ΕΤΑΙΡΙΑ ΥΔΡΕΥΣΕΩΣ & ΑΠΟΧΕΤΕΥΣΕΩΣ ΘΕΣΣΑΛΟΝΙΚΗΣ Α.Ε.

Annual Financial Statements
For the fiscal period from January 1st, 2007 to December 31st, 2007
In compliance with the International Financial Information Standards

It is certified that the attached Annual Financial Statements are the ones that were approved by the Board of Directors of the "WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI S.A." on March 26th 2008 and have been published in the press as well as posted in Internet on the site www.eyath.gr. It is also underlined that the published in the press concise financial information aim at providing the reader with specific general financial information but not the complete state of the financial condition and results of the Company, in compliance with the International Financial Information Standards. It is furthermore stressed that, for purposes of simplification, the in the press concise financial information some sums have been roundup and reorganized.

Dr. Skordas I. Georgios	*Professor Pavlos Smyris*
Chairman of the Board of Directors	*1st Co-chairman of the BoD*
& Managing Director	*of the BoD*

WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI S.A.

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AUDITORS' REPORT

To the stockholders of the company "WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI S.A."

Notes on the Financial Statements ………………………………………………..

We have audited the attached Financial Statements of the company "WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI S.A." (the "Company"), that consist of the balance-sheet of December 31st 2007, and the statements of results, adjustments of owner's funds and cash flows of the fiscal year that expired on this date, as well as summary of the significant accounting policies and other explanatory notes.

Responsibility of the Management for the Financial Statements

The management of the Company has the responsibility of the drawing up and reasonable presentation of these Financial Statements in compliance with the International Financial Information Standards, as adopted by the European Union. This responsibility includes the planning, implementation and maintenance of the internal control system with regard to the drawing up and the rational presentation of Financial Statements, without any significant inaccuracies due to fraud or error. This responsibility also includes the choice and implementation of suitable accounting policies and the performance of reasonable – for the circumstances – accounting estimations.

Auditors' Responsibility

Our own responsibility is the formulation of an opinion on these Financial Statements, based on our audit. We perform the audit according to the Greek Accounting Standards that are harmonised with the International Accounting Standards. These Standards require our conformity with the rules of ethics and the planning and performance of our audit, aiming at the reasonable guarantee that the Financial Statements do not exhibit any significant inaccuracies.

The audit includes the performance of processes for the collection of auditing evidence, with regard to the sums and the data included in the financial statements. The processes are selected according to the opinion of the auditor and include the risk estimation of any significant inaccuracy in the financial statements due to fraud or error. For the estimation of such risk, the auditor takes into consideration the internal control system with regard to the drawing up and rational presentation of the financial statements, aiming at the planning of the auditing processes of the financial statements and not for the formulation of an opinion on the effectiveness of the internal control system of the Company. This audit also includes the evaluation of the appropriateness of the accounting policies applied and reasonability of the estimations made by the management, as well as evaluation of the overall presentation of the financial statements.

(The amounts are expressed in thousand Euro)

We believe that the auditing evidence that we have collected have been sufficient and suitable for the formulation of our opinion.

Opinion

According to our opinion, the attached Financial Statements reasonably present, on all essential aspects, the financial situation of the Company on December 31 2007, its financial performance and its Cash Flows for the fiscal year that expired on this date, according to the International Financial Information Standards, as they were adopted by the European Union.

Without any reservation concerning the conclusions of our audit, we draw your attention to the fact that the tax statements of the Company for the fiscal years 2001 up to 2007 have not been audited by the tax authority, so that additional taxes and surcharges might incur on their auditing and finalization. At this stage, it is unfeasible to predict the outcome of these tax inspections and as a consequence, no provision has been made in the financial statements in this respect.

Report on other legal and normative issues

The Report of the Board of Directors comprises information provided for by article 43a, paragraph 3 of R.N. 2190/20 as well as by article 11a of L.3371/2005 and its content is consistent to the attached financial statements.

Thessaloniki, March 26, 2008

The Auditors

Andreas Dim. Tsamakis	**Margarita Konstantia Ant. Vassiliadou**
S.O.E.L. Registration Number 17101	**S.O.E.L. Registration Number 12861**

BDO
Πρότυπος Ελληνική Ελεγκτική ΑΕ
Ορκωτοί Ελεγκτές Λογιστές
Πατησίων 81 & Χέϋδεν, 104 34 Αθήνα
Α.Μ. ΣΟΕΛ 111

REPORT

OF THE ADMINISTRATION HELD BY THE BoD OF EYAΘ S.A.

WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI S.A.

FOR THE 8TH CORPORATE FISCAL YEAR (January 1, 2007 - December 31, 2007)

TO THE REGULAR GENERAL ASSEMBLY

Mr. Mr. Shareholders,

We submit for approval to you the financial statements of the Company EYAΘ SA for the 8th corporate fiscal year from 1-1-2007 to 31-12-2007. The fiscal year that expired is the 8th one since its foundation as a Joint Stock company and it is also profitable, just like all the previous ones.

The present financial statements have been drawn up according to the adopted by the European Union International Accounting Standards. The implementation of these standards is compulsory for the Companies listed in the Athens Stock exchange also for the fiscal years ending after 31-12-2004.

The company under the trade name "WATER SUPPLY AND SEWERAGE SYSTEMS OF THESSALONIKI", and the discreet title "EYAΘ" (henceforth the "COMPANY" or "EYAΘ SA") was founded in 1998 (Law no. 2651/3-11-1998 (Official Gazette of the Hellenic Republic A΄ 248/2-11-1998) and derived from the merging of the joint Stock Companies "Water Supply of Thessaloniki SA" (OYΘ SA) and "Sewerage Systems of Thessaloniki SA" (OAΘ SA), that had been transformed into joint stock companies within 1997.

1. AIM AND SCOPE OF THE COMPANY

A) The provision of water supply and sewerage services, the study, manufacture, installation, operation, utilization, management, maintenance, expansion and renewal of the water supply and sewerage systems. Among the these activities and works, pumping, desalination, treatment, storage, transport, distribution and management of any kind of waters supplied are included, as well as the works and the activities of collection, transport, treatment, storage and management of any kind of sewages (except toxic ones) and the treatment, distribution, disposal and management of the products of the sewerage networks.

B) The realisation of investments for the improvement of the infrastructures of the Company.

C) The supply of any kind of telecommunications services, especially via the water supply or sewerage networks.

D) The output, especially by the utilization of the water deriving from sources, dams, aqueducts and ducts, as well as the sale of electric power.

(The amounts are expressed in thousand Euro)

2. PRICING POLICY

By virtue of the no. 608/27-7-2001 Common Ministerial Decree of the Ministers of National Economy and Finance and Macedonia – Thrace, the tariffs of benefit of the water supply and sewerage services were determined and shaped for the period 2002-2007 as follows:

With regard to the water supply, weighted average increases of the tariffs were applied as follows:

Year	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Increase on the 1st January of each year	3%	4%	5%	5%	5%	5%

With regard to the sewerage, the fees for the usage of a sewer for the common consumers was gradually increased (1-1-2003 : 55% and 1-1-2005: 58%) until 1-1-2006 so that on this date it amounts to the 60% on the price of water consumed.

The BoD of the Company by its no. 517/2006 decision approved the new pricing policy for the five-year period 2007 – 2011, which was ratified by virtue of the no. 11741/29-12-2006 CMD of the Ministers of Economy and Finance and Macedonia - Thrace, (OFFICIAL GAZETTE OF THE HELLENIC REPUBLIC 202, Issue B' 16-2-2007) that will be applied from May 2007 and will concern consumptions of water since 1/1/2007.

According to the new pricing policy, the water supply, weighted average increases of the tariffs for the period 2007-2011 will be as follows:

Year	**2007**	**2008**	**2009**	**2010**	**2011**
Increase on the 1st January of each year	5%	5%	4%	4%	4%

According to the new pricing policy, the fees for the usage of a sewer for the common consumers were gradually increased per year as follows:

(The amounts are expressed in thousand Euro)

	PRICES 2006	2007	2008	2009	2010	2011
Percentage on the price of water consumed	60%	64%	68%	72%	76%	80%

3. RISKS PANAGEMENT

A. RISKS CONCERNING THE SECTOR IN WHICH THE COMPANY IS ACTIVATED

As concerning any future opening of the market, in compliance to the Community law and the likely impact on the Company, it is mentioned that because of the nature of the infrastructure installed (mainly underground networks and reservoirs), the water supply-sewerage sector constitutes the characteristic example a natural monopoly, where the development of alternative networks and the creation of conditions of competition, where the consumers could select among several suppliers of treated (potable) water, is extremely difficult.

It is pointed out that from all the countries of the European Union, but the rest of the world as well, the water supply-sewerage services are provided by private or state owned companies (or Local Authority Organisations) without the development of competition, within the regions in which these companies provide their services, being an option.

These special characteristics of the of water supply and sewerage sector (that differentiate the particular public utility sector), are acknowledged by the European Union and, up to nowadays, no issue of suppression of the monopolistic character of this sector and development of competition have ever risen, as in the case of the telecommunications service provision, suggestively.

Consequently, at least in near future, there does not seem to be any chance of development of competition in this sector. The only case in which, by any chance, future Community legislation imposes some form of competition, is in case it requires the choice of the water supply-sewerage service provider takes place via the process of tender, so as, through this approach, competition – not on the level of the services provided, but rather at the stage of choice of this legal entity, which managing the already existing water supply and sewerage networks will provide services to the consumers – to be developed.

B. Financial Risk Factors

The main financial tools of the Company are cash, bank deposits, commercial and other claims and liabilities and bank loans as well. The Management of the Company regularly examines and revises the relevant policies and processes with regard to the management of financial risks, such as the credit risk and the liquidity risk, described below:

A. Market Risk

(i) Exchange Risk

The Company does not anticipate any exchange risks as during the closing fiscal year it had not realized any transactions in foreigner currency and all of its assets and claims was in euro.

(ii) Price Risk

As concerning price risk, the Company is not exposed to any significant variable fluctuation risk which determines both income and cost.

(iii) Cash flows and fair value of risk interest-rate

The Company does not anticipate any interest-rate risk, since it borrows at a fixed interest-rate.

