

## **ELECTRONIKI ATHINON SA**



### **Annual Financial Statements for the period from July 1<sup>st</sup> 2006 to June 30<sup>th</sup> 2007**

It is confirmed that the attached interim financial statements, compiled according to I.A.S. and I.F.R.S., of the Parent and the Group, are those approved by the company's Board of Directors on September 17<sup>th</sup> 2007, and have been published with their posting on the internet at the website, [www.electroniki.gr](http://www.electroniki.gr) .

*STROUTSIS IOANNIS*

*CHAIRMAN &  
CHIEF EXECUTIVE OFFICER*

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## **1 Independent Auditors' report**

To the Shareholders of  
ELECTRONIKI ATHINON S.A.

### **Report on the Financial Statements**

We have audited the accompanied financial statements of ELECTRONIKI ATHINON S.A. (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the balance sheet as at 30 June 2007, and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the company and the Group as of 30 June 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 18 September 2007  
Chartered Accountants

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Vassilis Kazas  
SOEL R.N. 13281

**Grant Thornton** 

A.M. SOEL 127  
Chartered Accountants  
Vassileos Konstantinou 44  
116 35 Athens

## 2 Board of Directors Management Report

In accordance to the existing provisions of C.L.2190/1920 (article 43, par. 3), as such was amended with article 35 PD 409/86, and furthermore with the regulative provisions of the Hellenic Capital Market Commission and the BoD of the Athens Exchange, we submit the BoD report regarding the events that took place during the financial period 01/07/06 – 30/06/07 for the Group and the company Electroniki Athinon SA.

During the financial period that ended the investment plan in combination with the business decisions made, determined the future growth of the Group.

The effectiveness of our business choices and the rational handling of risks and opportunities is factually proved and can be observed within the financial data that we present directly below.

Not only do the financial results verify and reflect the achievement of our goals but have surpassed by far, our realistic and optimistic projections.

In summary, we report the following:

On a consolidated basis, turnover for the period 1/07/06 – 30/06/07 that we present, amounts to 181,238,164€ compared to 145,542,459€, representing an increase of 24.5% in regard to the period 1/07/05-30/06/06.

With regard to the parent company for the period 1/07/06 – 30/06/07, Electroniki Athinon presented turnover of 178,632,377€ compared to 143,885,336€ during the respective previous period, posting an increase of 24.1%,.

The sales of the subsidiary company in Cyprus amounted to 2,527,718€ compared to 2,517,430€ during the previous period, representing an increase of 0.4%.

The company's course was quite significant in terms of Earnings before interest, taxes, depreciation and amortization (EBITDA), which reached 17,619,296€ compared to 11,663,530€ for the previous period 1/07/05 – 30/06/06, an amount that corresponds to a significant increase of 51.1%. Similarly for the Group, EBITDA reached 16,770,789€ for the current period compared to 11,128,842€ for the previous one, namely an increase of 50.7%. Furthermore despite the competition and the market difficulties (lack of liquidity and low purchasing power), at the company level the gross profit margin remained stable and at competitive levels of 25.4% of sales compared to 25.6% for the previous period, whilst at the Group level it stands at 25.4% from 25.3% respectively.

The net earnings per share (EPS) for the company reached 0.47€ per share, compared to 0.39€ during the period 11/07/05 – 30/06/06, whereas the Groups' was 0.43€ compared to 0.35€ of the previous financial period.

The net earnings after taxes for the Company reached 8,191,445€, higher by 22% compared to the previous year 1/07/05 – 30/06/06 which stood at 6,713,851€. The earnings after taxes for the Group increased by 20.9% and reached 7,383,581€ compared to 6,105,617€ for the previous accounting period.

As regards to our dividend policy, consistently following the same course until today, we intend to propose a dividend distribution of 0.21 € per share towards the General Meeting of Shareholders.

## **Corporate Governance**

Corporate governance has been adopted by the Company as a group of rules, audit mechanisms and principles, as such are stipulated by the effective Greek legislation and by international practices.

