PHILIPPOS NAKAS S.A. MUSIC HOUSE

5th Consolidated Balance Sheet as at 30th June 2005 (1st July 2004 - 30th June 2005)

					(1st July 2004	t - 30th June 2005)				
ASSETS									LI	ABILITIES
	Closing period 30.06.2005		Previous period 30.06.2004				Closing period	Previous period		
	Acquisition cost	Depreciation	Net book value	Acquisition cost	Depreciation	Net book value		30.06.2005	30.06.20	104
B. ESTABLISHMENT EXPENSES	2 604 47	2 161 71	1 442 76	2 604 47	1 440 91	2 162 66	A. SHAREHOLDERS EQUITY			
Formation and set-up expenses Other establishment expenses	3.604,47 1.007.464,64	2.161,71 974.811,84	1.442,76 32.652,80	3.604,47 1.007.464,64	1.440,81 774.284,62	2.163,66 233.180,02	I. Share capital 1. Paid-up	3.804.000,00	3	3.804.000,00
4. Other establishment expenses	1.011.069,11	976.973,55	34.095,56	1.011.069.11	775.725,43	235.343,68	1. Tana ap	3.004.000,00		7.004.000,00
C. FIXED ASSETS							II. Share premium account	13.443.634,20	13	3.443.634,20
I. Intangible Assets										
Other intangible assets	1.494.408,15	1.252.513,90	241.894,25	1.489.364,48	1.004.926,82	484.437,66	III. Revaluation differences - Investment Subsidies			
II. Tangible Assets							Differences from revaluation			
1. Land	1.810.250,73	0,00	1.810.250,73	1.705.697,47	0,00	1.705.697,47	of other assets	140.658,14		0,00
Buildings & technical works	7.486.385,66		4.503.064,85	7.045.368,66	2.414.033,07	4.631.335,59				-,
 Machine-technical installations 										
& other mechanical equipment	193.757,45		84.603,71	183.294,63	109.244,50	74.050,13	IV. Reserves			
5. Transportation	492.994,29		250.231,74	507.455,14	238.343,54	269.111,60	Statutory reserve	897.918,56	817.918,56	
Furniture & other equipment	4.274.612,50	3.603.374,37 6.938.611,47	671.238,13 7.319.389,16	4.188.219,81 13.630.035,71	3.358.443,85 6.120.064,96	829.775,96 7.509.970,75	Less: loss from securities	44.476,10 853.442,46	49.012,65	768.905,91
Total assets	15.752.408,78	8.191.125,37	7.561.283,41	15.119.400,19	7.124.991,78	7.994.408,41	Tax-exempt reserves pursuant to special statutory regulations	236.666,33		236.666,33
Total assets	13.732.400,70	0.171.125,57	7.301.203,41	15.117.400,17	7.124.771,70	7.754.400,41	statutory regulations	1.090.108,79		1.005.572,24
III. Participations and other long-term								-10, 01.00,17		-,
financial assets							V. Retained earnings			
Participations in affiliated companies			586,94			586,94	Earnings brought forward	0,00		34.359,09
Other long-term claims			187.881,42			183.356,97	Loss brought forward	(271.097,06)		0,00
Total fixed assets (CL CH CH)			188.468,36 7.749.751,77		:	183.943,91 8.178.352,32		(271.097,06)		34.359,09
Total fixed assets (CI+CII+CIII)			7.749.731,77		:	8.1/8.332,32	VII Consolidation adjustments			
D CURRENT ASSETS							2. Consolidation differences	3.562,99		3.562,99
I. Reserves							Minority rights	3.002,77		3.302,33
1. Merchandise			10.397.449,43			11.729.654,90	- In equity capital	74.276,49		62.621,71
Payments on account			90.038,48			118.559,02	 In profit and loss results 	(47.501,65)		12.218,57
			10.487.487,91		1	11.848.213,92		30.337,82		78.403,27
II. Receivables 1. Customers		1.860.712,05			2.022.450,64		Total consolidated capital (AI+AII+AIV+AV+AVII)	18.237.641,89	15	8.365.968,80
Less: Provisions		0,00	1.860.712,05		216.372,30	1.806.078,34	Total consolidated capital (AI+AII+AIV+AV+AVII)	18.237.041,89	10	3.303.908,80
2. Notes receivable		0,00	1.000.712,00	•	210.372,30	1.000.070,54	B. PROVISIONS FOR RISKS & EXPENSES			
in Portfolio			5.625,00			4.028,40	2. Other provisions	254.030,26		7.636,16
3. Notes overdue		0,00			28.856,91					
Less: Provisions		0,00	0,00	,	28.856,91	0,00				
3a. Cheques receivable			3.591.463,46			3.759.562,06	C. LIABILITIES			
3b. Cheques overdue		220.657,30	120 (57 20		126.653,23	0.00	II. Short-term liabilities	2 082 760 51		2 062 600 22
Less: Provisions 11. Sundry debtors		90.000,00	130.657,30 739.235,11	•	126.653,23	0,00 685.517,02	Suppliers Notes payable	2.083.769,51 6.831,70	4	2.962.690,32 263.806,22
11a. Claims from credit cards			2.569.450,81			2.281.947,37	2α. Cheques payable	479.561,16		487.506,96
12. Advances in account for			4.193,21			10.204,95	Banks - accounts of short-term liabilities	2.800.600,00	2	2.851.218,83
			8.901.336,94			8.547.338,14	 Advances from trade-debtors 	544.840,32		484.362,50
							5. Taxes - duties	857.354,13	1	1.633.180,34
III. Securities			60.225.04			52.022.00	6. Social security	174.887,57		144.286,81
Marketable securities			68.235,84		1	53.922,00	10. Dividends	1.435.415,20	1	1.863.468,75
							11. Sundry creditors Total liabilities (CII)	892.177,79 9.275.437,38	11	908.157,77 1.598.678,50
IV. Cash & cash equivalents							(CII)	7.210.101,30		
1. Cash on hand			176.930,56			508.030,90				
Current and time deposits			374.299,55			618.821,01				
m . 1	n		551.230,11		,	1.126.851,91	D. TD ANGUTODY A GCOVENIA			
Total current assets (DI+DII+DIII+DIV	⁽)		20.008.290,80		1	21.576.325,97	D. TRANSITORY ACCOUNTS	1 007 00		1 511 00
E. TRANSITORY ACCOUNTS							Deferred income Accrued expenses	1.987,00 54.758,88		1.511,00 54.310,13
1. Prepaid expenses			31.717,28			38.082,62	2. Accided expenses	56.745,88		55.821,13
GRAND TOTAL ASSETS (B+C+D+	E)		27.823.855,41			30.028.104,59	GRAND TOTAL LIABILITIES (A+B+C+D)	27.823.855,41	30	0.028.104,59
					١					
DEBIT MEMO ACCOUNTS			201.27			264.70	CREDIT MEMO ACCOUNTS	201.27		264.70
 Third party asset iutems Guarantees and real securities 			381,27 42.556,27			364,78 471.318,37	Beneficiaries of asset items Guarantees and real securities	381,27 42.556,27		364,78 471.318,37
2. Guarantees and rear securities			42.937,54			471.683,15	2. Guarantees and real securities	42.937,54		471.683,15
			.21201,01		•		1			

