

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

***INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTH
PERIOD ENDED 30 JUNE 2007***

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

***DOMICILIATION
OROPOU 156
GALATSI***

TABLE OF CONTENTS

	Σελίδα
GENERAL INFORMATION FOR THE COMPANY	3
CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2007 & 2006	4
CONDENSED BALANCE SHEETS AT 30 JUNE 2007 AND AT 31 DECEMBER 2006	5
CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 JUNE 2007 & 2006	6
CONDENSED CASH FLOW STATEMENTS FOR THE PERIODS ENDED 30 JUNE 2007 & 2006	7
NOTES TO THE CONDENSED FINANCIAL STATEMENTS	8
AUDITORS REPORT FOR THE INTERIM CONDENSED SIX MONTHS PERIOD FINANCIAL STATEMENTS	18

The Condensed Financial Statements, page 3 to 17, were approved by the Board of Directors on 28 August 2007. Under the permission of the Board of Directors the following officers named below sign the Financial Statements:

Athens 28 August 2007,

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
--	---	--	--

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.Mastraggelopoulos, A.Protonotarios, K.Galanis, E.Moutafis
Ending Day of the Period:	30 June 2007
Period:	6 months
Form of Financial Statements:	Interim Condensed - First Half
Date of Approval of Financial Statements:	28 August 2007
Chartered Public Accountants:	M. Hatzipavlou and E. Giouroukos
Auditing Company:	Deloitte Hatzipavlou, Sofianos & Kampanis Public Accountants and Business Consultants SA
Auditors Report For the Interim Condensed Financial Statements	Qualified Opinion (1)
Internet address where the Financial Statements are registered:	www.eydap.gr

(1) Review concerning second quarter's independent results has not been carried out by the certified Auditors thus justifying exemption in their Review Report. According to the clauses of the Decree-Law 360/1985 auditors' review is anticipated only for the first half condensed accounts.

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 JUNE 2007 & 2006

	NOTES	30.06.2007	30.06.2006	01.04.- 30.06.07	01.04.- 30.06.06
		<i>Amounts in</i>			
			<i>Thousands of Euro</i>		
Revenue from services rendered	3	179.572	167.287	96.371	90.100
Cost of Services	3	(101.155)	(99.956)	(52.098)	(52.334)
Gross Profit		78.417	67.331	44.273	37.766
Other Operating Income		1.167	1.396	422	899
General and administration expenses	3	(41.743)	(38.947)	(22.038)	(20.015)
Distribution and selling expenses	3	(16.516)	(14.599)	(7.966)	(7.276)
Profit from operating activities		21.325	15.181	14.691	11.374
Other operating expenses		(2.227)	(1.743)	(2.012)	(1.201)
Finance income net		1.435	1.184	731	701
Finance costs net		(2.891)	(2.010)	(1.518)	(1.201)
Profit from ordinary activities before income taxes		17.642	12.612	11.892	9.673
Income tax expense	4	(5.109)	(3.839)	(2.444)	(2.671)
Net profit for the year		12.533	8.773	9.448	7.002
Earnings per share (in €)	5	0,12	0,08	0,09	0,07

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

3. CONDENSED BALANCE SHEETS AT 30 JUNE 2007 AND AT 31 DECEMBER 2006

	NOTES	30.06.2007	31.12.2006
ASSETS			
<i>Amounts in thousands of Euro</i>			
Non-current assets			
Goodwill		3.873	3.357
Other Intangible assets		2.694	2.896
Property, plant and equipment, net	7	972.361	973.692
Investment in associates	11	356	203
Available-for-sale Investments		1.030	864
Long-term receivables		97.651	97.467
Deferred tax assets	12	48.108	46.917
Total non-current assets		1.126.073	1.125.396
Current assets			
Materials and spare parts, net		17.884	17.039
Trade receivables, net	8	242.491	230.066
Other receivables, net		24.701	26.620
Cash and cash equivalents		19.563	14.018
Total Current assets		304.639	287.743
Total Assets		1.430.712	1.413.139
LIABILITIES AND SHAREHOLDER'S EQUITY			
Equity			
Share Capital	15	63.900	63.900
Share Premium		40.502	40.502
Reserves		375.328	375.160
Retained Earnings	16	302.581	301.763
Total Equity		782.311	781.325
Non-current liabilities			
Long term loans and borrowings	13	0	5.833
Reserve for employees benefits	14	173.790	169.043
Provisions		40.059	38.980
Investment subsidies and customer contributions		205.567	205.173
Consumers' guarantees		15.401	14.877
Total non-current liabilities		434.817	433.906
Current Liabilities			
Operating Current Liabilities	9	26.799	40.927
Current tax liabilities		7.148	5.995
Short term loans and borrowings	13	134.694	114.522
Other current liabilities	10	44.943	36.464
Total Current Liabilities		213.584	197.908
Liabilities and Shareholder's Equity		1.430.712	1.413.139