The company's Board of Directors, consisting of five members two of which are independent and non-executive members, is the trustee / guardian of the principles of Corporate Governance.

The first and foremost obligation and duty of all members of the Board of Directors is the constant pursuit of strengthening the financial value and profitability of the company and its shareholders. The Board of Directors of the company ensures that their management is not influenced by external intentions that would damage its interests.

The internal audit constitutes the basic and necessary precondition of Corporate Governance. Reporting to the Company's Board of Directors, the internal audit constitutes an independent organizational unit.

## **Prospects for the current financial period**

During the current period, we continue our efforts to establish the company in the leading positions in the Greek market, taking advantage of the know how of retail selling and the deep knowledge of the domestic market.

The prospect for further development in the Balkans is amongst our goals and we hope that by the end of the current year we will also operate a second store in Serbia. With our eyes focused on the Balkans, we are looking into all possible scenarios for investment opportunities in the region's other countries.

At the same time, the establishment of new MEGASTORES in selective points remains our objective for the Greek market.

Finally, we must note the approval of the competition committee as regards to the acquisition of the company Sarafidis S.A., by 51% at the first stage and 100% within a three-year period.

## **Chairman & Chief Executive officer**

*Stroutsis Ioannis*

## **EXPLANATORY REPORT TOWARDS THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF ELECTRONIKI ATHINON ACCORDING TO ARTICLE 11a L. 3371/2005**

The present explanatory report by the Board of Directors towards the Ordinary General Shareholders' Meeting contains detailed information regarding the issues of paragraph 1 of article 11a of L. 3371/2005.

### **I. Structure of the Company's share capital**

The Company's share capital amounts to euro (€) 5,865,000, divided into 17,250,000 common registered voting shares with a nominal value of euro (0.34€) each. The Company's shares are listed on the Securities Market of the Athens Exchange.

The rights of the Company's shareholders emanating from its share, depends on the percentage of capital, to which the paid value of the share corresponds to. Each share provides all the rights stipulated by law and the company's articles of association. Specifically:

- the right to dividend from the annual or under liquidation earnings of the Company. Percentage of 35% of net earnings after the deduction only of the ordinary reserve or 6% of the paid up capital (and specifically the largest of the two amounts) is distributed from the profit of each financial year to shareholders as the first dividend, while the distribution of an additional dividend is decided on by the General Meeting. Each shareholder, who is included in the Company's shareholders registry on the date beneficiaries of the dividend are defined, are entitled to dividend. The dividend of each share is paid to shareholders within two (2) months from the date of the Ordinary General Meeting that approved the annual financial statements. The method and place of payment is announced through the Press. The right to collect dividends is written-off and the relevant amount is transferred to the Greek State after 5 years from the end of the year, during which the General Meeting approved the distribution,
- the right to withdraw the contribution during liquidation or, respectively, the capital depreciation that corresponds to the share, given that such is decided by the General Meeting,
- the preference right to each share capital increase of the Company by cash and the issuance of new shares,
- the right to receive a copy of the financial statements and the reports by the certified auditors and the Board of Directors of the Company,
- the right to participate in the General Meeting, which includes the following secondary rights: authorization, presence, participation in discussions, submission of proposals on the daily agenda issues, submission of opinion on the minutes and votes.
- The General Meeting of the Company's shareholders reserves all its rights during liquidation.

The responsibility of the Company's shareholders is limited to the nominal value of the shares held.

### **II. Limitations on the transfer of Company shares**

The transfer of Company shares takes place based on procedures stipulated by the Law, while there are no restrictions set by the Articles of Association for transfer of shares, given that such refer to dematerialized shares listed on the Athens Exchange.

### **III. Significant direct or indirect participations according to the definition of P.D. 51/1992**

Shareholders (physical or legal entities) that hold a direct or indirect participation larger than 5% of the total number of the company's shares, are presented below.