B. Credit risk

The Company follows a clear credit policy which is consistently implemented. Moreover, it has a big number of customers and consequently the wide dissemination of its clientele contributes to the existence of low credit risk in comparison to these claims. The Management of the Company permanently observes the financing condition of its customers, the size and the limits of the credits provided. At the end of the fiscal year, the management considered that there is no significant credit risk that could not be covered by some guarantee or by sufficient provision of precarious claims. The greatest expose in credit risk is reflected in the height of each asset.

C. Liquidity risk

Liquidity risk is kept at low levels by means of the availability of adequate cash reserves.

The ending of the financial liabilities on December 31, 2007 (December 31, 2006) for the Company is analyzed as follows:

TABLE OF FINANCIAL LIABILITIES ENDING 31/12/2007

(The amounts are expressed in thousand Euro)

	2007			
	Short-term		Long-term	
	within 6 months	from 6 to12 months	from 1 to 5 years	later than 5 years
Bank Loans	794	814	2.958	152
Other long-term liabilities				9.444
Suppliers and other liabilities	8.445	7.597		
Short-term tax liabilities	5.435			
Total	**14.674**	**8.411**	**2.958**	**9.596**

TABLE OF FINANCIAL LIABILITIES ENDING 31.12.06

	2006			
	Short-term		Long-term	
	within 6 months	from 6 to12 months	from 1 to 5 years	later than 5 years
Long-term Loans	794	806	4.098	619
Other long-term liabilities				8.676
Suppliers and other liabilities	7.780	5.952		
Short-term tax liabilities	3.779			
Total	**12.353**	**6.758**	**4.098**	**9.295**

Capital Risk Management

The aim of the Company, when managing capitals, is to ensure its continuous activity, in order to provide profits to the stockholders and benefits to all other interested parties, as well as to maintain a capital structure, which is to deminish the capital cost.

In order to maintain or adjust the capital structure, the Group has to adapt the amount of dividends and the capital return to the stock-holders, issue new stocks or sale assets, so as to decrease debt.

The capital is survayed on the basis of a ranking up factor. The factor is estimated as the net debt divided by the total capital. Net debt is estimated as the total loan (short- and long-term loans included as they appear in the balance-sheet) less cash at hand. Total capital is estimated as the owner's capitals appearing in the balance-sheet plus net debt.

	2007	2006
Total Loan	4.718	6.317

(The amounts are expressed in thousand Euro)

Less : Cash at hand	(13.152)	(10.358)
Net debt	**(8.434)**	**(4.041)**
Total owner's equity	82.442	73.318
Total capital	**74.008**	**69.278**
Ranking up factor	**-11,40%**	**-5,83%**

Plausible value

The amounts in which the reservesat hand, the claims and the short-term liabilities appear in the balance-sheet, are close to their respective plausible values due to their short-term expiry.

4. AREA OF ACTIVITIES OF EYAΘ SA & ITS EXPANSION

According to article 26 of Law 2937/2001, the area in which the Company is able to provide its services and perform its activities, is the following:

✶ AS FOR WATER SUPPLY: the Municipalities of Thessaloniki, Ampelokipi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Efkarpia, Triandria, Eleftherio Kordelio, Evosmos, Stayroupoli, Panorama, as well as the industrial zone of Thessaloniki.

✶ AS FOR SEWERAGE, the area serviced by EYAΘ SA is divided into five regions:

"Region A" includes the Municipalities of Thessaloniki, Ampelokipi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Triandria, Diabata, Eleftherio Kordelio, Evosmos, Stavroupoli, Pylaia, Panorama, Oreokastro, the municipal regions of Ionia and Kalohori at the Municipality Echedoros and the Community of Efkarpia.

"Region B" includes the region encircled by the Gallikos and Axios rivers up to the sea, in which the industrial zone of the greater Thessaloniki, the municipal region of Sindos at the Municipality of Echedoros, the municipal regions of Agios Athanassios, Agchialos and Gefyra at the Municipality Ag. Athanassios and the municipal regions of Chalastra and Anatoliko at the Municipality of Chalastra are included.

"Region C" includes the area of the upland of the City of Thessaloniki and includes the Community of Pefka and the Municipal regions of Asbestochori, Exochi, Filyro at the Municipality of Chortiatis.

"Region D" extends from the Municipalities of Kalamaria and Panorama up to the municipal baths of Sedes and up to the airport of Mikra and includes the Industrial zone and the Municipal regions of Thermi, N. Redestos, N. Rysio and Tagarades at the Municipality of Thermi and the Municipal region of Agia Paraskevi at the Municipality of Vasilika.

"Region E" extends from the airport of Mikra and the Municipal regions of N. Rysio and

Tagarades of Ag. Paraskevi up to the sea and it includes the Municipal regions of Ag. Triada, Perea, N. Epivates at the Municipality of Thermaikos and the municipal regions of N. Michaniona, Emvolo and Aggelochori at the Municipality Michaniona.

The Company by virtue of a contract signed between each Municipality and ΕΥΑΘ Παγίων can undertake the existing network of the Local Authorities that is found in one of the above mentioned regions and the obligation to provide water supply or sewerage services in the Municipality concerned.

The Company by virtue of a contract signed between each Municipality and ΕΥΑΘ Παγίων and by virtue of a common decree of the Ministers of Internal Affairs, Public Administration and Decentralisation, Economy, Development, and the Ministry of Environment, Urban Planning and Public Works and Macedonia-Thrace, can expand its activity to a region the Local Authorities outside the above mentioned regions.

In 2007 the mapping of the Municipalities of Pylaia, Oreokastro and Pefka was completed. Within 2008 the replacement of the hydrometers will be implemented, so as until June 2008 the measurement of the water supplied to the new customers of the Company to be enabled, along with its pricing. The number of the new customers from the implementation of the above mentioned Municipalities will be about 22.000.

Within 2008 the mapping of the Municipal Districts of Magnisia, Diavata, Kalochori and Sindos of the Minicipality of Echedoros will be implemented, aiming at - until 31/12/2008 - all the Company's new citizens-customers of this Municipality (amounting at about 15.000) to be registered. It is estimated that until March 2009 the replacement of all hydrometers will be implemented.

Finaly, within 2009 it is expected the area of Nikopolis to be placed among the region of responsibility of ΕΥΑΘ S.A. This area at the moment belongs as of 80% to the Municipality of Stavroupolis and as of 20% to the Municipalities of Polichni and Evosmos.

5. OBJECTIVES AND STRATEGIES

The Strategy of the Company aims at the fulfilment of its obligations as a Public Utility in combination with the increase of the fortune of the stock-holders.

To this aim, it seeks the improvement of the quality of the services provided by means of the investment program, the improvement of infrastructures, the expansion of the Technological infrastructures through the usage of sophisticated software and the development of specialised computer applications.

The prime mover of the Company is the personnel of ΕΥΑΘ SA, the wages of whom are regulated by virtue of Collective Contracts with the Business.

6. RESULTS AND EXPECTATIONS

2007 was a particularly positive year for ΕΥΑΘ SA, something that is recorded in the Financial Statements published.

More specifically, the turnover amounted to the sum of € 70.100 in comparison to the € 66.035 of the previous year, exhibiting an increase of € 4.065 or 6,15%. Respectively, the other operation income for the year 2007 amounted to € 7,118 in comparison to the 6.225 €, showing an increase of (thousand) € 963 or 15.5%.

Similarly significant was also the of the pre Tax Profits of the Company in year 2007, amounting to the sum of € 17.487 in comparison to the € 13,656 of the previous year 2006, exhibiting an increase of € 3,831 or 28.05%.

Finally, the after Tax Profits in the year 2007, were shaped in the amount of € 12,741 in comparison to the € 9.640, increasing by € 3,101 or 32.17%.

The turnover of the Company derived from the sales of water supply and sewerage services as well as from the construction of works on behalf of third parties.

The increase of the turnover is due to the adjustment of the tariff in 2007 (see Chapter 2 hereto) as well as to the regular increase of the number of consumers in the already existing area of its activities.

In addition, by virtue of the 24/2007 decision of the BoD of the Company on 24/1/2007, the levy of deferred payment interest was approved, concerning customer's bills expired as well as the levy of annual interest rate equal to 10,75%, which led to an increase of the income from deferred payment interest of €630.000.

The increase of the Profits was due to the rationalization of expenses. The gross Profit of the Company in 2007 amounted to € 24,343 in comparison to the € 21.323 of the previous year. I.e., the increase of the Gross Profit reached the amount of € 3020 or 14.16%.

The pre tax profits, as well as the profits from Interest and Depreciations (EBITDA), of ΕΥΑΘ SA were shaped during the current year, in € 22.204 in comparison to the € 18,873, increasing by € 3,331 or 17.64%.

Finally the cash reserves and the opening equivalents of the fiscal year amounted in 2006 to € 13.152 in comparison to the 10.358, exhibiting an increase of € 2.794 or 26,97%.

The results of 2007 in combination with the new pricing policy, the policy of expansion of its area of activities and the new investment program allow us to be optimistic as far as the future is concerned.

7. DIVIDEND POLICY

With the increase of the Profits of the Company granted, the Management of the Company suggests the distribution of dividend equal to 0,10€ per share. More specifically, it is suggested that the Dividend amounts to the sum of € 3.630 for the fiscal year 2007 in comparison to the amount of € 3.267 in the previous fiscal year 2006, for the whole of 36.300,000,00 unregistered shares.

Moreover, the distribution of 350.000€ from the profits to the workers of ΕΥΑΘ SA as well as to actions of the Company's Social Trust. The General Assembly will determine the way in which the distribution is to be performed.

Concluding the present report, we stress that we are at your disposal for any further information or explanation on the above mentioned issues.

In their Indexes that follow, the overall activity of the Company and its efficiency in each individual sector is represented.

Measurement of the efficiency and indexes.

- Course Indexes
  -Turnover: 6,16%

- Output and efficiency Indexes
  - Margin of gross profit
    {Sales - Cost of items sold /Turnover (%)} 34,73%
  - Margin of pre tax – interest – depreciations profit (EBITDA)
    {Pre tax - interest – depreciations Profits /Turnover (%)} 31,67%
  - Operation profits (EBIT)
    {Pre tax - interest – depreciations Profits /Turnover (%)} 24,01%
  - Net profit margin (EBT)
    {Pre tax - interest – depreciations Profits /Turnover (%)}
    24,94%

- Net profit margin after tax
  {Pre tax Profits /Turnover} 18,17%

These indexes show the profit margins in the sales.

