity		775.014	755.238
Non-current liabilities			
Long term loans and borrowings		11.667	17.500
Reserve for employees benefits		167.156	160.702
Deferred tax liabilities		3.103	2.147
Provisions		39.672	36.947
Deferred subsidies and customer contributions		205.543	208.270
Consumers' guarantees		14.655	14.034
Total non-current liabilities		441.796	439.600
Current Liabilities			
Operating Current Liabilities		35.401	51.332
Current tax liabilities		10.682	9.788
Short term loans and borrowings		108.985	83.576
Other current liabilities		46.399	31.980
Total Current Liabilities		201.467	176.676
Liabilities and Shareholder's Equity		1.418.277	1.371.514

The accompanying notes on pages 8-16 form an integral part of these condensed balance sheets

**4. CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS
ENDED 30 SEPTEMBER 2006 & 2005**

2005	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Revaluation Surplus	Retained Earnings	Total Equity
Equity Balance at 31/12/2004	63.900	40.502	13.308	358.283	155.101	110.392	741.486
Profit / (Losses) of the year, after tax						26.070	26.070
Dividends						(6.390)	(6.390)
Net Profit from revaluation of available-for-sale investments						221	221
Others							
Equity Balance at the end of 30 September 2005	63.900	40.502	13.308	358.283	155.101	130.293	761.387

2006	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Revaluation Surplus	Retained Earnings	Total Equity
Equity Balance at 31/12/2005	63.900	40.502	14.834	358.283	155.101	122.618	755.238
Profit / (Losses) of the year, after tax						27.183	27.183
Dividends						(7.455)	(7.455)
Net Profit from revaluation of available-for-sale investments						48	48
Others							
Equity Balance at the end of 30 September 2006	63.900	40.502	14.834	358.283	155.101	142.394	775.014

**The accompanying notes on pages 8-16 form an integral part of these
Condensed Statements of Changes in Shareholders' Equity**

5. CONDENSED CASH FLOW STATEMENT FOR THE PERIODS ENDED 30 SEPTEMBER 2006 & 2005

	<u>1.01-30.09-2006</u>	<u>1.01-30.09-2005</u>
<u>Cash Flows from operating activities</u>		
Profit before tax	41.235	44.580
Adjustments for:		
Depreciation and amortization	21.841	24.162
Amortization of customers' contributions and subsidies	(6.231)	(5.712)
Provisions	5.001	1.316
Interest and related income	(1.775)	(1.755)
Interest and related expense	3.277	3.173
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(50.211)	(33.839)
Other receivables	(6.275)	(9.421)
Long-term receivables	459	(1.487)
Materials and spare parts	(269)	360
Increase in (Decrease in)		
Operating Current Liabilities	(9.390)	1.900
Other current liabilities	14.419	9.404
Consumers' guarantees	621	613
Reserve for employees benefits	6.454	4.843
Minus:		
Interest and related expenses paid	2.778	2.122
Income Tax paid	<u>14.506</u>	<u>11.549</u>
Net cash from operating activities (a)	<u>1.872</u>	<u>24.466</u>
<u>Cash Flows from investing activities</u>		
Interest and related income received	981	1.717
Purchases of property, plant, and equipment	(17.157)	(33.280)
Purchases of intangible assets	(1.392)	(1.222)
Proceeds from customers' contributions and subsidies	3.504	2.609
Investments in associates	<u>(123)</u>	<u>0</u>
Net cash from investing activities (b)	<u>(14.187)</u>	<u>(30.176)</u>
<u>Cash Flows from financing activities</u>		
Proceeds from borrowings	67.905	53.500
Repayments of borrowings	(48.330)	(49.500)
Dividends paid	<u>(6.888)</u>	<u>(1.991)</u>
Net cash from investing activities (c)	<u>12.687</u>	<u>2.009</u>
Net (decrease) increase in cash and cash equivalents (a) + (b) + (c)	<u>372</u>	<u>(3.702)</u>
Cash and cash equivalents, beginning of period	12.221	13.321
Cash and cash equivalents, end of period	<u>12.593</u>	<u>9.619</u>

The accompanying notes on pages 8-16 form an integral part of these condensed cash flows

Notes to the condensed financial statements for the period ended 30 September 2006

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with 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 adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

3. RESULTS FOR THE PERIOD

REVENUES

The company's revenues decreased by €7.321 mainly due to the income increase from water supply and relevant services by €8,3m and the income decrease from works for third parties by €1 m.