<b>NAME</b>	<b>PERCENTAGE</b>
STROUTSIS IOANNIS	54.6%
STROUTSI PARASKEVI	14.5%

### **IV. Shares providing rights for special control**

There are no Company shares that provide special control rights.

### **V. Restrictions on voting rights**

The Company's articles of association state no restrictions on voting rights emanating from the Company shares.

### **VI. Agreements between Company shareholders**

To the Company's knowledge, there are no agreements between its shareholders, which imply limitations to the transfer of shares or the exercise of voting rights emanating from its shares.

### **VII. Regulations regarding the assignment and replacement of BoD members and amendments of the Articles of Association**

For the assignment and replacement of BoD members as well as for amendments of its Articles of Association, the Company's articles of association follow the provisions of C.L. 2190/1920.

### **VIII. Important agreements which are in effect / amended or terminated in case a change arises in the company's control following a public offer**

There are no agreements, which are in effect, amended or terminated in case a change arises in the Company's control following a public offer.

### **IX. Agreements between the Company's BoD members or employees**

There are no agreements of the Company with BoD members or with its employees, which stipulate the payment of indemnity specifically in case of resignation or termination without reasonable cause or termination of term or employment due to a public offer.

Ioannis Stroutsis

Chairman & Chief Executive Officer

ELECTRONIKI ATHINON S.A.

### 3 Balance sheet data

ASSETS	Note	GROUP		COMPANY	
		30/6/2007	30/6/2006	30/6/2007	30/6/2006
<b>Non Current Assets</b>					
Tangible Assets	10.1	22,879,594.28	15,994,361.74	22,261,831.64	15,532,610.20
Intangible Assets	10.2	73,880.86	84,124.19	34,652.63	84,124.19
Investments in subsidiaries	10.3	0.00	0.00	500.00	500.00
Deferred tax assets	10.4	763,177.31	1,276,484.55	687,507.28	1,276,484.55
Other long-term receivables	10.5	<u>5,853,589.97</u>	<u>3,389,844.23</u>	<u>5,853,589.97</u>	<u>3,389,844.23</u>
<b>Total non current assets</b>		<b>29,570,242.42</b>	<b>20,744,814.71</b>	<b>28,838,081.52</b>	<b>20,283,563.17</b>
<b>Current Assets</b>					
Inventories	10.6	31,790,433.41	30,013,672.43	29,229,294.27	28,833,058.52
Customer & other trade receivables	10.7	8,465,160.40	8,249,051.44	10,837,016.37	10,527,320.28
Other receivables	10.8	3,828,245.56	1,845,220.65	4,093,877.11	1,988,982.82
Financial assets valued at fair value through the results	10.9	1,670,593.09	1,401,053.96	1,670,593.09	1,401,053.96
Cash & cash equivalents	10.10	<u>23,486,637.96</u>	<u>16,854,685.41</u>	<u>22,457,198.69</u>	<u>16,431,584.73</u>
<b>Total current assets</b>		<b>69,241,070.41</b>	<b>58,363,683.89</b>	<b>68,287,979.53</b>	<b>59,182,000.31</b>
<b><u>TOTAL ASSETS</u></b>		<b><u>98,811,312.83</u></b>	<b><u>79,108,498.60</u></b>	<b><u>97,126,061.05</u></b>	<b><u>79,465,563.48</u></b>
<b><u>EQUITY &amp; LIABILITIES</u></b>					
<b>Equity</b>					
Share Capital	10.11	5,865,000.00	5,865,000.00	5,865,000.00	5,865,000.00
Share premium	10.12	7,619,220.91	7,619,220.91	7,619,220.91	7,619,220.91
Foreign exchange difference from conversion of subsidiary's balance sheet		-607.20	1,946.93	0.00	0.00
Other reserves	10.13	4,765,798.99	4,194,325.66	4,765,798.99	4,194,325.66
Results carried forward	10.14	<u>8,840,809.72</u>	<u>5,478,701.36</u>	<u>10,388,789.72</u>	<u>6,218,817.96</u>
<b>Net position of Company Shareholders</b>		<b>27,090,222.42</b>	<b>23,159,194.87</b>	<b>28,638,809.62</b>	<b>23,897,364.53</b>
Minority Interest		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL EQUITY</b>		<b>27,090,222.42</b>	<b>23,159,194.87</b>	<b>28,638,809.62</b>	<b>23,897,364.53</b>
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Liabilities for employee benefits due to termination of employment	10.15	<u>710,756.00</u>	<u>548,790.00</u>	<u>674,934.00</u>	<u>548,790.00</u>
<b>Total Long-term Liabilities</b>		<b>710,756.00</b>	<b>548,790.00</b>	<b>674,934.00</b>	<b>548,790.00</b>
<b>Short-term liabilities</b>					
Suppliers and other liabilities	10.16	61,719,950.86	49,893,277.70	58,523,175.67	49,512,889.44
Current tax liabilities	10.17	6,020,615.64	3,006,704.59	6,017,545.57	3,003,588.07
Short-term loans	10.18	589,578.73	711,525.63	589,578.73	711,525.63
Other short-term liabilities	10.19	<u>2,680,189.19</u>	<u>1,789,005.81</u>	<u>2,682,017.46</u>	<u>1,791,405.81</u>
<b>Total Short-term Liabilities</b>		<b>71,010,334.41</b>	<b>55,400,513.73</b>	<b>67,812,317.43</b>	<b>55,019,408.95</b>
<b>Total liabilities</b>		<b>71,721,090.41</b>	<b>55,949,303.73</b>	<b>68,487,251.43</b>	<b>55,568,198.95</b>
<b><u>TOTAL EQUITY &amp; LIABILITIES</u></b>		<b><u>98,811,312.83</u></b>	<b><u>79,108,498.60</u></b>	<b><u>97,126,061.05</u></b>	<b><u>79,465,563.48</u></b>