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 PERIODS
ENDED 30 JUNE 2007 & 2006**

2006	Share Capital	Share Premium	Legal reserve	Other non-taxable reserves	Other reserves	Retained Earnings	Total Equity
Equity Balance at 1/1/2006	63.900	40.502	14.834	358.283	158	277.561	755.238
Profit / (Losses) of the year, after tax						8.773	8.773
Dividends						(7.455)	(7.455)
Net Profit from revaluation of available-for-sale investments					42		42
Other							
Equity Balance at the end of 30 June 2006	63.900	40.502	14.834	358.283	200	278.879	756.598

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						12.533	12.533
Dividends						(11.715)	(11.715)
Net Profit from revaluation of available-for-sale investments					168		168
Others							
Equity Balance at the end of 30 June 2007	63.900	40.502	16.500	358.283	545	302.581	782.311

**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 PERIODS ENDED 30 JUNE 2007 & 2006

	<u>1.01-30.06-2007</u>	<u>1.01-30.06-2006</u>
<u>Cash Flows from operating activities</u>		
Profit before tax	17.642	12.612
Adjustments for:		
Depreciation and amortization	14.598	14.714
Amortization of customers' contributions and subsidies	(4.238)	(4.139)
Impairment of participating interests	(48)	0
Provisions	1.344	3.765
Interest and related income	(1.387)	(1.184)
Interest and related expense	2.891	2.010
Operating income before working capital changes / changes in operating assets and liabilities		
(Decrease in) Increase in		
Trade receivables	(12.518)	(23.439)
Other receivables	(6.299)	(7.274)
Long-term receivables	(183)	24
Materials and spare parts	(1.018)	41
Increase in (Decrease in)		
Operating Current Liabilities	(10.059)	(8.326)
Other current liabilities	8.479	12.630
Consumers' guarantees	525	394
Reserve for employees benefits	4.747	4.750
Minus:		
Interest and related expenses paid	(2.651)	(1.739)
Income Tax paid	(4.676)	(5.802)
Net cash from operating activities (a)	<u>7.149</u>	<u>(963)</u>
<u>Cash Flows from investing activities</u>		
Interest and related income received	922	852
Purchases of property, plant, and equipment	(12.552)	(11.183)
Purchases of intangible assets	(1.030)	(853)
Proceeds from customers' contributions and subsidies	4.631	2.277
Investments in associates	(105)	(123)
Net cash from investing activities (b)	<u>(8.134)</u>	<u>(9.030)</u>
<u>Cash Flows from financing activities</u>		
Proceeds from borrowings	38.994	53.700
Repayments of borrowings	(24.833)	(40.600)
Dividends paid	(7.631)	(3.999)
Net cash from investing activities (c)	<u>6.530</u>	<u>9.101</u>
Net (decrease) increase in cash and cash equivalents		
(a) + (b) + (c)	<u>5.545</u>	<u>(892)</u>
Cash and cash equivalents, beginning of period	14.018	12.221
Cash and cash equivalents, end of period	<u>19.563</u>	<u>11.329</u>

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 June 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 December 2006.

3. RESULTS FOR THE PERIOD

REVENUES

The company's revenues increased by €12,3 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 1st 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.

COST OF GOODS SOLD

The cost of goods sold increased by €1,2 m. This increase was caused mainly by:

The increase:

- in payroll by approximately €4,4m, 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 31st 2006.)

