

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

***INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE  
9 MONTH PERIOD ENDED 30<sup>TH</sup> SEPTEMBER 2007***

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

***DOMICILIATION  
OROPOU 156  
GALATSI***

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**The Condensed Financial Statements, page 3 to 17, were approved by the Board of Directors on 28<sup>th</sup> November 2007. Under the permission of the Board of Directors the following officers named below sign the Financial Statements:**

Athens 28<sup>th</sup> November 2007,

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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 Misailidis Mike
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## 1. GENERAL INFORMATION FOR THE COMPANY

<b>Name:</b>	EYDAP SA
<b>Domiciliation:</b>	Oropou 156 – Galatsi
<b>Date of Establishment:</b>	25/10/1999
<b>Duration:</b>	100 years
<b>Main Activity:</b>	Water Supply - Sewerage
<b>Registration Number of S.A.:</b>	44724/06/B/99/52
<b>Prefecture:</b>	Athens
<b>Tax Number:</b>	094079101
<b>Members of the Board of Directors:</b>	K.Kostoulas, A.Vartholomeos, Th.Georgakelos, E.Baltas, A.Manouris, G.Zafiropoulos, A.Spiropoulos, N.Sigalas, A.Giannouli, G.Mastraggelopoulos, A.Protonotarios, K.Galanis, E.Moutafis
<b>Ending Day of the Period:</b>	30 <sup>th</sup> September 2007
<b>Period:</b>	9 months
<b>Form of Financial Statements:</b>	Interim Condensed – Third Quarter
<b>Date of Approval of Financial Statements:</b>	28 <sup>th</sup> November 2007
<b>Chartered Public Accountants:</b>	M. Hatzipavlou and E. Giouroukos
<b>Auditing Company:</b>	Deloitte Hatzipavlou, Sofianos & Kampanis Public Accountants and Business Consultants SA
<b>Auditors Report For the Interim Condensed Financial Statements</b>	Qualified Opinion
<b>Internet address where the Financial Statements are registered:</b>	<a href="http://www.eydap.gr">www.eydap.gr</a>

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

**2. CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS PERIODS ENDED 30<sup>TH</sup> SEPTEMBER 2007 & 2006**

	NOTES	30.09.2007	30.09.2006	01.07.- 30.09.07	01.07.- 30.09.06
		<i>Amounts in</i>	<i>Thousands of Euro</i>		
Revenue from services rendered	3	292.613	273.177	113.041	105.890
Cost of Services	3	(153.950)	(149.042)	(52.795)	(49.086)
<b>Gross Profit</b>		<b>138.663</b>	<b>124.135</b>	<b>60.246</b>	<b>56.804</b>
Other Operating Income		1.496	2.134	329	738
General and administration expenses	3	(62.137)	(57.507)	(20.394)	(18.560)
Distribution and selling expenses	3	(24.973)	(22.458)	(8.457)	(7.859)
<b>Profit from operating activities</b>		<b>53.049</b>	<b>46.304</b>	<b>31.724</b>	<b>31.123</b>
Other operating expenses		(2.399)	(3.587)	(172)	(1.844)
Finance income net		1.924	1.796	489	612
Finance costs net		(5.167)	(3.278)	(2.276)	(1.268)
<b>Profit from ordinary activities before income taxes</b>		<b>47.407</b>	<b>41.235</b>	<b>29.765</b>	<b>28.623</b>
Income tax expense	4	(12.926)	(14.052)	(7.817)	(10.213)
<b>Net profit for the year</b>		<b>34.481</b>	<b>27.183</b>	<b>21.948</b>	<b>18.410</b>
<b>Earnings per share (in €)</b>	5	<b>0,32</b>	<b>0,25</b>	<b>0,21</b>	<b>0,17</b>