## 4 Income statement

	Note	GROUP		COMPANY	
		1/7/06-30/6/07	1/7/05-30/6/06	1/7/06-30/6/07	1/7/05-30/6/06
<b>Sales</b>	11.1	<b>181,238,164.52</b>	<b>145,542,459.25</b>	<b>178,632,377.37</b>	<b>143,885,336.67</b>
Minus: Cost of Sales	11.2	<u>135,251,575.53</u>	<u>108,604,914.12</u>	<u>133,231,426.29</u>	<u>107,404,681.97</u>
<b>Gross Profit</b>		<b>45,986,589.00</b>	<b>36,937,545.13</b>	<b>45,400,951.08</b>	<b>36,480,654.70</b>
Plus: Other operating income	11.3	547,706.48	73,980.29	544,603.86	73,980.29
Minus: Administrative expenses	11.4	6,367,722.39	5,269,573.93	5,519,699.28	4,540,722.96
Distribution expenses	11.5	25,413,250.91	22,470,213.84	24,748,848.33	22,169,412.10
Other expenses	11.6	<u>125,303.86</u>	<u>161,287.78</u>	<u>125,303.86</u>	<u>161,287.78</u>
<b>Operating results</b>		<b>14,628,018.32</b>	<b>9,110,449.87</b>	<b>15,551,703.47</b>	<b>9,683,212.15</b>
Plus: Financial income	11.7	815,913.25	861,300.85	732,125.32	856,033.26
Minus: Financial expenses	11.8	<u>3,951,366.26</u>	<u>2,382,539.51</u>	<u>3,908,853.91</u>	<u>2,353,310.28</u>
<b>Results before taxes</b>		<b>11,492,565.32</b>	<b>7,589,211.21</b>	<b>12,374,974.88</b>	<b>8,185,935.13</b>
Income tax	11.9	4,108,983.62	1,483,593.47	4,183,529.79	1,472,084.07
<b>Results for the period after taxes</b>		<b>7,383,581.69</b>	<b>6,105,617.74</b>	<b>8,191,445.09</b>	<b>6,713,851.06</b>
Allocated to:					
Company shareholders		7,383,581.69	6,105,617.74	8,191,445.09	6,713,851.06
Minority interest		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		<b>7,383,581.69</b>	<b>6,105,617.74</b>	<b>8,191,445.09</b>	<b>6,713,851.06</b>
Results before financing & investment results & depreciations		16,770,789.58	11,128,842.81	17,619,296.97	11,663,529.73
Results before taxes financing & investment results		14,628,018.32	9,110,449.87	15,551,703.47	9,683,212.15
Earnings before taxes		11,492,565.32	7,589,211.21	12,374,974.88	8,185,935.13
Earnings after taxes		7,383,581.69	6,105,617.74	8,191,445.09	6,713,851.06
<b>Earnings after taxes per share - basic (in €)</b>		<b>0.428</b>	<b>0.354</b>	<b>0.475</b>	<b>0.389</b>