COST OF GOODS SOLD

The cost of goods sold increased by €6.402. This increase was caused mainly by:

The increase:

- in payroll costs by, approximately, €6.6m due to the Collective Bargaining Agreement (average annual growth of 3.8%), the payment of retrospective benefit for underground work spaces and the increase in medical and healthcare plan costs that came up from the actuarial report conducted on 31/12/2005
- in the expenditures for the transportation and disposal of dehydrated sludge by €1.9m
- in the provision for pending litigations by €1.3m
- in electric power supply expenses by €0.7m.

The decrease:

- of bad debt allowances by €1.9m
- of costs for third party works by €1m
- of depreciation expenses by €1.2m

ADMINISTRATIVE COSTS

The administrative costs increased by €3.365 mainly due to the increase:

- in payroll costs (average annual growth of 3.8% according to the Collective Bargaining Agreement) and in the medical and healthcare plan costs (that came up from the cost evaluation for 2006 of the actuarial report conducted on 31/12/2005) by €1.9m.
- in the software programs installation and maintenance costs and other relevant fees by €1.5m

Notes to the condensed financial statements for the period ended 30 September 2006

4. INCOME TAX

Interim period income tax is accrued based on the estimated average annual effective income tax rate.

It must be noted that according to the existing Tax law the official tax rate for the year 2006 is 29%.

The tax for the current period was calculated as follows:

	30.09.2006	30.09.2005
Profit before tax	41.235	44.580
Income tax calculated with the current tax rate (29% and 32% respectively)	11.958	14.265
Tax of unaudited by tax authorities fiscal years	744	1.882
Tax over non-deductible tax expenses	1.350	2.362
	<u>14.052</u>	<u>18.509</u>

5. EARNINGS (LOSS) PER SHARE

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

	30.09.2006	30.09.2005
Earnings	27.183	26.071
Number of shares	106.500	106.500
Earnings per share	0,25	0,24

6. DIVIDENDS

During the interim 6 months period, the Annual Shareholders Meeting approved the distribution of €0.07 per share dividend for the year 2005 (year 2004: €0.06 per share)

7. INTANGIBLE ASSETS

During the period 01/01/2006-30/09/2006, the company spent €17.36m, in order to improve and expand the water supply and sewerage networks.

It is noted that at the current period management reevaluated the water supply and sewerage networks useful life, which caused the period depreciation to be less by €3.452 approximately in relevance to the depreciation based on the previous useful life.

8. CUSTOMERS

The customers balance increased in the current period by €48.291 approximately. This increase is caused by:

- the increase in claims from the Greek State and Municipalities by €16.1m approximately
- the increase in metered but not yet billed consumptions at 30/9/2006 by €32.2m approximately.

Notes to the condensed financial statements for the period ended 30 September 2006

9. OPERATING CURRENT LIABILITIES

The operating current liabilities decreased by €15.930 in relation with the outstanding balances at 31/12/2005 and are analyzed as follows:

- Decrease in payable dividends by €7.8m caused by the increase in payable dividends for the fiscal year 2005 by €7.4m according to the approval by the General Assembly, the payment of €15.2m to the shareholders and the offset of a part of dividends with an equal amount of claims from the Greek State.
- The social insurance contributions decreased by €3.5m because in fiscal year 2005 the Christmas bonus contributions were included, which are due to be paid next year.
- The suppliers decreased by €1.7m.
- Income tax decreased by €1.9m due to payments of installments.
- Customers' advances decreased by, approximately, €1m.