NOTES TO CONSOLIDATED BALANCE SHEET AT 30.06.2005 1) In the consolidation at 30.06.2005 is included the enterprise NAKAS MUSIC (Cyprus) LTD with registered office in Nicosia, Cyprus, in which the parent holds 82,8%. The companies were consolidated by the full consolidation method. 2) On the property assets there are no real liens. 3) The income of the Group is classified under STAKOD 91: (a) CODE 514.9 (Wholesale trade of house appliances and music instruments) € 15.066.572.23 (b) CODE 524.5 (Retail trade of house appliances and music instruments) € 13.018.648,33 (c) CODE 804.4 (Musical and artistic education) € 2.204.101.13 and (d) CODE 523.0 (Repair services to TV and radio receivers, recorders or sound and picture reproduction and similar parts and fixtures) € 97.318,75. 4) The investments in fixed assets in the year amounted to € 634.599,74. 5) The personnel employed by the group amounts to 405 persons at an average. 6) There are no contested or under arbitration disputes nor any decisions of national or arbitral courts that may have a material effect on the financial position or operation of the group, except for lawsuit brought against a debtor of the subsidiary for a total claim of € 291.157.26 for the cover of which the company: a) has registered a pre-notice of real mortgage on property asset of the defendant and b) set that authorities up to the year ended 30.06.2002. 8) It has not been included in the consolidation the participation in the consolidation the partici