- Capital efficiency indexes
  - Net profits pre tax/ owner's capital (ROE) 21,21%
  - Net profits after tax/ owner's capital 15,45%
  - Net profits pre tax/ Total Assets (ROE) 13,17%
  - Net profits after tax/ Total Assets 9,60%

These indexes show the efficiency (%) on net profits of the total owner's capital

- Liquidity Indexes
  - General liquidity
    {Current Assets / Short-term liabilities} 2,00
  - Actual liquidity
    {Current Assets – Reserves/ Short-term liabilities}
  - Immediate liquidity
    {Reserves & cash Equivalents/ Short-term liabilities} 0,57

These indexes show the financial independency of the Company.

- Capital Structure and Sustainability Indexes
  - Owner's capital / Total capital 62,21%
  - Owner's capital / Alien capital 164,01%
  - Owner's capital / Net fixed assets 95,75%

These indexes determine the long-term financial situation and sustainability of the Company.

- Investment Indexes
  - Profits per share after tax 0,35
  - Profits per share pre tax 0,50
  - Internal value of share (Book value, B/V) 2,28
  - Stock Exchange price of share */Book value of share (P.B.V.) 2,64

** As Stock Exchange price of share the Average Share price in December 2007 was taken*

(The amounts are expressed in thousand Euro)

Thessaloniki, March 26, 2007

ON BEHALF OF THE BOARD OF DIRECTORS

Dr. Skordas I. Georgios	*Professor Pavlos Smyris*
Chairman of the Board of Directors	*1st Co-chairman of the BoD*
& Managing Director	*of the BoD*

EXPLANATORY REPORT TO THE REGULAR GENERAL ASSEMBLY OF THE STOCKHOLDERS OF THE WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI S.A. IN COMPLIANCE WITH THE PROVISIONS OF ARTICLE 11^{A} L. 3371/2005

The present explanatory report of the BoD of ΕΥΑΘ SA to the Regular General Assembly of the Shareholders, includes analytic information in compliance with the provisions of paragraph 1, article 11a, Law 3371/2005.

1. Structure of Equity Capital.

The equity capital of the Company amounts to Euro forty millions six hundred and fifty six thousand (€40.656.000) divided into thirty sic millions three hundred thousand (36.300.000) common registered shares, with the right to vote, of nominal value one Euro and twelve cents (€1,12) per share.

All the shares are listed for negotiation in the Athens Stock Exchange (Category: Big Capitalisation). The shareholders' rights deriving from each share depend on the percentage of capital, to which corresponds the value of the share paid .

Each share entails all the rights rpovided for by Law and the Articles of Association of the company; More specifically:

- The right over the divicend from the annual profits of the company.

A percentage equal to the 35% of the net profits after the deduction of the regular reserves only is divided from the profits of each fiscal year to the shareholders as a first dividend, unless it is otherwise determined by the General Assembly, while the granting of any additional dividend is determined by the general Assembly as well. Specifically for the dividend of the fiscal year 2007, the distribution of a dividend equal to 0,10 €/ per share is suggested, so as to avoid any potential liquidity problems due to the big investment program implemented by the company. All shareholders are eligible for a dividend on the date the beneficiaries of a dividend are determined. The dividend for each share is paid to the beneficiary within two (2) months from the date on which the Regular General Assembly approved the Annual Financial Statements. The way and place of payment is announced by Press release. The right to receive a dividend is lapse and the respective amount comes to the State after the passage of 5 years form the end of the year in which the distribution was approved by the General Assembly.

- the right to withdraw the charge on settlement or, respectively, the depreciation of the capital corresponding to each share, after the relevant decision of the General Assembly is made.

- the right of preferrence in each increase of share capital of the Company by paying in cash and receiving new shares.

- The right to receive a copy of the Financial Statements and Auditors' and BoD's Reports.

- The right to participate in the General Assembly, which entails the following individual rights: legitimization, presence, participation in discussions, submission of proposals on issues included in the agenda, registration of the opinions in the minutes and the right of vote.

- The General Assembly of the shareholders of the Company reserves all of its rights during the liquidation.

The shareholders' liability is limited to the Nominal Value of the shares they posess.

2. Restrictions concerning the transfer of the shares of the Company.

(The amounts are expressed in thousand Euro)

The transfer of the shares of the Company is performed in compliance to the law and its Memorandum of Association specifies no restrictions concerning their transfer. The shares are intangible and registered in the Athens Stock Exchange.

Significant direct or indirect participations under the provisions of L. 3556.

The shareholders who posessed a percentage of more than 2% of the total right of vote of the Company on 31/12/2007 Are the following:

SHAREHOLDER	NO. OF SHARES POSSESSED	PARTICIPATION RATE ON 31.12.07
Greek State	26.868.000	74,02%
Other shareholders with a participation rate less than 2.0 %	9.432.000	25,98%
TOTAL	**36.300.000**	**100,00%**

4. Shares providing special rights of audit.

There are no shares of the Company providing their holders with special rights of audit.

5. Restrictions concerning the right of vote

The Memorandum of Association of the Company specifies no restrictions concerning the right of vote.

6. Agreements between the shareholders of the Company.

The Company is not aware of the existence of any agreements between its shareholders that involves any restrictions concerning the transfer of its shares or the exercise of the rights of vote arising from its shares.

7. Rules concerning the nomination and replacement of members of the BoD and amendments of the Memorandum of Association.

The rules specified by the Memorandum of Association of the Company concerning the nomination and replacement of members of its BoD and the amendment of the provisions of the Memorandum of Association are not other than those provided for by R.L. 2190/1920.

8. Competence of the BoD or certain of its members concerning the issuing of new shares or the purchase of proper shares.

According to article 5 of the Memorandum of Association of the Company, by virtue of the decision of the General Assembly, which comes under the formulations on publicity of article 7b of the R.L. 2190/1920 as it is in effect, the BoD can have the right, by virtue of its decision made by the majority of at least the two thirds (2/3) of all its members, to increase - partly or wholly - the equity capital by issuing new shares. The amount of the increases cannot exceed that of the equity capital that has been paid on the date of the relevant decision made by the General Assembly.. As concerning the purchase of proper shares, the authority of the BoD is not other than what is provided for by article 16 of the R.L. 2190/1920. The Memorandum of Association pf the Company does not specify anything to the contrary.

9. Significant agreements placed in force, amended or expiring in case of any change in the auditing of the Company after a public motion.

There are no agreements placed in force, amended or expiring in case of any change in the auditing of the Company after a public motion.

10. Agreement that the Company has contracted with the members of its BoD or its personnel.

There are no agreements between the Company and the members of its BoD or its personnel, which specify compensation in the event of resignation or redundancy without any sound reason or termination of their service or employment because of the public motion.

Thessaloniki, March 26, 2007

ON BEHALF OF THE BOARD OF DIRECTORS

Dr. Skordas I. Georgios	*Professor Pavlos Smyris*
Chairman of the Board of Directors	*1st Co-chairman of the BoD*
& Managing Director	*of the BoD*

	Note	1/1-31/12/2007	1/1-31/12/2006
STATEMENT OF RESULTS OF FISCAL YEAR			
Sales		70.100	66.035
Less : Sales cost		(45.757)	(44.712)
Gross profit		24.343	21.323
Other utilization income	5	7.188	6.225
		31.532	27.549
Administration expenses	6	(7.596)	(6.624)
Research and Development expenses	7	(1.094)	(685)
Disposal expenses	8	(3.737)	(3.631)
Other operation expenses	9	(2.271)	(2.721)
Operation results		16.834	13.888
Financing results (net)	10	653	(232)
Common works results		17.487	13.656
Investment results		0	0
Pre tax results		17.487	13.656
Income tax	11	(4.745)	(4.016)
Results after tax		**12.741**	**9.640**
Profit per share (€ per share)			
Basic	12	**0,35**	**0,27**
Suggested dividend per share - (in euro)		0,10	0,18
Suggested profit distribution to the staff in thousand Euros		350	350

(The amounts are expressed in thousand Euro)

BALANCE SHEET

ASSETS	**Note**	**31/12/2007**	**31/12/2006**
Fixed Assets			
Tangible Assets	13	85.942	80.469
Intangible assets	14	152	172
Long-term claims	15	361	348
Postponed tax claims	11	0	703
Total fixed assets		***86.455***	***81.692***
Current Assets			
Stock	16	1.187	1.407
Customers and other claims	17	31.913	26.947
Cash and cash at hand	18	13.152	10.358
Total current assets		***46.252***	***38.712***
TOTAL ASSETS		**132.707**	**120.403**
LIABILITIES			
OWNER'S EQUITY			
Equity capital	19	40.656	20.328
Adjustment from the issuing of shares above par	19	2.830	2.830
Reserves	20	24.474	23.837
Profit (loss) carried forward		14.482	26.323
Total owner's equity		**82.442**	**73.318**
LIABILITIES			
Long-term Liabilities			
Loans	21	3.110	4.718
Employees' rights	22	6.597	7.174
Risk provisions	23	2.515	2.165
Future income from state subsidies	24	5.504	5.240
Postponed tax liabilities	11	9	0
Other long-term liabilities	25	9.444	8.676
Total long-term liabilities		***27.180***	***27.973***
Short-term liabilities			
Suppliers and other liabilities	26	16.042	13.732
Loans	21	1.608	1.600
Short-term tax liabilities		5.435	3.779
Total short-term liabilities		***23.084***	***19.112***
Total Liabilities		**50.264**	**47.085**
TOTAL OWNER'S EQUITY & LIABILITIES		**132.707**	**120.403**

(The amounts are expressed in thousand Euro)