## 5 Cash flow statement

	GROUP		COMPANY	
	1.7-30.6.2007	1.7-30.6.2006	1.7-30.6.2007	1.7-30.6.2006
<b>Cash flows from Operating Activities</b>				
Profit before taxes	11,290,065.32	7,589,211.21	12,172,474.88	8,185,935.13
<i>Plus/minus adjustments for:</i>				
Depreciations	2,142,771.26	2,047,065.41	2,067,593.50	1,980,317.58
Provisions	681,370.93	50,332.51	681,370.93	50,332.51
Foreign exchange differences	-6,304.79	0.00	0.00	0.00
Results (income, expenses, profit and losses)	-838,926.13	-232,472.22	-743,892.70	-232,472.22
Interest expenses and related expenses	3,962,611.76	2,393,087.33	3,908,853.91	2,353,310.28
<i>Plus/minus adjustment for changes in working capital accounts or those related to operating activities:</i>				
Decrease / (increase) in Inventories	-1,994,357.93	-4,540,331.52	-596,235.75	-4,348,590.65
Decrease / (increase) in receivables	-1,659,754.78	-519,219.48	-5,428,336.12	-616,529.24
(Decrease) / increase in liabilities (apart from banks)	11,866,457.26	20,557,955.28	12,531,752.17	19,909,195.07
<i>Minus:</i>				
Interest expenses and related expenses paid	-3,962,611.76	-2,426,732.89	-3,908,853.91	-2,353,310.28
Payment of taxes	-2,776,513.88	-2,644,357.17	-2,775,390.02	-2,643,301.52
<b>Total inflows / (outflows) from operating activities (a)</b>	<b><u>18,704,807.25</u></b>	<b><u>22,274,538.47</u></b>	<b><u>17,909,336.89</u></b>	<b><u>22,284,886.66</u></b>
<b>Investment activities</b>				
Acquisition of subsidiaries, associates, joint ventures and other investments	-96,775.00	0.00	-96,775.00	-500.00
Purchase of tangible and intangible fixed assets	-9,082,632.35	-4,074,992.04	-8,798,467.15	-4,058,045.72
Proceeds from sale of other investments	317,183.50	895,697.86	317,183.50	895,697.86
Proceeds from sales of tangible and intangible fixed assets	16,800.00	0.00	16,800.00	0.00
Interest received	236,416.80	262,595.93	225,171.30	246,780.51
Dividends received	105,786.93	5,245.00	21,999.00	5,245.00
<b>Total inflows / (outflows) from investment activities (b)</b>	<b><u>-8,503,220.12</u></b>	<b><u>-2,911,453.25</u></b>	<b><u>-8,314,088.35</u></b>	<b><u>-2,910,822.35</u></b>
<b>Financing activities</b>				
Proceeds from share capital increase	0.00	-8,713,208.70	0.00	-8,713,208.70
Collections from issued / undertaken loans	0.00	0.00	0.00	0.00
Repayment of loans	-121,946.90	-101,566.88	-121,946.90	-101,566.88
Payments of liabilities from financial leases (installments)	0.00	0.00	0.00	0.00
Dividend paid	-3,447,687.68	-2,140,432.88	-3,447,687.68	-2,140,432.88
<b>Total inflows / (outflows) from financing activities (c)</b>	<b><u>-3,569,634.58</u></b>	<b><u>10,955,208.46</u></b>	<b><u>-3,569,634.58</u></b>	<b><u>10,955,208.46</u></b>
<b>Net increase / (decrease) in cash &amp; cash equivalents for the period (a) + (b) + (c)</b>	<b><u>6,631,952.55</u></b>	<b><u>8,407,876.76</u></b>	<b><u>6,025,613.96</u></b>	<b><u>8,418,855.85</u></b>
<b>Cash &amp; cash equivalents at the beginning of the period</b>	<b>16,854,685.41</b>	<b>8,446,808.65</b>	<b>16,431,584.73</b>	<b>8,012,728.88</b>
<b>Cash &amp; cash equivalents at the end of the period</b>	<b><u>23,486,637.96</u></b>	<b><u>16,854,685.41</u></b>	<b><u>22,457,198.69</u></b>	<b><u>16,431,584.73</u></b>

