

PHILIPPOS NAKAS S.A. MUSIC HOUSE

SUMMARY FINANCIAL STATEMENT AS OF 30TH JUNE 2005 (1ST JULY 2004 - 30TH JUNE 2005)

(amount in EURO)

ASSETS	01.07.2004-30.06.2005	01.07.2003-30.06.2004	LIABILITIES	01.07.2004-30.06.2005	01.07.2003-30.06.2004
Long term depreciation expenses	39.799,51	245.080,27	Paid-up capital	3.804.000,00	3.804.000,00
Fixed assets	15.253.414,53	14.639.042,98	Share premium reserve	13.443.634,20	13.443.634,20
Less: Depreciations	7.804.144,44	6.781.100,65	Reserves	1.150.766,93	969.764,44
Participating interests in affiliated undertakings	549.409,89	536.963,33	Closing period's results	2.108.538,16	3.137.286,22
Merchandise	9.892.089,19	11.109.740,00	Less : other taxes	2.910,27	10.124,29
Payment of accounts for imports	89.941,08	118.559,02	Previous year's results	66.184,28	137.288,79
Trade debtors	2.491.376,76	2.580.641,10	Provisions	471.385,98	379.518,60
Securities	3.865.471,98	3.919.100,60	Short term liabilities	7.277.929,43	8.384.825,08
Other assets	3.360.654,44	3.031.159,62	Accruals and deferred expenses	9.580,50	55.821,13
Notes	68.235,84	53.922,00			
Cash at bank and in hand	493.163,89	810.823,28			
Prepayment & accrued income	29.696,54	38.082,62			
TOTAL ASSETS	28.329.109,21	30.302.014,17	TOTAL LIABILITIES	28.329.109,21	30.302.014,17
Off balance sheet accounts	376.798,98	471.683,15	Off balance sheet accounts	376.798,98	471.683,15

COMPANY NOTES TO SUMMARY FINANCIAL STATEMENTS AT 30.6.2005: 1) There are no real liens on the fixed assets. 2) The company has undergone an audit from the tax authorities until the year ended 30.06.2002. 3) The last value adjustment of property assets was computed at 31.12.2004 based on the provisions of L. 2065/92. 4) The income of the company is classified under STAKOD 91: (a) CODE 514.9 (Wholesale trade of house appliances and music instruments) € 16.166.773,39 (b) CODE 524.5 (Retail commerce of house appliances and music instruments) € 12.411.321,55 (c) CODE 804.4 (Musical and artistic education) € 2.204.101,13 and (d) CODE 323.0 (Repair services to TV and radio receivers, recorders or sound and picture reproduction and similar parts and fixtures) € 97.318,75. 5) The investments in fixed assets in the period amounted to € 626.736,57. 6) The personnel employed by the company amounts to 401 persons at an average. 7) In "Other receivables" is included amount € 72.185,31 that concerns participation in the capital increase of NAKAS MUSIC CYPRUS, which till today has not been concluded. 8) 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 company. 9) In the preceding year was sold the property asset of the company sited in Athens at 147, Skiathou Street, yielding a gain of approximately € 822.000,00, which is included in the Income Statement for the preceding year under item "Non-operating income-profit".

INCOME STATEMENT AS OF 01.07.2004-30.06.2005

	01.07.2004-30.06.2005	01.07.2003-30.06.2004
Turnover (sales)	30.879.514,82	29.823.512,00
Less: Cost of goods sold	19.699.225,70	18.899.995,36
Gross operating results (profit)	11.180.289,12	10.923.516,64
Plus : Other operating income	390.969,14	302.793,02
Total	11.571.258,26	11.226.309,66
Less : Administrative expenses	1.149.116,82	1.138.248,97
Selling expenses	7.841.102,07	7.617.569,43
Financial results	193.149,26	175.692,52
Net operating results (profit)	2.387.890,11	8.931.510,92
Plus : Non operating income - profit	79.518,92	2.294.798,74
Less : Non operating expenses - loss	278.648,16	906.889,22
Less : Provisions for extraordinary loss	90.000,00	64.401,74
Plus: Income from previous years provisions	9.777,29	0,00
Operating and extraordinary results (profit)	2.108.538,16	842.487,48
Less : Total depreciation of fixed assets	1.297.516,58	1.482.695,98
Less : Depreciations included in the cost of goods sold.	1.297.516,58	0,00
Total net results (profit) before taxes	2.108.538,16	3.137.286,22

Peania, August 22, 2005

The President of B.o.D.

The Vice-President of B.o.D.

THE FINANCIAL DIRECTOR

KONSTANTINOS PH. NAKAS

GEORGE PH. NAKAS

STYLIANOS D. VASILAKIS

AUDITORS' REPORT

To the Board of Directors of "PH. NAKAS, MUSIC HOUSE S.A."

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 Public-Accountants of 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 30 June 2005 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 accounting books 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 the previous year. 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, of buildings and their accumulated depreciation, owing to which increased the acquisition cost of land by € 104.553,27, of buildings by € 151.166,64, and the accumulated depreciation of buildings by € 115.061,76 while the arisen revaluation surplus 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 cumulatively amounted at 30.06.2005 to approx. € 584.000,00 out of which approx. € 78.000,00 chargeable to the current 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 Accountants, of € 360.941,53. The intrinsic book value of the above company shares according to its last Trial balance at 30.6.2005 as well as the information that was received via respective correspondence, amounted to € 138.890,81. Had the company measured the value of the above participation according to the provisions of c.L. 2190/1920 the results for the year would be decreased by approx. € 222.000,00 and the Shareholders' Equity equally in amount reduced. 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 year would be decreased by € 586,94 and the equity equally in amount reduced. 4) Till the date of our "Auditors' Report" we had not received confirmation letters from trade debtors and suppliers. In our opinion, based on our audits, the above 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 above, present fairly in all material respects the shown assets, liabilities and financial position of "PH. NAKAS, MUSIC HOUSE S.A." as at 30 June 2005, 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 Auditors' Report is issued for the purposes of article 90 of L. 2533/1997 and it does not replace the Auditors' 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 financial statements may present differences to those disclosed in the annual financial statements, which will be published with the afore-stated Auditors' 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, August 30, 2005

The Certified Public Accountant Auditor

ANDREAS M. ROUSSOS

SOEL Reg. No. 12131

SOL S.A. - Certified Auditors Accountants