The decrease:

- in the provision for doubtful debts which were € 93th for the current period
- in costs for third party works by €0,6m
- in the provision concerning legal cases, which is €1,3m lower than that of the same period last year.

ADMINISTRATIVE COSTS

The administrative costs increased by € 2,8 m mainly due to the increase:

- of payroll by €2,00m 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 31st 2006.
- of other expenses by €0,8m approximately.

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

DISTRIBUTION COSTS

The distribution costs increased by € 1,9 m mainly due to the increase:

- in payroll by €1,7m 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 31st 2006.
- of other expenses by €0,2m approximately.

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:

	30.06.2007	30.06.2006
Profit before tax	17.642	12.612
Income tax calculated with the current tax rate (25% and 29% respectively)	4.410	3.657
Tax of unaudited by tax authorities fiscal years	500	456
Tax over non-deductible tax expenses	199	(274)
	5.109	3.839

5. EARNINGS (LOSS) PER SHARE

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

	30.06.2007	30.06.2006
Earnings	12.533	8.773
Number of shares	106.500	106.500
Earnings per share	0,12	0,08

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 01/01/2007-30/06/2007, the company spent €11,26m, in order to improve and expand the water supply and sewerage networks plus € 2,0m 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 June 2007

8. CUSTOMERS

The customers balance increased in the current period by €12,4m approximately. This is mainly caused by :

- The increase of claims towards the Greek State ,and Municipalities by approximately € 5,8m.
- The increase of measured , however not priced water consumptions by approximately € 6,6m until 30/06/2007.
- 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 arise 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 € 26m at 30/6/2007.

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 1.885.725 at 30/6/2007) 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 €14,1m 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 dividends 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 €3,5m because of the Christmas benefit contributions which were included in 2006 use .
- Decrease in suppliers balance by €3,3m.
- Decrease in other taxes-charges by €2,1m.
- Decrease in customers' advances by approximately €0,6m

Notes to the condensed financial statements for the period ended 30 June 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 €12,5m. At the end of the year this provision is not incurred.
- Increase in the provision for Contractors payments by € 2,0m for works that had already completed however not priced until 30/6/2007.
- Decrease in the provision for transportation and deposition of dehydrated sludge from Psytallia Island by €6,2m. because of a decrease in indisposed tons from 248 thousands in 31/12/2006 to 170 thousands in 30/6/2007.

11. INVESTMENTS IN ASSOCIATES

Investments in associates of € 356th. 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) 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.(Decision 39 - 10/2/2005 Greek Accounting Standards)

The information provided in balance sheet accounts and the statement of income at 30 June 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 30 June 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 30.06.2007 and the year ended at 31.12.2006

Deferred Assets

	2006			06/2007	
	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	(8)	281
Slow moving Inventory	413	68	481	43	524
Employee Benefits liabilities	16.727	1.563	18.290	2.687	20.977
Provisions for Bad Debt	3.448	0	3.448	(316)	3.132
Other Provisions	6.779	508	7.287	270	7.557
Customer Contributions	13.997	744	14.741	857	15.598
Depreciation difference from revaluation of useful life	(74)	(1.236)	(1.310)	(611)	(1.921)
Accrual revenues	1.204	1.237	2.441	(1.681)	760
Other Deferred tax assets	1.282	(32)	1.250	(50)	1.200
	44.305	2.612	46.917	1.191	48.108

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 June 2007

13. BORROWINGS

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

	30 June 2007	31 December 2006
Bank Loans	131.552	117.213
Greek State Loans	3.142	3.142
	134.694	120.355
The borrowings are repayable as follows:		
On demand or within on year	134.694	114.522
In the second year	0	5.833
Between the third and the fifth year		
After five years		
	134.694	120.355
Less: Amount due for settlement within 12 months (shown under current liabilities)	134.694	114.522
Amount due to settlement after 12 months	<u>0</u>	<u>5.833</u>

During the current period the Company's short-term borrowings increased totally by €14,3m , 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 June 2007

14. LIABILITIES FOR EMPLOYEES BENEFITS

The account is analyzed as follows:

	30 June 2007	31 December 2006
Employees' end-of-service indemnities	26.757	26.798
Employees healthcare scheme	146.346	141.653
Special Employees' end-of-service indemnity	687	592
	<u>173.790</u>	<u>169.043</u>

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 June 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	8.773
Balance at 30.06.2006	<u>278.879</u>

Balance at 01.01.2007	301.763
Dividends payable	(11.715)
Profit after taxes for the period	12.533
Balance at 30.06.2007	<u>302.581</u>

Notes to the condensed financial statements for the period ended 30 June 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 June 2007. These lawsuits are mainly related with damages caused by floods (either because of broken mains or 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 €40,00 millions as at 30 June 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 June of 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 June 2007 an amount of € 363,16 millions, for which it has the right to receive a subsidy of around €217,89 millions (363,16*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 June 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 €208,81 millions (217,89-9,08). Therefore this amount has not recorded in the accounts

Notes to the condensed financial statements for the period ended 30 June 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 €2,00m while the previous period by € 2,9m approximately and the net equity at 30 June 2007 would be improved by around €27,00m .

(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 €526,61 millions ,the proportional subsidy of € 315,96m 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.

An auctioning for the construction of a Small Hydroelectric Work has been scheduled for September.

In the beginning of August an application 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 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 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 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

	30 June 2007	30 June 2006
- Salaries (Chairman & CEO and Executive Consultants)	100	129
- Salaries & participation fees of the Members of the Board of Directors	70	69
	<u>170</u>	<u>198</u>

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

1) Transactions	30 June 2007	30 June 2006
- Revenues	30.326	24.302
- Cost of sales (construction works cost)	(552)	(1.179)
- Provisions	(89)	(1.140)
2) Outstanding amounts	30 June 2007	30 June 2006
- Long term receivables (Works(construction contracts) for third parties))	92.124	91.538
- Long term receivables (Arrangements of Municipalities)	2.919	3.508
- Trade receivables	135.633	124.979
- Other receivables (coverage of Employees' end-of-service indemnity)	4.532	8.714

Report on Review of Interim Financial Information

To the Shareholder's of the 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, 2007 and the related condensed interim income statement, cash flows statement and statement of recognised income and expenses of the Company for the six-month period then ended, as well as the selected explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union and apply to interim financial reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", to which the Greek Auditing Standards refer. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Basis for Qualified Conclusion

Our review was performed for the six month period as a whole, and did not include the review of the individual financial information and results for the second quarter of 2007 separately, which are presented in the attached financial information.

Conclusion

Except for the adjustments to the interim financial information for the second quarter of 2007 that we might have become aware of had we have conducted the review of the financial information and results for that quarter, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

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

1. The Company according to its establishment Law 2744/99, signed an Agreement 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 funds 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 30.06.2007 has incurred expenses for capital expenditure amounting to approximately Euro 363 million for which it should receive a subsidy amounting to approximately Euro 218 million (ie $363 * 60\%$) while in accordance with the aforementioned contract the Company claims is also a subsidy for maintenance expenses. The Company against the subsidy to which it is entitled to, has received as of 30.06.2007 an amount of approximately Euro 9 million. In accordance with the principle of prudence, the above receivable of the Company from the Greek State amounting to Euro 209 million approximately (218 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 would have been improved (profit) by Euro 2 million approximately, the previous period's results by Euro 2,9 approximately and Shareholders Equity increased by Euro 27 million approximately.

It is clarified that based on the decision of 10.08.2004 of the Extraordinary General Assembly of shareholders the Investment program of company was modified; however such modification does not affect the above company's claim against the Greek State.

2. As already mentioned in our above matter of emphasis number 1, the amount of approximately Euro 218 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 527 million approximately, it was not possible to isolate the amount related to maintenance expenses. Even though in the relevant 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. of a subsidy amount representing 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 28, 2007

The Certified Public Accountants

Michael Hadjipavlou
RN SOEL . 12511

Epaminondas Giouroukos
RN SOEL Reg. No. 10351

Deloitte.

Hadjipavlou Sofianos & Cambanis S.A..
Kiffissias Av. 250-254
15231 ChaladriAthens,
Reg. No. SOEL: E 120