STATEMENT OF PROPER FUNDS CHANGE

	Equity capital	Adjustment above par	Regular reserves	Tax legislation reserves	Balance carried forward	**Total**
Balance on 31st December 2005 in compliance with the I.F.I.S.	**18.150**	**2.830**	**3.441**	**19.914**	**22.498**	**66.833**
Profits of the fiscal year 2006 after tax	0	0	482	(0)	9.158	**9.640**
Dividends distributed	0	0	0	0	(3.154)	**(3.154)**
Share capital increase	2.178	0	0	0	(2.178)	**0**
Balance on 31st December 2006 in compliance with the I.F.I.S.	**20.328**	**2.830**	**3.923**	**19.914**	**26.323**	**73.318**
Profits of the fiscal year 2007 after tax	0	0	637	0	12.104	**12.741**
Dividends distributed	0	0	0	0	(3.617)	**(3.617)**
Share capital increase	20.328	0	0	0	(20.328)	**0**
Balance on 31st December 2007 in compliance with the I.F.I.S.	**40.656**	**2.830**	**4.560**	**19.914**	**14.482**	**82.442**

(The amounts are expressed in thousand Euro)

STATEMENT OF CASH FLOWS

	Note	1/1-31/12/2007	1/1-31/12/2006
Cash flows from operational activities:			
Profit pre tax		17.487	13.656
Plus (less) adjustments for:			
Depreciations	13-14	5.370	4.985
Provisions		(226)	234
Results (income, expenses, profit and loss) of investments		841	13
Results (income, expenses, profit and loss) of investments		(609)	0
Depreciations of subsidies for investment in assets	24	(139)	(231)
Debit interest and relevant expenses	10	(653)	232
		22.071	18.889
Plus/ less adjustments for changes of working capital accounts or relevant to operational activities:			
Decrease / (increase) of reserves	16	220	(29)
Decrease / (increase) of claims	17	(4.979)	(1.821)
(Decrease) / increase of liabilities (less banks)		2.498	2.386
(Less):			
Debit interest and relevant expenses paid	10	(283)	(371)
Taxes paid	11	(2.378)	(4.302)
Total inflows / (outflows) from operational activities (a)		**17.149**	**14.753**
Cash flows from investments:			
Purchase of tangible and incorporeal fixed assets	13-14	(11.075)	(8.726)
Cashing from sales of tangible and incorporeal fixed assets	13-14	1	(0)
Interest received	10	936	139
Total inflows / (outflows) from investments (b)		**(10.138)**	**(8.588)**
Cash flows from financing activities :			
Cashing from subsidies	24	1.011	1.378
Repayment of loans	21	(1.600)	(1.560)
Dividends paid		(3.627)	(3.159)
Total inflows / (outflows) from financing activities (c)		**(4.217)**	**(3.341)**
Net increase / (decrease) of the cash reserves and equivalents of period (a) + (b) + (c)		**2.794**	**2.825**
Cash reserves and equivalents at the beginning of the period		**10.358**	**7.533**
Cash reserves and equivalents at the beginning of the period		**13.152**	**10.358**

Description of the Company

The **"WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI S.A."** under the discreet title E.Y.A.Θ. S.A. (or the "Company") provides water supply and sewerage services.

Board of Directors: Skodras Georgios, Chairman & Managing Director
Smyris Pavlos , 1st Co-chairman, Executive Member
Ikonomou Athanassios, 2nd Co-chairman, Non Executive Member
Spiliopoulos Anastasios, Non Executive Member
Samantzidis Minas, Non Executive Member
Papamimikos Andreas, Non Executive Member
Eminiglou Christodoulos, independent, Non Executive Member
Kleovoulos Theotokis, Non Executive Member
Tzimopoulos Christos, Non Executive Member
Arzoglou Nikolaos, Non Executive Member
Vasiliadis Dimitrios, Non Executive Member

Seat of the company: 127 Egnatia str.
54635, Thessaloniki
Greece

No. of Joint-Stock Companys' Register: 41913/ 06/ B/ 98/ 32

Auditing Company: BDO Standard Hellenic Auditing S.A.
81 Patision & 8-10 Heyden str..
10434, Athens
Greece

The shares of the Company are negotiated in the blue chip market of the Athens Stock Exchange.

1. The basis for the Drawing up of the Financial Statements

1.1 General Information

The annual financial statements of the fiscal year 1/1-31/12/2007 have been drawn up in compliance with the International Financial Information Standards (I.F.I.S.) issued by the International Accounting Standards Council and the Interpretations issued by the Standing Interpretation Committee and valid on December 31st, 2007.

The interim financial statements of the period 01/01-31/12/2007 have been drawn up on the basis of the historical cost principle, with the exception of some categories of tangible assets, which were assessed in plausible prices on the date of their transfer, 01/01/2004, in the International Financial Information Standards and which have been ever since used as estimated historical cost. In addition, these financial statements have been drawn up on the basis of the principle of continuation of operations of the Company.

1.2 Chartered Financial Statements

The Company keeps its books in compliance with the Greek Commercial Law (R.L. 2190/1920) and the valid tax law. Since January 1st, 2005, the company is obliged – by virtue of the provisions of the valid laws – to draw up its chartered financial statements in compliance with the International Financial Information Standards adopted by the European Union. Thus, the above mentioned interim financial statements are based on those drawn up by the Company according to the valid tax law, on which all the appropriate non accounting records have been entered, in order the former to be in compliance with the International Financial Information Standards.

1.3 Usage of estimations

The drawing up of financial statements in compliance with the IFIS necessitates the Management of the Company to perform to accounting estimations and assumptions, which affect the remaining allocations of the assets, the liabilities and the statement of the results of the fiscal year, as well as the notification of potential claims and liabilities on the date of the drawing up of the financial statements. These estimations and assumptions are based on the existant experience and other factors and data which are considered plausible and are revised in regular intervals. The affect of the revisions of the estimations and assumptions adopted is identified in the fiscal year in which they are realized or in the following ones, in case such revision affects not only the current fiscal year but the following ones as well.

1.4 Approval of the Annual Financial Statements

Theannual financial statements of the fiscal year that ended on December 31st, 2007 (1/1-31/12/2007) hacve been approved for publication by the BoD of the Company on March 26th, 2008.

2. New standards, interpretations and amendment of existent standards

a) In force during the closing fiscal year

The International Financial Information Standards (I.F.I.S.) and the Interpretation Committee have issued a series of new Accounting and Interpretation Standards as well as amendments of the already existing standards, the implementation of which is compulsory for the fiscal periods starting from January 1st, 2007 and henceforth (unless it is otherwise determined below). The management of the Company estimates that the affect from the implementation of these new standards and interpretations will be as follows:

IAS 1, (amendment)-Capital notifications (applied in annual fiscal years beginning on or after the January 1st, 2007). Due to the issuing of IAS 7, additional notifications were added to IAS 1 so as a business to notify any useful to the users information concerning its aims, policies and procedures of its capital management.

IAS 4, Insurance contracts (reinsurance contracts included) (applied in annual fiscal years beginning on or after the January 1st, 2007). Interpretation 4 has not been applied to the Company.

IFIS 7, Financial means: Notifications and complementary adaptation to IAS 1, Presentation of the Financial Statements – Capital notification (implemented in annual fiscal years beginning on or after January 1st, 2007) IFIS 7 demands further notifications concerning the financial means aiming at the improvement of the information provided; more specifically it requires the notification of both qualitative and quantitative information concerning the risk due to financial means. In particular, it predetermines the minimum notifications required relevant to the credit risk, the liquidity risk and the market risk (it imposes the sensitivity analysis concerning the market risk). IFIS 7 replaces IAS 30

(Notifications in the Bank and Credit Institutes Financial Statements) and the notification requirements of IAS 32, (Financial means: Notifications and Presentation). It can be applied to many companies that draw up financial statements in compliance with the IFIS. The relevant adaptation of IAS 1 refers to notifications concerning the height of the capital of a company as well as the way their management is held.

Interpretation 7, Implementation of the IAS 29 reformation approach – Financial statements in over-inflationary economies (it is applied in annual fiscal years beginning on or after March 1st, 2006) Interpretation 7 requires that, if during a fiscal year a company establishes the existence of over-inflation in the economy of the currency it operates with, without any such over-inflation to have been evident during the previous fiscal year, to implement the requirements of IAS 29 as if the economy had always been under over-inflation conditions. Interpretation 7 has not been applied to the Company.

Interpretation 8, Field of application IFIS 2 (it is applied in annual fiscal years beginning on or after May 1st, 2006) Interpretation 8 clarifies that IFIS 2 "Allowances depending on the value of the shares" is applied in the case of transactions in which a company grants participial titles or undertakes the liability to transfer cash or other assets (based on the price of its shares), when the determinable exchange received seems to be lower than the plausible value of the participial titles granted or the liabilities undertaken. Interpretation 8 has not been applied to the Company.

Interpretation 9, Re-estimation of the tangible outgrowths (it is applied in annual fiscal years beginning on or after June 1st, 2006) Interpretation 9 requires that a company estimate the extent to which a contract entails a tangible outgrowth at the moment of its signing; in which case it prohibits any posterior re-estimation, unless there is a change in the terms and conditions of the contract that substantially alter the cash flows. Interpretation 9 has not been applied to the Company.

Interpretation 10, Interim financial statement and depreciation (it is applied in annual fiscal years beginning on or after June 1st, 2006) Interpretation 10 can affect the financial statements in case a depreciation loss is acknowledged during an interim period concerning any surplus value or investment in participial titles offered for sale or unlisted participial titles kept at cost, since such depreciation can not be cross entered in any posterior interim or annual financial statements. Interpretation 10 has not yet been adopted by the EU.

b) In force after the closing fiscal year

The International Financial Information Standards (I.F.I.S.) and the Interpretation Committee have issued a series of new Accounting and Interpretation Standards the implementation of which is compulsory for the future fiscal periods starting from January 1st, 2007. The management of the Company estimates that the affect from the implementation of these new standards and interpretations will be as shown below.

IAS 23 Loan cost - amendment (applied in annual fiscal years beginning on or after January 1st, 2009). In the amended version of IAS 23, the previously considered as main approach of including the loan cost in the results, has been eliminated. On the contrary, the loan cost which is directly attributed to the aquisition, construction or production of an asset that fulfills the preconditions, as determined by IAS 23, should constitute part of the cost of this very asset. IAS 23 has not been applied to the Company.