10. OTHER CURRENT LIABILITIES

The other current liabilities increased by €14.419 mainly due to:

- The provision for transportation and disposal of dehydrated sludge from Psytallia Island increased by €3.1m.
- The provision for Christmas and leave benefits for the employees by €9.5 m.
- Increase in payable checks by €0.7m
- Increase in accrued maintenance expenses by €1.1m.

11. INVESTMENTS IN ASSOCIATES

Investments in associates of €267 include:

a) Participation of the Company at the "Gas Company of the Suburbs S.A." (E.A.P.). On February 2003 the joint-venture of EYDAP S.A., ELLINIKI TECHNODOMIKI-TEV S.A. and AKTOR S.A. was awarded, in an international tender offer by EPA Attikis, the project of the promotion of natural gas connections for domestic and small professional customers in the north-eastern part of Attica, as well as a part of the Athens Municipality. For this reason the "Gas Company of the Suburbs S.A." was established and EYDAP participates with a share of 35%. At the current period the Company participated in EAP'S share capital increase of EAP with an amount of €122,5. As at the 30 September 2006 the acquisition cost of E.A.P. was €437.5 and the impairment losses at €171.

b) Participation of the Company at Alternatives Telecommunication Networks S.A. (ETIDI) with a share of 25%. ETIDI was established on August 2001 and is under liquidation. The acquisition cost has been totally impaired.

Because there is participation only in an associate enterprise, and the Company has no obligation to prepare consolidated financial statements - because has no participation in a subsidiary - the financial statements under IFRS are them where the associate is accounted with the equity method. In this case the preparation of individual financial statements, where information about the impact of the method of cost or fair value on the accounts of the balance sheet and the income statement, is in abeyance. The information provided is that the accounts of the balance sheet and the statement of income will not be materially differentiated if individual financial statements were prepared, as far as the there is no significant difference between the acquisition cost of the equity of the associate.

Notes to the condensed financial statements for the period ended 30 September 2006

It must be noted that the acquisition cost (with the impairments included) is not different by the equity of the associate as at the balance sheet date.

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 30.09.2006 and the year ended at 31.12.2005

	2005			09/2006	
	Opening Balance	Credit to profit/loss of the period	Ending Balance	Credit to profit/loss of the period	Ending Balance
Deferred Assets					
Expensing of intangible assets	1.057	(528)	529	(238)	291
Slow moving Inventory	375	38	413	89	502
Employee Benefits liabilities	15.152	1.575	16.727	1.614	18.341
Provisions for Bad Debt	4.029	(581)	3.448	0	3.448
Other Provisions	4.604	2.175	6.779	681	7.460
Customer Contributions	13.317	680	13.997	462	14.459
Other Deferred tax assets	2.218	2.341	4.559	441	5.000
	40.752	5.700	46.452	3.049	49.501
Deferred Liabilities					
Accrual revenues	2.311	(164)	2.147	70	2.217
Revaluation of useful life of networks			0	886	886
	2.311	(164)	2.147	956	3.103
Final amount of deferred taxation as at the 30 September of 2006					46.398

Notes to the condensed financial statements for the period ended 30 September 2006

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.

13. BORROWINGS

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

	30 September 2006	31 December 2005
Bank Loans	117.510	97.934
Greek State Loans	3.142	3.142
	120.652	101.076
The borrowings are repayable as follows:		
On demand or within on year	108.985	83.576
In the second year	11.667	11.667
Between the third and the fifth year		5.833
After five years		
	120.652	101.076
Less: Amount due for settlement within 12 months (shown under current liabilities)	108.985	83.576
Amount due to settlement after 12 months	<u>11.667</u>	<u>17.500</u>

During the last period the Company increased short-term borrowings by €25.409, according to the disclosed bank agreements in order to face the shortage of liquidity. Repayments of both long-term and short-term bank loans were made in line with previous disclosed repayment terms.

Notes to the condensed financial statements for the period ended 30 September 2006

14. RESERVES FOR EMPLOYEES BENEFITS

The account in the accompanying financial statements is analyzed as follow

	30September 2006	31 December 2005
Employees' end-of-service indemnities	26.650	26.562
Employees healthcare scheme	139.969	133.767
Special Employees' end-of-service indemnity	537	373
	<u>167.156</u>	<u>160.702</u>

Income charges are based on estimation of costs mentioned in the actuarial study of 31/12/2005 for each reserve.