**The accompanying notes on pages 8-17 form an integral part of these condensed interim income statements**

### 3. CONDENSED BALANCE SHEETS AT 30<sup>th</sup> SEPTEMBER 2007 AND AT 31<sup>st</sup> DECEMBER 2006

	NOTES	30.09.2007	31.12.2006
<b>ASSETS</b>			
<i>Amounts in thousands of Euro</i>			
<b>Non-current assets</b>			
Goodwill		3.873	3.357
Other Intangible assets		3.128	2.896
Property, plant and equipment, net	7	973.703	973.692
Investment in associates	11	356	203
Available-for-sale Investments		1.158	864
Long-term receivables		100.836	97.467
Deferred tax assets	12	48.470	46.917
<b>Total non-current assets</b>		<b>1.131.524</b>	<b>1.125.396</b>
<b>Current assets</b>			
Materials and spare parts, net		18.388	17.039
Trade receivables, net	8	268.834	230.066
Other receivables, net		27.231	26.620
Cash and cash equivalents		13.706	14.018
<b>Total Current assets</b>		<b>328.159</b>	<b>287.743</b>
<b>Total Assets</b>		<b>1.459.683</b>	<b>1.413.139</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Equity</b>			
Share Capital	15	63.900	63.900
Share Premium		40.502	40.502
Reserves		375.455	375.160
Retained Earnings	16	324.560	301.763
<b>Total Equity</b>		<b>804.417</b>	<b>781.325</b>
<b>Non-current liabilities</b>			
Long term loans and borrowings	13	0	5.833
Reserve for employees benefits	14	176.084	169.043
Provisions		40.628	38.980
Investment subsidies and customer contributions		204.712	205.173
Consumers' guarantees		15.627	14.877
<b>Total non-current liabilities</b>		<b>437.051</b>	<b>433.906</b>
<b>Current Liabilities</b>			
Operating Current Liabilities	9	29.572	40.927
Current tax liabilities		8.051	5.995
Short term loans and borrowings	13	132.398	114.522
Other current liabilities	10	48.194	36.464
<b>Total Current Liabilities</b>		<b>218.215</b>	<b>197.908</b>
<b>Liabilities and Shareholder's Equity</b>		<b>1.459.683</b>	<b>1.413.139</b>

The accompanying notes on pages 8-17 form an integral part of these condensed balance sheets

**4. CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD 1<sup>st</sup>  
JANUARY -30<sup>th</sup> SEPTEMBER 2007 & 2006**

<b>2006</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Legal reserve</b>	<b>Other non-taxable reserves</b>	<b>Other reserves</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>Equity Balance at 1/1/2006</b>	63.900	40.502	14.834	358.283	158	277.561	755.238
<b>Profit / (Losses) of the year, after tax</b>						27.183	27.183
<b>Dividends</b>						(7.455)	(7.455)
<b>Net Profit from revaluation of available-for-sale investments</b>					48		48
<b>Other</b>							
<b>Equity Balance at the end of 30<sup>th</sup> September 2006</b>	<b>63.900</b>	<b>40.502</b>	<b>14.834</b>	<b>358.283</b>	<b>206</b>	<b>297.289</b>	<b>775.014</b>

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

**The accompanying notes on pages 8-17 form an integral part of these Condensed Statements of Changes in Shareholders' Equity**

**5. CONDENSED CASH FLOW STATEMENT FOR THE PERIOD 1<sup>st</sup> JANUARY TO 30<sup>th</sup> SEPTEMBER 2007 & 2006**

	<u>1.01-30.09-2007</u>	<u>1.01-30.09-2006</u>
<b><u>Cash Flows from operating activities</u></b>		
Profit before tax	47.407	41.235
Adjustments for:		
Depreciation and amortization	21.773	21.841
Amortization of customers' contributions and subsidies	(6.377)	(6.231)
Impairment of participating interests	(16)	0
Revenues from securities	(24)	0
Provisions	2.749	5.001
Interest and related income	(1.838)	(1.775)
Interest and related expense	5.167	3.277
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(39.696)	(50.211)
Other receivables	(8.883)	(6.275)
Long-term receivables	(3.368)	459
Materials and spare parts	(1.522)	(269)
Increase in (Decrease in)		
Operating Current Liabilities	(8.074)	(9.390)
Other current liabilities	11.731	14.419
Consumers' guarantees	750	621
Reserve for employees benefits	7.042	6.454
Minus:		
Interest and related expenses paid	4.221	2.778
Income Tax paid	11.671	14.506
Net cash from operating activities (a)	<b><u>10.929</u></b>	<b><u>1.872</u></b>
<b><u>Cash Flows from investing activities</u></b>		
Interest and related income received	1.443	981
Purchases of property, plant, and equipment	(20.680)	(17.157)
Purchases of intangible assets	(1.853)	(1.392)
Proceeds from customers' contributions and subsidies	5.915	3.504
Investments in associates	(105)	(123)
Dividends received	24	0
Net cash from investing activities (b)	<b><u>(15.256)</u></b>	<b><u>(14.187)</u></b>
<b><u>Cash Flows from financing activities</u></b>		
Proceeds from borrowings	47.495	67.905
Repayments of borrowings	(35.833)	(48.330)
Dividends paid	<u>(7.647)</u>	<u>(6.888)</u>
Net cash from investing activities (c)	<b><u>4.015</u></b>	<b><u>12.687</u></b>
<b>Net (decrease) increase in cash and cash equivalents</b>		
(a) + (b) + (c)	<b><u>(312)</u></b>	<b><u>372</u></b>
<b>Cash and cash equivalents, beginning of period</b>	<b>14.018</b>	<b>12.221</b>
<b>Cash and cash equivalents, end of period</b>	<b><u>13.706</u></b>	<b><u>12.593</u></b>