INCOME STATEMENT

AS A	T 30TH JUNE 200	05 (1ST JULY 200	04 - 30TH JUNE 2	005)					
_	Closi	ing period 30.6.20	05	Previ	ous period 30.6.20	004			
I. Operating earnings									
Turnover (sales)			31.286.640,44			30.341.011,88			
Less: Cost of sales		_	19.847.966,38		_	19.039.994,83			
Gross operating results (profit)			11.438.674,06			11.301.017,05			
Plus: Other operating income		_	383.730,10		_	301.617,14		Peania, 31st October 2005	
Total			11.822.404,16			11.602.634,19			
LESS:									
 Administrative expenses 		1.150.804,05			1.138.248,97		The President of B.o.D.	The Vice-President of B.o.D.	The Financial Director
Distribution cost		8.173.921,92	9.324.725,97		7.947.601,46	9.085.850,43			
Sub-total operating results (profit)			2.497.678,19			2.516.783,76			
LESS:									
 Credit interests and similar income 		27.252,13			11.079,06				
Less:									
Debit interests and similar expenses		217.688,48	(190.436,35)		197.546,30	(186.467,24)	KONSTANTINOS PH. NAKAS	GEORGE PH. NAKAS	STYLIANOS D. VASILAKIS
Total operating results (profit)			2.307.241,84			2.330.316,52 л.Т. Ф			
II. PLUS or LESS: Extraordinary results									
 Extraordinary & non-operating income 	34.280,56			73.365,01					
Extraordinary profit	23.823,73			828.019,97					
Previous years income	22.579,07			5.504,24					
 Income from previous years provisions 	195.799,97	276.483,33		0,00	906.889,22				
Less:									
 Extraordinary & non-operating expenses 	186.591,37			47.248,91					
Extraordinary loss	17.695,01			0,00					
Previous years expenses	80.129,63			17.152,83					
 Provisions for extraordinary risks 	334.115,08	618.531,09	(342.047,76)	0,00	64.401,74	842.487,48			
Operating & extraordinary results (profit)			1.965.194,08			3.172.804,00			
Less: Total depreciation of fixed assets		1.325.621,62			1.512.051,06				
Less: Depreciation included in the									
operating cost		1.325.621,62	0,00	_	1.512.051,06	0,00			
Total net consolidated results (profit) before taxes			1.965.194,08			3.172.804,00			
LESS: Other taxes not included in operating co	ost	_	2.910,27		_	10.124,29			
Total net consolidated results (profit)			1.962.283,81			3.162.679,71			
Minority rights		_	(47.501,65)		_	12.218,57			
Net consolidated results (profit)		_	2.009.785,46		_	3.150.461,14			
		_	<u>. </u>		_	<u>. </u>			

AUDITORS' REPORT To the Shareholders of "PH. NAKAS, MUSIC HOUSE S.A." and its subsidiary

We have audited according to the provisions of art. 108 of c.L. 2190/1920 the fifth Consolidated Financial Statements, and the Consolidated Cash Flow Statement as well as the related Notes to the Financial Statements of "PH, NAKAS, MUSIC CYPRUS LTD" for the year ended 30 June 2005. Our examination, included such auditing procedures as we considered necessary in the circumstances for the purpose of our audit, which are in conformity with the standards of auditing followed by the Institute of Certified Public Accountants of Greece and lastly we verified that the Directors' Consolidated Report is consistent with the related Consolidated Financial Statements. We have not extended our audit to the examination of the Financial Statements of the subsidiary have not been audited by other recognized Certified Auditors Accountants. As a result of our audit it is noted that the companies, based on opinion No. 205/1988 of the Administration Legal Advisors Plenary Session and article 10 of L. 2065/1992, did not set up a provision for staff retirement benefits. Had the companies on it is not with with should have, this, would have cumber of which approx. CF 78.000,00 would be charged to the present in our opinion, after taking into consideration our foregoing note, as well as the notes of the net assets the financial position, the results of operations and the Cash Flows of all the companies which are included in the consolidation, as at 30 June 2005.



Athens, 28 November 2005 The Certified Public Accountant Auditor