15. SHARE CAPITAL

The share capital of the Company at 30 September 2006 was equal to €63.900 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 01.01.2005	265.493
Dividends	(6.390)
Profit for the period	26.070
Others	<u>221</u>
Balance at 30.09.2005	<u>285.394</u>
Balance at 01.01.2006	277.719
Dividends	(7.455)
Profit for the period	27.183
Others	<u>48</u>
Balance at 30.09.2006	<u>297.495</u>

Notes to the condensed financial statements for the period ended 30 September 2006

17. 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.

Litigations and claims

Lawsuits for civil law cases with claims of an amount of €40.3 millions have been raised against the Company as at 30 September 2006. These lawsuits are mainly related with damages caused by floods (either because of broken mains of from rainfalls) or they are lawsuits of various trade creditors and subcontractors for violation of contractual terms. There are also pending litigations with employees of around €23 millions. Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of €39.67 millions as at 30 September 2006 and of € 36.9 millions as at 31 December 2005, which are considered as sufficient.

Insurance coverage

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

Unaudited by tax authorities fiscal years

The tax authorities had not audited the Company, until the fiscal period ended as at 31 December 2004. The accompanying financial statements include a related provision for the additional taxes and fees that are probable to be levied until the 30 September of 2006.

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, as already mentioned, also the maintenances, the Company has spent for capital expenditures as at 30 September 2006 an amount of € 344,04 millions, for which it has the right to receive a subsidy of around €206,42 millions (344.04*60%), while for the maintenance expenditures the Company claims the corresponding subsidy. The Company against the subsidy that has the right to receive has received as at 30 September 2006 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 €197.34 millions (206.42-9,08). Therefore this amount has not recorded in the accounts receivables with an equal debit of the long-term liabilities accounts, the carrying amount of which is gradually transferred in the profit/loss of the

Notes to the condensed financial statements for the period ended 30 September 2006

period in proportion to the depreciation rate of the subsidized water supply and sewerage network system. If the aforementioned journals were carried out then the profit/loss of the current 9 months period will be improved by around €4.35 millions and the previous 9 months period by €3.75 millions and the net equity will be improved by around €24.85 millions as at 30 September 2006.

(b) In addition to these claims the Company has a claim for a subsidy for the maintenance expenditures according to the contract with the Greek State. However it is not feasible to extract the amount that corresponds to maintenance only from the amount of expenditures that are related with the operation and maintenance of installations that amounts to €449,97millions. The corresponding subsidy that amounts to €269.98 millions it must be finalized after an arrangement with the Greek State.

18. EVENTS AFTER THE BALANCE SHEET DATE

In the framework of its strategic expansion in the power energy production, a call tender will be issued for the construction of a combined thermo-electric power station of 14MW using biogas at the Wastewater Treatment Plant of Psytallia. Another call tender will be issued for the construction of a new combined thermo-electric power station of 0,6MW using biogas at the Wastewater Treatment Plant of Metamorphosis.

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

19. RELATED PARTY TRANSACTIONS

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

	30 September 2006	30 September 2005
- Salaries (Chairman & CEO and Executive Directors)	146	279
- Salaries & participation fees of the Members of the Board of Directors	111	99
	<u>257</u>	<u>378</u>

Notes to the condensed financial statements for the period ended 30 September 2006

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

1) Transactions	30 September 2006	30 September 2005
- Revenues	43.892	45.170
- Cost of sales (construction contracts)	1.452	2.514
- Provisions	1.843	2.078
2) Outstanding amounts	30 September 2006	30 September 2005
- Long term receivables (construction contracts)	91.202	89.663
- Long term receivables (Arrangements of Municipalities)	4.453	6.342
- Trade receivables	123.147	90.894
- Other receivables (coverage of Employees' end-of-service indemnity)	6.817	8.350