**The accompanying notes on pages 8-17 form an integral part of these condensed cash flows**

## **Notes to the condensed financial statements for the period ended 30<sup>th</sup> September 2007**

### **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 31<sup>st</sup> December 2006.

### **3. RESULTS FOR THE PERIOD**

#### REVENUES

The company's revenues increased by €19,4 m mainly due to the income increase from water supply and sewerage services as a result of a tariffs increase by 3% and 8% respectively from 1<sup>st</sup> February 2007 According to the No D16c/57/15/215c/2-5-2007 Common Ministerial Decision of the Ministry for Environment- Physical Planning and Public Works and the Ministry of Economics plus a water consumption increase.

#### COST OF GOODS SOLD

The cost of goods sold increased by € 4,9 m. This increase was caused mainly by:

##### The increase:

- in payroll by approximately € 6,3 m, caused by an average increase of 5,15% in wages according to the labour contract agreement and the increase in Healthcare cost (as a result of the cost estimation for 2007 made by the actuarial study of December 31<sup>st</sup> 2006. )
- in consumables for the placement of new supplies by € 2,0 m.
- in third party providings (mainly of electrical power) by € 0,6 m.
- in other expenses by € 0,6 m.

##### The decrease:

- in the provision for doubtful debts which were € 1,0 m for the current period
- in costs for third party works by €0,7m
- in the provision concerning legal cases, which is €1,3m lower than that of the same period last year.
- in depreciation by € 1,6 m.

#### ADMINISTRATIVE COSTS

The administrative costs increased by € 4,6 m mainly due to the increase:

- in payroll by €2,1m approximately, caused by an average increase of 5,15% in wages according to the labour contract agreement and the increase in Healthcare cost as a result of the cost estimation for 2007 made by the actuarial study of December 31<sup>st</sup> 2006.
- in other expenses mainly of grants and subsidies by €0,6m .
- in third party providings by € 0,5 m.
- in depreciation by € 1,0 m.



## Notes to the condensed financial statements for the period ended 30<sup>th</sup> September 2007

### DISTRIBUTION COSTS

The distribution costs increased by € 2,5 m mainly due to the increase:

- in payroll by € 2,0m approximately, caused by a) an average increase of 5,15% in wages according to the labour contract agreement b) the change in organization chart and c) an increase in Healthcare cost as a result of the cost estimation for 2007 made by the actuarial study of December 31<sup>st</sup> 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 2007 is 25%.

The tax for the current period was calculated as follows:

	<b>30.09.2007</b>	<b>30.09.2006</b>
Profit before tax	47.407	41.235
Income tax calculated with the current tax rate (25% and 29% respectively)	11.851	11.958
Tax of unaudited by tax authorities fiscal years	800	744
Tax over non-deductible tax expenses	275	1.350
	<u>12.926</u>	<u>14.052</u>

### **5. EARNINGS (LOSS) PER SHARE**

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

	<b>30.09.2007</b>	<b>30.09.2006</b>
Earnings	34.481	27.183
Number of shares	106.500	106.500
Earnings per share	0,32	0,25

### **6. DIVIDENDS**

During 2007's first half the General Shareholders Meeting approved the distribution of an 11 cents (€0,11) dividend per share for the year 2006 (the dividend for 2005 was 0,07€ per share ).

### **7. TANGIBLE ASSETS**

During the period 01/01/2007-30/09/2007, the company spent €18,5m, in order to improve and expand the water supply and sewerage networks plus € 4,2m for the acquisition of other fixed assets like software, machinery, furnitures and fixtures and other equipment.

## **Notes to the condensed financial statements for the period ended 30<sup>th</sup> September 2007**

### **8. CUSTOMERS**

The customers balance increased in the current period by approximately € 38,7 m mainly because of a tariffs increase in water supply and sewerage by 3% and 8% respectively plus :

- an increase in claims towards the Greek State ,and Municipalities by approximately € 17,5m.
- an increase of measured , however not priced water consumptions by approximately € 12,7 m until 30/09/2007.
- an increase in claims from private customers by € 8,5 m.

