

**PHILIPPOS NAKAS S.A. MUSIC HOUSE**  
SUMMARY FINANCIAL STATEMENT OF 31st DECEMBER 2004 (1st JULY 2004 - 31st DECEMBER 2004)

(amounts in Euro)

<b>ASSETS</b>	<b>01.07.04-31.12.04</b>	<b>01.07.03-31.12.03</b>	<b>LIABILITIES</b>	<b>01.07.04-31.12.04</b>	<b>01.07.03-31.12.03</b>
Long term depreciation expenses	493.234,64	872.760,51	Paid-up capital	3.804.000,00	3.804.000,00
Fixed assets	13.958.572,25	13.954.565,12	Share premium reserve	13.443.634,20	13.443.634,20
<b>Less: Depreciations</b>	6.450.004,56	5.781.815,25	Reserves	1.150.766,93	1.011.875,54
Tangible assets in course of construction	0,00	51.797,26	Closing period's results	1.534.343,95	1.329.069,82
Participating interests in affiliated undertakings	544.066,31	895.985,79	Previous year's results	66.184,28	241.822,92
Merchandise	10.925.123,38	9.713.893,77	Provisions	393.373,03	395.759,80
Payments on accounts for imports	83.022,44	110.196,76	Short term liabilities	10.624.420,14	9.309.418,95
Trade debtors	3.557.443,88	3.451.965,27	Accruals and deferred expenses	571.877,00	539.333,47
Securities	3.923.263,39	2.725.324,44			
Other assets	3.613.010,13	3.055.284,25			
Notes	66.202,80	130.749,20			
Cash at bank and in hand	839.951,94	883.286,00			
Prepayment and accrued income	34.712,93	10.921,58			
<b>TOTAL ASSETS</b>	<b>31.588.599,53</b>	<b>30.074.914,70</b>	<b>TOTAL LIABILITIES</b>	<b>31.588.599,53</b>	<b>30.074.914,70</b>
Off balance sheet accounts	442.385,05	349.888,67	Off balance sheet accounts	442.385,05	349.888,67

**INCOME STATEMENT OF 01.07.2004 - 31.12.2004**

	<b>01.07.04-31.12.04</b>	<b>01.07.03-31.12.03</b>
Turnover (sales)	17.035.705,49	15.149.082,50
Less : Cost of goods sold	10.869.707,29	9.506.495,99
<b>Gross operating results (profit)</b>	<b>6.165.998,20</b>	<b>5.642.586,51</b>
Plus : Other operating income	105.226,11	166.528,57
<b>Total</b>	<b>6.271.224,31</b>	<b>5.809.115,08</b>
Less : Administrative expenses	628.856,58	602.705,96
Selling expenses	4.042.029,30	3.791.295,37
Financial results	89.090,69	92.010,90
<b>Net operating results (profit)</b>	<b>1.511.247,74</b>	<b>4.486.012,23</b>
Plus : non operating income - profit	53.744,09	26.526,35
Less: non operating expenses - loss	30.647,88	20.559,38
<b>Operating &amp; extraordinary results (profit)</b>	<b>1.534.343,95</b>	<b>5.966,97</b>
Less : Total depreciation of fixed assets	645.503,19	689.877,47
Less : Depreciations included in the cost of goods sold.	645.503,19	0,00
<b>Total net results (profit) before taxes</b>	<b>1.534.343,95</b>	<b>1.329.069,82</b>

Peania, 21 February 2005

The President of B.o.D.

The Vice-President of B.o.D.

The Financial Manager

**KONSTANTINOS PH. NAKAS**

**GEORGE PH. NAKAS**

**STYLIANOS D. VASILAKIS**

**AUDITOR'S REPORT**

**To the Board of Directors of "PH. NAKAS, MUSIC HOUSE S.A."  
«PHILIPPOS NAKAS MUSIC HOUSE»**

We have audited in accordance with the provisions of article 6 of P.D. 360/1985, as amended by article 90 of L. 2533/1997 and the auditing procedures we considered appropriate, in conformity with the auditing standards followed by the Institute of Certified Auditors-Accountants in Greece, in order to obtain reasonable assurance that the above summary financial statements of "PH. NAKAS, MUSIC HOUSE S.A." concerning the period from 1 July 2004 to 31 December 2004 are free of errors and omissions that materially affect the Company's assets, liabilities and financial position, as well as the results of operations disclosed herein. Within the scope of this audit we obtained also a full accounting report of the Company's Branch operations. We have examined the books of account and records kept by the Company and we obtained all the information and explanations we needed for the purpose of our audit. The Company has applied properly the Greek General Chart of Accounts. No change in the inventory valuation method was made, compared with that of the corresponding previous period. As a result of our audit, arose the following matters: 1) At 31.12.2004, was adjusted based on the provisions of L. 2065/1992 the acquisition cost of land, buildings and their accumulated depreciation, owing to which increased the acquisition cost of land by € 104.553,27, of buildings by € 151.166,64, of accumulated depreciation of buildings by € 115.061,76 and the arisen revaluation difference of € 140.658,15 was recorded in the Liabilities account "Equity and Reserves". 2) The company, 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 company provided such a reserve for all of its personnel, irrespective of when it is eligible to retire, as in our view it should have, this, would have accumulatively amounted at 31.12.2004 to approx. € 538.000,00 out of which approx. € 32.000,00 would be charged to the present year. 3) In the Assets item "Participations and long-term receivables" is included also acquisition cost of: a) Company shares of a LTD company with registered office abroad which is not audited by Certified Auditors Accountant of € 353.019,42. The intrinsic book value of the above company shares according to the last published balance sheet at 30.6.2004 amounted to € 360.277,31 and b) company shares of a company which is not audited by Certified Auditors Accountants of € 586,94. The intrinsic book value of the above company shares, according to the last published balance sheet at 31.12.2002, was negative. Had the company measured the above participation according to the provisions of c.L. 2190/1920 the results for the period would be decreased by € 586,94 and the equity equally in amount reduced. 4) Till the date of our "Auditor's Report" we had not received confirmation letters from trade debtors, suppliers and banks. In our opinion, based on our audits, the above summary financial statements, which result from the Company's books and records and after taking into consideration our foregoing notes as well as the company's notes mentioned afore, present fairly in all material respects the shown assets, liabilities and financial position of "PH. NAKAS, MUSIC HOUSE S.A." as at 31.12.2004, and the results of its operations for the period then ended, in conformity with legal requirements and generally accepted accounting principles applied by the company on a basis consistent with that for the respective period of the preceding year. It is noted that, the present Auditor's Report is issued for the purposes of article 90 of L. 2533/1997 and it does not replace the Auditor's Report on the statutory audit, which is required by the provisions of article 37 of c.L. 2190/1920 "Companies' Act of Greece". Therefore, certain items of the above summary financial statements may present differences to those disclosed in the annual financial statements, which will be published with the afore-stated Auditor's Report on the statutory audit. To be noticed that the corresponding amounts of the preceding year are set out as disclosed in the published financial statements for that year.

Athens, 25 February 2005

The Certified Public Accountant-Auditor



**Andreas M. Roussos**  
SOEL Reg. No. 12131  
SOL S.A. – Certified Auditors Accountants