IFIS 3 Business Merger and IAS 27 Intergrated and Special Financial Statements. The amendment of IFIS 3 and IAS 27 was issued in January 2008 and has been applied in annual accounting periods beginning on or after July 1st, 2009. IFIS 3 will be applied in business merger performed in the above mentioned periods, while itsfield of application has been amended in order to include business mergers under common control as well as mergers without paying any price (parallel entering of shares). IFIS 3 and IAS 27, among others, necessitate a greater usage of the plausible value through the statement of the results and the strengthening of the financial statement of the above mentioned entity. In addition, these standards introfuce the following claims as well: (1) reestimation of the participation stake to be perfomed when control is either retreived or lost; (2) the effect of all transactions between the cotrolled and uncontrolled parties to be included in the proper capitals, when control is lost; and (3) focus is placed rather to what has been given to the seller as a price than the amount paid for the aquisition. More specifically, data such as costs directly related to the market, changes in the value of the eventual price, allowances depending on the value of the shares and repayments of pre-exited contracts will be accounted apart from the business mergers and will often affect the statement of the results account as well. The amendment of these standards has not yet been adopted by the European Union.

IAS 1, Presentation of the Financial Statements– Amended. The amended IAS 1-Presentation of Financial Statements was issued in September 2007 and has been applied in annual fiscal years beginning on or after January 1st, 2009. The amendment of the standard requires the statement of the proper capitals change to include only transactions with the shareholders. A new statement of total income is intoduced, and the dividentds to the shareholders will appear only in the statements of proper capitals change or in the notes on the financial statements. The Company is in the proceess of evaluating the effect of the application of this amendment of standard on the financial statements. The amendment of this standards has not yet
been adopted by the European Union.

IFIS 8, Functional Sectors (it is applied in annual fiscal years beginning on or after January 1st, 2009) IFIS 8 replaces IAS 14 "Financial Information" per sector and adopts a management approach concerning the financial information provided per sector. The information provided will be those used internally by the management in order to evaluate the efficiency of the functional sectors and the allocation of resources to these sectors. This information can differ from that presented in the balance sheet and the results statement, while the companies should annotate and agree on these differences. IFIS 8 has not yet been adopted by the EU.

Interpretation 11, IFIS 2 – Transaction in shares of the Group and Owner's Shares (applied in annual fiscal years beginning on or after March 1, 2007). This Interpretation requires all the transactions, which grant to an employee the right to participial titles, for accounting purposes are considered as wages determined by the value of the share and are arranged by means of participial titles, even in the case when the company chooses either to be liable to buy these participial titles from third parties or the shareholders of the company provide these titles that are to be granted. This Interpretation also extends to the way in which the subsidiaries, in their standard financial statements, manage the programs according to which their employees receive rights to participial titles of the mother company. Interpretation 11 has not been applied to the Company.

Interpretation 12, Service Concession Arrangements (it is applied in annual fiscal years beginning on or after January 1st, 2008) Interpretation 12 treats the way in which the services providers should apply the existent International Financial Information Standards (IFIS) in order to record their obligations and rights deriving from the relevant granting contracts. On the basis of this Interpretation, these service providers should not enter the relevant substructure as tangible fixed assets, but rather to acknowledge a financial entry of the assets or an intangible asset. Interpretation 12 has not been applied to the Company. This Interpretation has not yet been adopted by the EU.

Interpretation 13, Customers' reward program(it is applied in annual fiscal years beginning on or after June 1st, 2008) The IFIS Interpretation Committee has issued an interpretation on the aplication of what is determined by IAS 18 concerning the acknowledgement of income. Interpretation 13 clarifies that when businesses provide some reward (e.g. points) as part of a selling exchange and the customers can cash these rewards in the future in order to receive goods or services free or at a discount, paragraph 13 of IAS 18 should be applied. This requires the rewards to be handled as an individual datum of the sale exchange and a part of the price received or the claim acknowledged to be distributed in rewards. The acknowledge time of this datum of income is postponed until the business fulfils its obligations connected with the rewards, either by providing these returns directly, or by transferring such an obligation to a third party. The company is at the process of evaluating the eventual effect of this Interpretation.

Interpretation 14, Limitations in a clearly determined useful asset, the minimum financing prerequisites and their interactionτους (it is applied in annual fiscal years beginning on or after January 1, 2008). Interpretation 14 provides directions concerning the risk estimation included in IAS 19 in relation to the height of the surplus value acknowledged as an asset. In addition, it explains how the pension asset or liability is affected by the minimum statutory or contracting financing preconditions. Interpretation 14 has not been applied to the Company.

Amendment of IFIS 2, Allownaces depending in the value of shares "terms of exercise and όροι εξάσκησης και annulments" (it is applied in annual fiscal years beginning on or after January 1, 2009). The amendment of this standard has not yet been adopted by the European Union.

3. <u>Financial Standards Followed</u>

Theannual financial statements of the fiscal year 1/1-31/12/2007 have been drawn up in compliance with the same accounting standards, methods and admissions adopted by the Management for the drawing up of the annual financial statements of the fiscal year that ended on December 31st, 2006. More specifically, the accounting standards followed are as follows:

3.1 Tangible fixed assets

The tangible fixed assets are represented in the financial statements at their acquisition values. On January 1st, 2004, the privately owned fields – lots, the buildings and the machinery of the Company were estimated in their reasonable value, which was determined on the basis of a research conducted by acknowledged, independent real estate raters. These reasonable values were used as an estimated cost on the date the International Financial Information Standards were followed. The surplus value derived was credited to the profits carried forward. These values are represented reduced: (a) by the accumulated depreciations and (b) by the depreciation of the fixed assets.

The initial acquisition cost of a real estate, a facility or equipment consists of the price of purchase, including the import duties and the non refundable purchase taxes, as well as any other compulsory cost, so as the asset to be rendered operable and ready to be used as designated.

Later expenses, that are made in combination to tangible assets, are capitalized only when they increase the future financial profits, that are expected to result from the utilization of accounts influenced. All other expenses on repairs, maintenance, etc of the assets are registered in the expenses of the fiscal year in which they are realised.

On withdrawal or sale of any asset, the relative cost and the accumulated depreciations are erased from the corresponding accounts in the period of withdrawal or sale and the relative profits or loss are acknowledged in the gain account of the fiscal year.

The depreciation burden the Statement of the Fiscal Year Gain, on the basis of the constant depreciation method, throughout the estimated useful life of assets. The fields and lots are not depreciated. The estimated duration of useful life, on each assets category, is as follows:

Buildings and technical works	40 years
Machinery and installations	5-24 years

Transport means	5-14 years
Furniture & other equipment	3-14 years

The balance values and the useful lives of the tangible assets are liable to review in every annual balance-sheet. When the book values of the tangible assets exceed their repossession value, the adjustments (depreciation) are registered as expenses in the gain.

3.2 Intangible fixed assets

3.2.1 *Software*

TSoftware concerns the purchase or cost of privately owner output of software such as payroll, materials, and services as well as every expense that has been realised during the development of software in order the latter to be put in use. The expenses that strengthen or expand the efficacy of software beyond their initial specifications, are acknowledged as capital expense and they are added in the initial software cost.

The depreciations of software burden the gain account with the method of constant depreciation, throughout their useful life. The estimated duration of their useful life is as follows:

Software	6 years

3.3 Depreciation of the value of assets

The intangible and tangible assets and other non current assets are examined for any depreciation loss, whenever facts or change of circumstances show that their book value can be repossessed. Whenever the book value of any asset exceeds its sum of repossession, its corresponding depreciation loss is registered in the gain of the fiscal year. The repossession value of an asset is the highest sum between the estimated net price of sale and the value of its use. Net value of sale is considered the feasible revenue from the sale of an asset in the framework of mutual transaction, in which the parties have complete knowledge and act willingly, after the deduction of any additional direct cost of disposal of this asset. Value of use is the current value of the estimated future cash flows that are expected to be realised from the continuous use of the asset and from its disposal at the end of his useful life. If does there is no possibility to estimate the repossession sum of the asset, for which there is evidence of depreciation of its value, then the repossession sum of unit that creates cash flows, in which the asset belongs, is determined.

Cross-entry of the depreciation of the value of an asset that was entered in the previous years, taken place only when there are adequate evidence that this depreciation exists no more or has been decreased. In this case, the above mentioned cross-entry is acknowledged as income.

3.4 Stock

The stock is represented in the lower value between the cost of its acquisition or production and its cash value. Cash value is the estimated price of sale, decreased by the cost of disposal of stock. The cost of stock is determined with the method of weighted average and it includes the expenses of acquisition of stock, its expenses of production (provided that they are privately produced products) and its expenses of transport to the place its is found.

Specifically the stock of specialised parts of machinery, that is bought at the stage of the machinery purchase, is considered integral part of the value of the machinery and is depreciated along with the machinery, while the replacements of used parts are included in the expenses on its purchase. On the contrary, the consumables of machinery maintenance and the parts of general use are included in the stock and are included in the expenses on their consumption.

3.5 Customers and other claims

The claims from customers are registered initially in their reasonable value and later are valued to their non depreciated cost by use of real interest-rate, after the deduction of the depreciation loss as well. The depreciation loss (losses by precarious claims) are acknowledged when there is objective evidence that the Company cannot collect the all amounts owed on the basis of conventional terms. The amount of depreciation loss is the difference between the book value of the claims and the current value of the estimated future cash flows, prepaid on real interest-rate. The amount of depreciation loss is entered as an expense in the gains of the fiscal year.

3.6 Cash

The cash includes also the equivalent cash at hand, such as the deposits at hand and the short term deferred deposits. Bank over withdrawal payable at first demand and constituting integral part of the management of the cash of the Company is included, for reasons of drawing up the cash flows statement, as a constitutive asset of cash.

3.7 Equity Capital

Common shares are characterized as capital. The surcharged external cost directly payable on the issuing of new shares is presented in the capital abstracted from the receivable sum.

On acquiring proper shares, the price paid, including also all the relevant expenses, is represented as being abstracted from the proper funds.

3.8 Loans

The all loans are initially registered in the cost, which is the reasonable value of the benefit minus the expenses of acquisition of loans. The loans are later evaluated the depreciated price of acquisition using the method of discount interest-rate. Any adjustment between the benefit (minus the expenses of acquisition) and the value of refunding is acknowledged in the results statement during the period of the loans.