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 31/12/2008),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 .

It must be noted that from 1/2/2007 the tariffs of water supply and sewerage services increased by 3% and 8% respectively.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 € 26,9m at 30/9/2007.

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

Because of the great spreading of its clients (approximately 1.921.517 at 30/9/2007) 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 by €11,4 m in relation with the outstanding balances at 31/12/2006 and they are analyzed as follows:

- Decrease in dividends payable by approximately €4,6m caused by the decrease of € 16,3m as a result of a dividents part payment and offset with the Greek State ,and the increase of the respect account by € 11,7m as a result of 2006 Divident approval.
- Decrease of the social security contributions by €3,8m because of the Christmas benefit contributions which were included in 2006 use .
- Decrease in suppliers balance by € 0,6m.
- Decrease in other taxes-charges by € 1,7m.
- Decrease in customers' advances by approximately €0,7m

## **Notes to the condensed financial statements for the period ended 30<sup>th</sup> September 2007**

### **10. OTHER CURRENT LIABILITIES**

The other current liabilities increased by €8,5m mainly due to:

- the provision for payroll benefits, holiday allowances, and for not taking leave which amounts €16,0m.
- an increase in the provision for Contractors payments by € 0,7 m for works that had already completed however not priced until 30/9/2007.
- a decrease in the provision for transportation and deposition of dehydrated sludge from Psytallia Island by €7,9m. because of a decrease in indisposed tons from 248 thousands in 31/12/2006 to 130 thousands in 30/9/2007.
- an increase in the amount of unpaid checks payable by € 2,2 m.

### **11. INVESTMENTS IN ASSOCIATES**

Investments in associates of € 356 th. include:

a) Participation of the Company at the "Suburbs Gas Company 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%.

During the current period the company's participation in E.A.P's share capital increased by € 105 .As a result at the 30 June 2007 the acquisition cost of E.A.P. rose to €542 and the impairment losses high up to €186.

b) In August 2007 completed the clearance of ETIDI S.A.(Alternative Telecommunications Network S.A.) .The company established in August 2001 and EYDAP participated by 25% .The cost value of the respective participation has been written off in its total.

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

The information provided in balance sheet accounts and the statement of income at 30<sup>th</sup> September 2007 will not be materially differentiated if individual financial statements were prepared, as far as 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 30th September 2007**

**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 30.09.2007 and the year ended at 31.12.2006

**Deferred Assets**

	31/12/2006			30/09/2007	
	Opening Balance	Credit to profit/loss of the period	Ending Balance	Credit to profit/loss of the period	Ending Balance
Expensing of intangible assets	529	(240)	289	<b>(37)</b>	<b>252</b>
Slow moving Inventory	413	68	481	<b>43</b>	<b>524</b>
Employee Benefits liabilities	16.727	1.563	18.290	<b>3.260</b>	<b>21.550</b>
Provisions for Bad Debt	3.448	0	3.448	<b>(316)</b>	<b>3.132</b>
Other Provisions	6.779	508	7.287	<b>412</b>	<b>7.699</b>
Customer Contributions	13.997	744	14.741	<b>1.003</b>	<b>15.744</b>
Depreciation difference from revaluation of useful life	(74)	(1.236)	(1.310)	<b>(908)</b>	<b>(2.218)</b>
Accrual revenues	1.204	1.237	2.441	<b>(1992)</b>	<b>449</b>
Other Deferred tax assets	1.282	(32)	1.250	<b>88</b>	<b>1.338</b>
	<b>44.305</b>	<b>2.612</b>	<b>46.917</b>	<b>1.553</b>	<b>48.470</b>

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 30th September 2007**

**13. BORROWINGS**

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

	<b>30 September 2007</b>	<b>31 December 2006</b>
Bank Loans	<b>129.256</b>	117.213
Greek State Loans	<b>3.142</b>	3.142
	<b>132.398</b>	<b>120.355</b>
The borrowings are repayable as follows:		
On demand or within on year	<b>132.398</b>	114.522
In the second year	<b>0</b>	5.833
Between the third and the fifth year		
After five years		
	<b>132.398</b>	<b>120.355</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>132.398</b>	114.522
Amount due to settlement after 12 months	<b><u>0</u></b>	<b><u>5.833</u></b>

During the current period the Company's short-term borrowings increased totally by €12,0m , according to the disclosed bank agreements because its liquidity was not sufficient enough for repayment. Both long-term and short-term bank loans repayments were made in line with previous disclosed terms.

