

REVIEW REPORT

To the Shareholders of
“ATHENS WATER SUPPLY AND SEWERAGE SA (E.YD.A.P. S.A.)”

We have reviewed the accompanying condensed interim balance sheet of “ATHENS WATER SUPPLY AND SEWERAGE SA (E.YD.A.P. S.A.)” (the “Company”) as of 30 June, 2006 and the related condensed interim income statement, cash flows and changes in shareholders equity for the six months ended 30 June, 2006 for the Company. Our review was performed for the six month period as a whole, and did not include the review of the financial information for the three month period from 1 April to 30 June 2006 and 2005 separately, which are presented in the income statement of the accompanying condensed interim financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400, as required by the Greek Standards on Auditing. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed Company interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the six months ended 30 June, 2006 for the Company are not presented fairly, in all material respects, in accordance with International Accounting Standards 34 – Interim Financial Reporting.

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

1. The Company according to its establishment Law 2744/99, signed a Contract with the Greek State whereby the State committed to granting E.YD.A.P. S.A. either from European Union's financial resources or from the State's Programme of Public Investments amounts to cover 60% of the capital expenditure that E.YD.A.P. S.A. will spend for the maintenance, renovation, improvement and or the expansion of the water supply and sewerage system for the eight year period from 2000 to 2008. Against the above mentioned Investment Programme, amounting to approximately Euro 1,22 billion, which includes maintenance expenses, the Company as of 30.06.2006 has made expenses for capital expenditure amounting to Euro 336 million approximately for which it should receive a subsidy amounting to Euro 202 million approximately (i.e. $336 * 60\%$) while in accordance with the aforementioned contract it is also due a subsidy for maintenance expenses. The Company against the subsidy to which it is entitled to, has received as of 30.06.2006 the amount of Euro 9 million approximately. In accordance with the principle of conservatism, the above receivable of the Company from the Greek State amounting to Euro 193 million approximately (202 million – 9 million) has not been accounted for as a receivable and as a long term liability, from which it would be gradually transferred to the income statement in accordance with the depreciation rate of the subsidised water supply and sewerage system. If the aforementioned accounting entries had been included, then the current period's financial results as well as the previous period's results would have been improved (profit) by approximately Euro 2,9 million and 2,5

million respectively and Shareholders Equity increased by Euro 23,4 million approximately.

2. As already mentioned in our above matter of emphasis number 1, the amount of approximately Euro 193 million does not include the receivable arising from the subsidisation of maintenance expenses, because from the total expenses relating to operations and maintenance amounting to Euro 424 million approximately, it was not possible to isolate the amount related to maintenance expenses. Even though in the contract signed by the Company and the Greek State (Appendix 4 – Financial commitments under the title “Subsidies for capital expenditure guaranteed by the State”) it is mentioned that the State guarantees the granting to E.YD.AP S.A. a subsidy amount 60% of the capital expenditure incurred by the Company relating to maintenance, renovation, improvement or expansion of the water supply and sewerage system for any year from 2000 to 2008, as of the date of completion of our audit, the amount due by the State relating to the subsidy for maintenance expenses had not been agreed upon between the Company and the State.
3. As of the date of the issue of this audit report, the legal transfer of the ownership of the assets to the Company “Fixed Assets E.YD.A.P S.A.”, amounting to Euro 657 million approximately, had not been completed.

Athens, August 30, 2006

The Certified Public Accountants

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