3.9 Income tax (current and postponed)

The current and postponed income tax are calculated on the basis of the relevant funds in the financial statements, according to the tax laws that are in effect in Greece. The current income tax concerns the taxation of the taxable profits of the Company as they were reformed according to the requirements of tax law, and was calculated on the basis of the tax rate in effect.

The postponed taxation is calculated using the liability method in the all provisional tax adjustments on the date of the balance-sheet between the tax basis and the book value of the assets and liabilities.

The expected tax consequences from the provisional tax adjustment are determined and presented either as future (postponed) tax liabilities, or as postponed tax claims.

Postponed tax claims are registered for all the rebated provisional adjustments and the transferred tax loss, to the extent that is speculated that there will be available taxable profit against which the rebated provisional adjustment can be made productive.

The book value of postponed tax claims is revised in every date of balance-sheet and it is decreased to the extend that it is not speculated that there will be enough taxable profits against which a part or the whole of postponed tax claims is to be used.

The current tax claims and liabilities for current and the previous fiscal years are estimated as equal to the sum that is expected to be paid in the tax authorities (or recovered from them), with the use of tax rates (and tax laws) that have been enacted, or substantially enacted, up to the date of the Balance-sheet.

3.10 Dividends

Dividends payable are represented as a liability on the time of their approval by the general assembly of the shareholders.

3.11 Employees' Rights

The liability of the Company towards the persons hired by it, concerning the future payment of benefits depending on each one's years of experience, is added in and represented on the basis of the prospectively paid right worked of each employee, on the date of the balance-sheet, discounted in its current value, in combination to the forecasted time of its payment. The applied interest-rate of discount is equal to the repayment, on the date of the balance-sheet, of the long-term liability of the Greek State.

The relevant liability is estimated on the basis of financial and proportional concessions and they are determined using the Projected

Unit Method. The net costs of retirement of the period are included in the cost of payroll in the attached statement of results and they consists of the current value of the benefits that became worked during the fiscal year, the interest on the liability of benefits, the cost of previous employment, the proportional profits or loss and any other additional retirement costs. The costs from previous employment are acknowledged on a constant basis on the average period until the profits of the program are specified. The non acknowledged proportional profits and loss, are acknowledged on the average remaining duration of the period of service provision of the active employees and they are included as part of the net cost of retirement of each period if, at the beginning of the period they exceed the 10% of future estimated liability for benefits. The liability for retirement benefits is not financed.

3.12 Provisions

Provisions are made when the Company has a legal or assumed liability resulting from a past event and it is speculated that an out flow of resources will be required so that is arranged the liability to be covered, and the sum can be reliably estimated.

The provisions are re-examined at the end of each fiscal year and they are adapted so as to represent the best possible estimations and in case it is considered necessary, they are discounted on the basis of pre-tax discount interest-rate. The potential liabilities are not entered in the financial statements but are acknowledged, unless there is minimum chance for outflow of resources that bear financial profits. The potential claims are not entered in the financial statements, but are acknowledged provided that the inflow of financial profits is likely.

3.13 Subsidies

The state subsidies are acknowledged initially at their nominal value when there is reasonable assurance that the subsidy will be received and that the Company will be complied with all the terms specified.

The state subsidies concerning current expenses are entered in the statement of results during the period needed, in order to correspond to the expenses intended to be compensated.

The state subsidies with regard to the purchase of tangible assets (fixed) are included in the long-term liabilities as an income of the next fiscal years and are entered as income and transferred in the statements of the results of the fiscal year, during of useful life of the subsidised asset.

3.14 Financial tools

The main financial tools of the Company are cash, banking deposits, as well as short-term claims and liabilities. Given the short-term nature of these tools, the Management of the Company considers their reasonable value is actually the same as the value represents in the account books of the Company. In addition, the management of the Company considers that the interest-rates paid for the loans received are equal to the current reasonable interest rates of the market and, thus, no prerequisited are fulfilled so as to make any adjustment to the value at which these liabilities are represented. The Company does not make use of financial derivatives.

3.15 Acknowledgement of income

The income from the sale of goods are acknowledged when the significant risks and the benefits of possesing these goods are transferred to the buyer. The income from service porvision are based on the implementation stage, which is determined by means of the report on the uop to now services provided, as a percentage of the total services provided.

The income from interest is acknowledged on a basis of time proportion, taking under consideration the remainder of the initial amount and the factor valid for the period at hand until the expiry, in case it is determined that such income will be payable to the Company.

In come from dividends are acknowledged as such on the date their distribution is approved.

3.16 Expenses

3.16.1 Leasing

The payments made on the basis of leasing are registered in the statement of the results of the fiscal year as expenses, on the time of usage of the property.

3.16.2 Cost of financing

The net cost of financing consists of the interest worked on the loans raised, that are calculated on the basis of the actual interest-rate method.

3.17 Profit per share

The basic profit per share is calculated by dividing the net profit of the period with the weighted average number of the common shares that circulate this period, excluding this average of the common shares acquired by the Company as proper shares.

3.18 Partial analysis of the activities of the Company

“Sector” or “part” of the activities of the Company is each discreet enterprising activity with specific characteristics concerning the nature of the activity and the enterprising risks that it involves (enterprising sector). A respective discrimination takes place on the basis of the enterprising environment in which the activity is developed (geographic sector).

The Company is activated mainly in the sectors of Water supply and Sewerage, in the greater region of the Prefecture of Thessaloniki, aiming at the reasonable management of aquatic resources on the one hand, and the collection and treatment of sewages in such a way that high standard services to be provided to the society, for to a healthy and clean environment.

4. Financial Risks' Management

Financial risk factors

The main financial tools of the Company are cash, bank deposits, commercial and other claims and liabilities and bank loans as well. The Management of the Company regularly examines and revises the relevant policies and processes with regard to the management of financial risks, such as the credit risk and the liquidity risk, described below:

A. Market Risk

(i) Exchange Risk

The Company does not anticipate any exchange risks as during the closing fiscal year it had not realized any transactions in foreigner currency and all of its assets and claims was in euro.

(ii) Price Risk

As concerning price risk, the Company is not exposed to any significant variable fluctuation risk which determines both income and cost.

(iii) Cash flows and fair value of risk interest-rate

The Company does not anticipate any interest-rate risk, since it borrows at a fixed interest-rate.

B. Credit risk

The Company follows a clear credit policy which is consistently implemented. Moreover, it has a big number of customers and consequently the wide dissemination of its clientele contributes to the existence of low credit risk in comparison to these claims. The Management of the Company permanently observes the financing condition of its customers, the size and the limits of the credits provided. At the end of the fiscal year, the management considered that there is no significant credit risk that could not be covered by some guarantee or by sufficient provision of precarious claims. The greatest expose in credit risk is reflected in the height of each asset.

(The amounts are expressed in thousand Euro)

C. Liquidity risk

Liquidity risk is kept at low levels by means of the availability of adequate cash reserves.

The ending of the financial liabilities on December 31, 2007 (December 31, 2006) for the Company is analyzed as follows:

TABLE OF FINANCIAL LIABILITIES ENDING 31/12/2007

	2007			
	Short-term		Long-term	
	within 6 months	from 6 to12 months	from 1 to 5 years	later than 5 years
Bank Loans	794	814	2.958	152
Other long-term liabilities				9.444
Suppliers and other liabilities	8.445	7.597		
Short-term tax liabilities	5.435			
Total	**14.674**	**8.411**	**2.958**	**9.596**

TABLE OF FINANCIAL LIABILITIES ENDING 31.12.06

	2006			
	Short-term		Long-term	
	within 6 months	from 6 to12 months	from 1 to 5 years	later than 5 years
Long-term Loans	794	806	4.098	619
Other long-term liabilities				8.676
Suppliers and other liabilities	7.780	5.952		
Short-term tax liabilities	3.779			
Total	**12.353**	**6.758**	**4.098**	**9.295**

Capital Risk Management

The aim of the Company, when managing capitals, is to ensure its continuous activity, in order to provide profits to the stockholders and benefits to all other interested parties, as well as to maintain a capital structure, which is to deminish the capital cost.

(The amounts are expressed in thousand Euro)

In order to maintain or adjust the capital structure, the Group has to adapt the amount of dividends and the capital return to the stock-holders, issue new stocks or sale assets, so as to decrease debt.

The capital is survayed on the basis of a ranking up factor. The factor is estimated as the net debt divided by the total capital. Net debt is estimated as the total loan (short- and long-term loans included as they appear in the balance-sheet) less cash at hand. Total capital is estimated as the owner's capitals appearing in the balance-sheet plus net debt.

	2007	**2006**
Total Loan	4.718	6.317
Less : Cash at hand	(13.152)	(10.358)
Net debt	**(8.434)**	**(4.041)**
Total owner's equity	82.442	73.318
Total capital	**74.008**	**69.278**
Ranking up factor	**-11,40%**	**-5,83%**

Plausible value

The amounts in which the reservesat hand, the claims and the short-term liabilities appear in the balance-sheet, are close to their respective plausible values due to their short-term expiry.