The Company's loan agreements have been raised under a floating rate and as a result no market risk coming from rate changes incurs. On the contrary ,cash flow risk is relatively low as bank lending is of the short term.

**Notes to the condensed financial statements for the period ended 30<sup>th</sup> September 2007**

**14. LIABILITIES FOR EMPLOYEES BENEFITS**

The account is analyzed as follows:

	<b>30 Septemb. 2007</b>	<b>31 December 2006</b>
Employees' end-of-service indemnities	26.723	26.798
Employees healthcare scheme	148.626	141.653
Special Employees' end-of-service indemnity	735	592
	<b><u>176.084</u></b>	<b><u>169.043</u></b>

Income charges concerning separately the previous mentioned liabilities programmes are based on costs estimation resulted from the actuarial study of 31/12/2006.

**15. SHARE CAPITAL**

The share capital of the Company at 30 September 2007 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 01.01.2006	277.561
Dividends payable	(7.455)
Profit after taxes for the period	27.183
Balance at 30.09.2006	<b><u>297.289</u></b>

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	<b><u>324.560</u></b>

## **Notes to the condensed financial statements for the period ended 30<sup>th</sup> September 2007**

### **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 €56,7m have been raised against the Company as at 30<sup>th</sup> September 2007. 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 €23,7m Against all these potential losses, when the pending litigation will be finalized, EYDAP has formed a provision of €40,6 m. as at 30<sup>th</sup> September 2007 and of € 39,00 millions as at 31 December 2006, 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 imputed until the 30<sup>th</sup> September 2007.

#### **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<sup>th</sup> September 2007 an amount of € 371,35 millions, for which it has the right to receive a subsidy of around €222,81 millions (371,35\*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<sup>th</sup> September 2007 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 €213,73 millions (222,81-9,08). Therefore this amount has not recorded in the accounts

## **Notes to the condensed financial statements for the period ended 30<sup>th</sup> September 2007**

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 €3,00m while the previous period by € 4,35m approximately and the net equity at 30<sup>th</sup> September 2007 would be improved by around €28,00m .

**(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 €554,57 millions ,the proportional subsidy of € 332,74m must be finalized between the company and the Greek State.

### **18. EVENTS AFTER THE BALANCE SHEET DATE**

In the section of its strategic expansion in the power energy production, a call tender signed and the construction of a coproduction thermo-electric power station of 14MW using biogas at the Wastewater Treatment Plant of Psytallia has already started.

The Small Hydroelectric Work has been auctioned and the respective contract is expected to sign within 2007.

In the beginning of August an application submitted concerning the permission of a 2mwp photovoltaic production station in the company's installations in Menidi.

A contract concerning the construction of sewerage pipelines in regions of Marousi and Gerakas municipalities signed in October.

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

In the beginning of May the company took over and embodied in its network the water supply network of New Peramos Municipality apart from the network of Agios Panteleimonas settlement which will be delivered fully completed by the Municipality until the 31<sup>st</sup> 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 supply networks of Megara-New Erithrea-Keratea-Vrilisia-and Vari Municipalities,as discussions for further network co-optations continue.



**Notes to the condensed financial statements for the period ended 30 June 2007**

**19. RELATED PARTY TRANSACTIONS**

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

	<b>30<sup>th</sup> Sept. 2007</b>	<b>30<sup>th</sup> Sept. 2006</b>
- Salaries (Chairman & CEO and Executive Consultants)	148	146
- Salaries & participation fees of the Members of the Board of Directors	105	111
	<b><u>253</u></b>	<b><u>257</u></b>

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

<b>1) Transactions</b>	<b>30th Sept. 2007</b>	<b>30<sup>th</sup> Sept. 2006</b>
- Revenues	54.680	43.892
- Cost of sales (construction works cost)	(778)	(1.452)
- Provisions	(891)	(1.843)
<b>2) Outstanding amounts</b>	<b>30<sup>th</sup> Sept. 2007</b>	<b>31 Dec. 2006</b>
- Long term receivables (Works(construction contracts) for third parties))	92.363	91.538
- Long term receivables (Arrangements of Municipalities)	5.958	3.508
- Trade receivables	143.793	124.979
- Other receivables (coverage of Employees' end-of-service indemnity)	7.373	8.714