5. Other utilization income

The other operational income is analyzed as follows:

	THE COMPANY	
	On 31.12.07	**On 31/12/2006**
Subsidies	241	294
Compensations from services provided	1.890	3.295
Income form service provision	288	290
Rents	3	4
Depreciations of subsidies	139	231
Income from Water Supply & Sewerage fees and rights of previous fiscal years	2.173	325
Other extra and inorganic income	275	98
Other income from previous fiscal year	380	1
Adjustments of subsidies	1.798	1.689

(The amounts are expressed in thousand Euro)

Balance	**7.188**	**6.225**

6. Management expenses

The management expenses are analyzed as follows:

	THE COMPANY	
	On 31.12.07	**On 31/12/2006**
Wages and Expenses on personnel	3.974	3.496
Wages and Expenses on Self-employed persons	593	310
Wages and Expenses on non Self-employed persons	285	243
Processing by third parties	65	56
Other wages and expenses on third parties	140	89
Expenses on rents	274	270
Expenses on repairs and maintenance	44	28
Other provisions from third parties	193	172
Expenses on duties and fees	147	119
Expenses on transportation	32	28
Expenses on travel	22	16
Expenses on promotion and advertisement	303	110
Other expenses	553	781
Depreciations expenses	856	908
Provision of staff compensation	115	0
Balance	**7.596**	**6.624**

7. Research and Development expenses

The research and development expenses are analyzed as follows:

	THE COMPANY	
	On 31.12.07	**On 31/12/2006**
Wages and Expenses on personnel	241	233
Wages and Expenses on Self-employed persons	63	70
Other wages and expenses on third parties	39	3
Expenses on duties and fees	32	28
Other expenses	713	344
Depreciations expenses	6	6
Balance	**1.094**	**685**

(The amounts are expressed in thousand Euro)

8. Disposal expenses

The disposal expenses are analyzed as follows:

	THE COMPANY	
	On 31.12.07	**On 31/12/2006**
Wages and Expenses on personnel	2.417	2.332
Wages and Expenses on Self-employed persons	274	75
Wages and Expenses on non Self-employed persons	0	0
Processing by third parties	65	56
Other wages and expenses on third parties	141	91
Expenses on rents	41	42
Expenses on repairs and maintenance	40	27
Other provisions from third parties	95	90
Expenses on duties and fees	41	41
Expenses on transportation	16	14
Expenses on travel	0	0
Expenses on promotion and advertisement	0	0
Other expenses	8	5
Depreciations expenses	138	172
Provision of staff compensation	460	688
Balance	**3.737**	**3.631**

9. Other operation expenses

The other operational expenses are analyzed as follows:

	THE COMPANY	
	On 31.12.07	**On 31/12/2006**
Tax and other fines & surcharges	9	0
Compensation of third parties from damages in the Water supply network	59	111
Other extra and inorganic expenses and loss	531	550
Loss from the replacement of hydrometers	5	13
Other expenses from previous fiscal years	642	30
Adjustments of assets	1.025	2.016

(The amounts are expressed in thousand Euro)

Balance	**2.271**	**2.721**

10. Financing cost (net)

The financial income (expenses) is analyzed as follows:

	On 31.12.07	On 31/12/2006
Debit interest of bank liabilities	274	368
Other Financial expenses	10	3
Total Financial Expenses	**283**	**371**
Credit interest and relevant income	936	139
Other Financial income	0	0
Total Financial income	**936**	**139**
Net financial income (expenses)	**653**	**(232)**

11. Income tax

The taxation of the results was determined as follows:

	On 31.12.07	On 31/12/2006
Income tax for the period	4.033	3.398
Taxes from previous fiscal years	0	0
Postponed tax	712	619
Total taxes in the Statement of Income of the Fiscal year	**4.745**	**4.016**

(The amounts are expressed in thousand Euro)

	On 31.12.07	On 31/12/2006
Pre tax profit	17.487	13.656
Tax estimated according to the tax factor of the Company (2007: 25 %, 2006: 29 %)	4.372	3.960
Expenses non rebated from the income tax	374	56
Taxes imputed and concern previous fiscal year	0	0
Income tax free	0	0
Total taxes in the Statement of Income of the Fiscal year	**4.745**	**4.016**

The fact that in certain cases income and expenses are acknowledged at different times concerning where this income is taxed or the expenses are deducted, for reasons of determination of the taxable income, creates the need of accountant acknowledgment of deferred tax assets or deferred tax liabilities. The recognized by the Company deferred tax requirement is analyzed as follows

	On 31.12.07	On 31/12/2006
Postponed tax claims	3.660	4.115
Postponed tax liabilities	(3.669)	(3.412)
Total of postponed taxes in the balance sheet	**(9)**	**703**

	On 31.12.07	On 31/12/2006
Opening balance	703	1.322
Gain tax	(712)	(619)
Owner's Equity tax	0	0
Final balance	**(9)**	**703**

	On 31/12/2006	Charges (Credits) of Gains	Charges (Credits) of Owner's equity capitals	On 31.12.07
Postponed tax liabilities				
Financial depreciations of assets	(3.412)	(84)	0	(3.496)

(The amounts are expressed in thousand Euro)

Adjustment of assets subsidies	0	(173)	0	(173)
	(3.412)	**(257)**	**0**	**(3.669)**
Postponed tax claims				
Cross-entry of assets readjustment	550	0	0	550
Adjustments of assets value	741	(116)	0	625
De-acknowledgement of expenses of long depreciation and adjustment of incorporeal fixed assets depreciations	440	(53)	0	387
Adjustments of accounts receivable value	130	82	0	212
Adjustments of stock estimation	174	(24)	0	150
Provision for compensation of the staff due to redundancy	2.080	(431)	0	1.649
Provision of distribution to personnel	0	88	0	88
	4.115	**(455)**	**0**	**3.660**
Net postponed tax claims in the balance sheet	**703**	**(712)**	**0**	**(9)**

12. Profit per share

The estimation of the basic profit (loss) per share is as follows:

	On 31.12.07	On 31/12/2006
Net profits distributed to the common shareholders of the Company	12.741	9.640
Weighted average number of shares in circulation	36.300.000	36.300.000
Less : Weighted average number of proper shares	0	0
Total weighted average number of shares in circulation	36.300.000	36.300.000
Basic profits (loss) per share (in €)	**0,35**	**0,27**

13. Tangible Assets

The tangible assets of the Company are analyzed as follows:

	Fields & lots	Buildings & facilities	Machinery & mechanical installations	Transport means	Furniture & other equipment	Assets under construction or installation	Total
Acquisition or rating value							
On 31/12/2006	18.896	5.826	59.850	1.102	1.414	2.920	90.008
Charges of Fiscal Year 2007	0	0	8.836	0	195	11.959	20.989
Credits of Fiscal Year 2007	0	0	954	0	2	9.269	10.225
Total on 31.12.07	**18.896**	**5.826**	**67.732**	**1.102**	**1.607**	**5.610**	**100.773**
Accumulated depreciations							
On 31/12/2006	0	437	8.016	412	675	0	9.539

(The amounts are expressed in thousand Euro)

Charges of Fiscal Year 2007	0	146	4.868	138	159	0	5.310
Credits of Fiscal Year 2007	0	0	17	0	2	0	19
Total on 31.12.07	**0**	**582**	**12.867**	**549**	**832**	**0**	**14.830**
Non Depreciated value							
On 31/12/2006	**18.896**	**5.389**	**51.835**	**690**	**738**	**2.920**	**80.469**
On 31.12.07	**18.896**	**5.243**	**54.866**	**553**	**775**	**5.610**	**85.942**

The depreciations of the current fiscal year at 4,321 euro (2006: € 3,900), the expenses of administrative operation at € 846 (2006: € 842), the expenses of research and development at € 6 (2006: € 6) and the expenses of operation of disposal at € 136 (2006: € 172) and the expenses ofoperation of disposal.

On the assets of the Company there are no encumbrances.

14. Intangible assets

The intangible assets of the Company are analyzed as follows:

	Software	Total
Acquisition or rating value		
On 31/12/2006	376	376
Additions of Fiscal year 2007	40	40
Deductions of Fiscal Year 2007	0	0
Total on 31.12.07	**416**	**416**
Accumulated depreciations		
On 31/12/2006	204	204
Additions of Fiscal year 2007	60	60
Deductions of Fiscal Year 2007	0	0
Total on 31.12.07	**264**	**264**
Non Depreciated value		
On 31/12/2006	**172**	**172**
On 31.12.07	**152**	**152**

The depreciations of the current fiscal year at 48 euro (2006: € 0), the expenses of administrative operation at € 10 (2006: € 60), the expenses of operational management at € 2 (2006: € 0) and the expenses ofoperation of disposal.

15. Long-term Claims

The long-term claims on December 31st, 2007, represent given guarantees of € 361.

16. 16 Stock

The stock of the Company is analyzed as follows:

(The amounts are expressed in thousand Euro)

	On 31.12.07	On 31/12/2006
A' and B' materials -Consumables-Package materials	1.187	1.407
	1.187	**1.407**

There are no guarantees on the reserves of the Company

17. Customers and other claims

The total claims of the Company are analyzed as follows:

	On 31.12.07	On 31/12/2006
Customers	20.784	14.574
Precarious – Sub-justice Customers and Debtors	4.242	4.242
Several debtors	5.709	6.777
Prepayments and credits accounts	141	136
Future fiscal years income	169	132
Fiscal years income receivable	5.031	5.260
Other transitory accounts of Assets	12	0
	36.088	31.122
Less : Provisions	(4.175)	(4.175)
Balance	**31.913**	**26.947**

Balance of precarious claims:	
Initial balance	4.242
Increase/ (Decrease)	0
Final balance	**4.242**
Balance of provisions of precarious claims:	
Initial balance	(4.175)
Increase/ (Decrease)	0
Final balance	**(4.175)**

TABLE OF MAJORITY OF COMMERCIAL CLAIMS 31/12/2007

(The amounts are expressed in thousand Euro)

	2007	
	within 6 months	**More than 6 months**
Customers	20.784	
Precarious – Sub-justice Customers and Debtors		4.242
Less : Provisions		(4.175)
Total	**20.784**	**68**

TABLE OF MAJORITY OF COMMERCIAL CLAIMS 31.12.06

	2006	
	within 6 months	**More than 6 months**
Customers	14.574	
Precarious – Sub-justice Customers and Debtors		4.242
Less : Provisions		(4.175)
Total	**14.574**	**68**

All the claims are short-term and are no prepayment is required on the date of the Balance-sheet. There is no accumulation of the credit risk in relation to the claims from customers, since the Company has a great number of customers and the credit risk is dispersed.

It is noted that the remainder of the account “Several debtors” on 31.12.07 amounting to € 5,709, refers to an income tax advancement and other paid-as-you-earn tax amounting to € 2,226, special subsidy claims from services provided to the Ministry of Environment, Urban Planning and Public Works amounting to € 1,616, and claims from other debtors amounting to € 1,867.

In addition, it is also noted that the remainder of the account “Fiscal years income receivable” on 31.12.07 amounting to € 5.031, refers to the worked and ought to be paid income of ΕΥΑΘ S.A. during the period 01/01/2007-31/12/2007 (where they were entered) and which are to be quoted in a future period, amounting to € 4,803, income from services provided to the Municipality of Michaniona, Thermaikos and Oreokastro, which had not been quoted until 31.12.07, amounting to € 151, and other income receivable amounting to € 77.

(The amounts are expressed in thousand Euro)

18. Cash and cash at hand

The cash represent cash at hand in the funds of the Company and banking deposits available at first demand.

19. Equity Capital and Capital above par

The equity capital of the Company consists of 36,300,000 common registered shares of nominal value € 1.12 each. The shares of the Company are registered in the category of Medium and Small Capitalisation at the Athens Stock Exchange.

In the current fiscal year, according to the dated November 7, 2007 decision of the Extraordinary General Assembly of the Company's Shareholders, there was a share capital increase of € 20,328 with capitalization of the respective amount of taxed and non-distributed profit of previous fiscal years. THis increase was achieved by issuing 18.150.000 common registerd shares of nominal value of € 1.12 each and their free distribution ot the shareholders of the Company, in proportion of one (1) new common registered share for each (1) old common registered share and it was approved by the no. K2-16550/19-11-2007 decree of the Ministry of Development.

According to the Register of the Shareholders of the Company, on 31.12.07, the shareholders who held a rate of attendance in the Company more than 2% were the following:

SHAREHOLDER	NO. OF SHARES POSSESSED	PARTICIPATION RATE ON 31.12.07
Greek State	26.868.000	74,02%
Other shareholders with a participation rate less than 2.0 %	9.432.000	25,98%
TOTAL	**36.300.000**	**100,00%**

(The amounts are expressed in thousand Euro)

The above par equity capital of the Company derived during the fiscal year 2002, and amounted to € 2.830, after the issuing of shares at cash and at a price higher that their nominal value.

20. Reserves

The reserves of the Company are analyzed as follows:

	On 31.12.07	On 31/12/2006
Regular reserves	4.570	3.923
Tax free reserves of special provisions	3.329	3.329
Reserves for proper shares	1	1
Other reserves	16.584	16.584
Balance	**24.484**	**23.837**

According to the provisions of the Greek corporate legislation, the creation of "regular reserves" – by means of per year transferring of an amount equal to the 5% of the annual, after taxes, profits – is compulsory until the height of the reserves reaches the $^1/_3$ of the equity capital. The "regular reserves" is distributed only on the dissolution of the Company; it can, however, be counterbalanced with accumulated loss.

The reserves of tax laws were created on the basis of provisions of tax legislation that, either permit the transfer of taxation of certain income in the year of their distribution to the shareholders, or provide tax alleviations as a motive for investments.

21. Loans

The loans of the Company have been granted by the Greek State for financing the investment plan of the Company. All the loans of the Company are in Euro with a fixed annual nominal interest rate of 3%. The company makes provisions for the interest worked for the servicing of its loans and charges the results of the fiscal year of each period. The analysis of the expirability of loans is presented in note 4.

There are no guarantees and bindings of property or use on the fixed assets and any other assets of the Company.

(The amounts are expressed in thousand Euro)

22. Employees' Rights

The liability of the Company towards the persons working in Greece, concerning the future payment of benefits depending on each one's years of experience, is added in and represented on the basis of the prospectively paid right worked of each employee, on the date of the balance-sheet, discounted in its current value, in combination to the forecasted time of its payment. The used interest-rate of discount (4.80%) is equal to the repayment, on the date of the balance-sheet, of the long-term liability of the Greek State.

The number the personnel employed by the Company and its corresponding payroll cost are as follows:

	On 31.12.07	On 31/12/2006
Persons:		
Permanently employed	509	549
Total	**509**	**549**
Employees' Cost Analysis:		
Payroll costs	19.759	19.338
Employer's contributions	4.213	3.818
Adjunctive allowances and personnel expenses	179	146
Provision for compensation of the staff due to redundancy	540	875
Total Cost	**24.691**	**24.177**

Amounts asscknowledged in the results

	2007	2006
Current employment cost	185	168
Interest cost	355	347
Proportional profit and loss	0	360
Compensations paid	-1.117	-641
Total charge/ (credit) in the results	**-577**	**234**

Changes in net liability acknowledged in the Balance-sheet

	2007	2006
Net liability on fiscal year opening	**7.174**	**6.940**

(The amounts are expressed in thousand Euro)

Expenses acknowledged in the results statement	540	875
Real allowances paid by the Company	-1.117	-641
Net liability on fiscal year ending	**6.598**	**7.174**

The main proportional admissions used for accounting purposes are the following:

	2007	**2006**
Discount interest-rate	4,80%	5,00%
Future salary increases	4,00%	4,00%
Expected remaining working life	6,63	6,86

23. Risk and expenses provisions

They are provisions for the covering of potential liabilities that probably results during the arrangement of court disputes with any third parties, as well as with the personnel of the Company.

24. Future income from state subsidies

The state subsidies are related with investments of assets that have been realised on the basis of tax laws.

The state subsidies are entered as income in step with the depreciation of the assets – mainly machinery – that was subsidised. The amount of the subsidy transferred in the statement of the results of the fiscal year amounted to € 139 (2006: € 231).

Depending on the provisions of law, in the framework of which the subsidy was realised, certain restrictions as for the transfer of the subsidised machinery and as for the differentiation of the legal state of the subsidised company are in effect. During the occasionally audits held by the competent authorities, no case of non conformity with these restrictions was traced.

25. Other long-term liabilities

They are the guarantees from the new customers of water supply received for the placement of hydrometers

(The amounts are expressed in thousand Euro)

and water consumption.

26. Suppliers and other liabilities

The total liabilities of the Company to suppliers and other third parties are analyzed as follows:

	On 31.12.07	On 31/12/2006
Suppliers	4.472	2.697
Checks payable	1.738	2.722
Insurance Organizations	888	839
Dividends payable	57	67
Several creditors	8.150	6.317
Expenses of fiscal year worked	737	1.084
Other transitory accounts of Liabilities	0	7
Balance	**16.042**	**13.732**

Το υπόλοιπο του λογαριασμού «Πιστωτές διάφοροι» κατά την 31/12/2007 ποσού € 8.150, αφορά υποχρεώσεις προς την εταιρεία ΕΥΑΘ ΠΑΓΙΩΝ για αγορά νερού και κάλυψη διαφόρων λειτουργικών αναγκών ποσού € 7.597 (2006: 5.952) και υποχρεώσεις προς λοιπούς πιστωτές ποσού € 553 (2006:365).

The expirability of the Suppliers and Other Liabilities on December 31st, 2007 (December 31st 2006) for the company is analyzed as follows:

	Short-term 2007		Short-term 2006	
	within 6 months	from 6 to12 months	within 6 months	from 6 to12 months
Suppliers	4.472		2.697	
Checks payable	1.738		2.722	
Insurance Organizations	888		839	
Dividends payable	57		67	
Several creditors	553	7.597	365	5.952
Expenses of fiscal year worked	737		1.084	
Other transitory accounts of Liabilities	0		7	
	8.445	**7.597**	**7.780**	**5.952**

(The amounts are expressed in thousand Euro)

27. Transactions and Balances with Affiliated Persons

The company considers as affiliated persons the members of the BoD, its Managers as well as the shareholders that possess a percentage of more than 5% of its equity capital (including their affiliated persons). The transactions and the balances of the affiliated persons of the Company, during 1/1/2007-31/12/2007 and on December 31st, 2007 respectively, are analyzed in the following table:

a) Sales of goods and services	0
b) Purchases of goods and services	0
c) Claims	0
d) Liabilities	0
e) Transactions and wages of the managers and members of the management	789
f) Claims from the managers and members of the management	8
g) Liabilities to the managers and members of the management	7

28. Bindings and Eventual Liabilities

28.1 Eventual liabilities from sub judice or under arbitration disputes

On 31.12.07 there are actions, extrajudicial invitations and generally future claims against the Company of total sum of € 3,419. The legal department of the Company estimates that the juridical result of the above mentioned affairs will not significantly influence the financial situation and operation of the Company. For these affairs, a provision of € 1.540 has been made, which is included in the account of long-term liabilities "Risk and expenses Provisions".

28.2 Obligations from leasings

The Company on December 31st, 2007 has made contracts on leasing real estate and transportation means which expire in 2012. The expenses from these leasings which have been registered in the results statement of the current fiscal year amounted to € 482,5 (2006: 470,5).

(The amounts are expressed in thousand Euro)

The future minimum shop leasing instalment on the basi of non-annulment of the leasing contract are as follows:

	On 31/12/2007	On 31/12/2006
Up to 1 year	521	480
From 1 up to 5 years	1.568	1.732
More than 5 years	86	443
	2.175	**2.655**

28.3 Other eventual liabilities

The Company on 31.12.07 had granted letter of guarantee for the proper implementation of conventions of the work contracts of a total sum of € 287 (2006: € 246).

he Commpany has not been audited by the competent tax authorities for the fiscal years from 2001 up to 2007 and acknowledges its tax liabilities deriving from the auditing of the inaudited fiscal years by the tax authorities, on termination of the auditing and the finalization of the relevant tax amounts.

29. Number of the personnel employed

The number of the personnel employed at the Company at the end of the current fiscal year was 509 individuals, while at the end of the previous fiscal year 549 individuals.

30. Facts after the Balance-sheet

The General Assembly of the Company approved on June 29th, 2007 the founding of a subsidiary company under the trade name "WATER SUPPLY & SEWERAGE SYSTEMS CO. OF THESSALONIKI SERVICES S.A. ΑΝΩΝΥΜΗ ΕΤΑΙΡΕΙΑ (ΕΥΑΘ SERVICES S.A.) to the share capital of which the Company participates by 100%. On 11/12/2007 the above mentioned subsidiary was registered in the Joint-Stock Companies' Register. The share capital of the subsidiary was determined to the amount of € 60.000. Η ολοκλήρωση της ίδρυσης πραγματοποιήθηκε με την καταβολή του μετοχικού κεφαλαίου από την εταιρεία την 31/1/2008. Η ΕΥΑΘ ΑΕ από τις 31/3/2008 θα συντάσσει ενοποιημένες οικονομικές καταστάσεις που θα συμπεριλαμβάνουν τις εταιρείες ΕΥΑΘ ΑΕ και ΕΥΑΘ ΥΠΗΡΕΣΙΕΣ ΑΕ .

Apart from what is reported in the above paragraph, there are no other facts after the balance-sheet of December 31st 2007, concerning the COmpany, which should be reported in compliance with the International Financial Information Standards (IFIS).