## 6 Statement of changes in equity

### 6.1 Statement of changes in group's equity

#### ATTRIBUTED TO THE PARENT'S SHAREHOLDERS

	Share capital	Share premium	Foreign exchange difference from conversion of subsidiary's balance sheet	Other reserves	Results carried forward	Total
<b>Balance as at 1.7.2005 according to IAS</b>	<b>5,175,000.00</b>	<b>16,440,090.97</b>	<b>2,398.87</b>	<b>3,637,819.17</b>	<b>2,626,781.10</b>	<b>27,882,090.11</b>
<b>Changes in Equity for the period 1.7.2005-30.6.2006</b>						
Net results for the period 1.7.2005-30.6.2006 after taxes					6,105,617.74	6,105,617.74
Distributed dividends					-2,070,000.00	-2,070,000.00
Result recognized directly in equity			-451.94		-133,061.06	-133,513.00
Recognition of reserves of 30.6.2005 due to their approval by the ordinary G.M.				556,506.49	-556,506.49	0.00
Share capital increase	9,315,000.00	-8,820,870.06			-494,129.94	0.00
Share capital decrease	-8,625,000.00	0.00				-8,625,000.00
<b>Balance of Equity as at 30.6.2006</b>	<b>5,865,000.00</b>	<b>7,619,220.91</b>	<b>1,946.93</b>	<b>4,194,325.66</b>	<b>5,478,701.36</b>	<b>23,159,194.86</b>
<b>Balance as at 1.7.2006 according to IAS</b>	<b>5,865,000.00</b>	<b>7,619,220.91</b>	<b>1,946.93</b>	<b>4,194,325.66</b>	<b>5,478,701.36</b>	<b>23,159,194.86</b>
<b>Changes in Equity for the period 1.7.2006-30.6.2007</b>						
Net results for the period 1.7.2006-30.6.2007 after taxes					7,206,081.69	7,206,081.69
Result recognized directly in equity			-2,554.13			-2,554.13
Recognition of reserves of 30.6.2006 due to their approval by the ordinary G.M.				571,473.33	-571,473.33	
Distributed dividends of parent company					-3,450,000.00	-3,450,000.00
<b>Balance of Equity as at 30.6.2007</b>	<b>5,865,000.00</b>	<b>7,619,220.91</b>	<b>-607.20</b>	<b>4,765,798.99</b>	<b>8,663,309.72</b>	<b>26,912,722.42</b>

## 6.2 Statement of changes in company's equity

	Share capital	Share premium	Other reserves	Results carried forward	Total
<b>Balance as at 1.7.2005 according to IAS</b>	<b>5,175,000.00</b>	<b>16,440,090.97</b>	<b>3,637,819.17</b>	<b>2,758,664.38</b>	<b>28,011,574.52</b>
<b><i>Changes in Equity for the period 1.7.2005-31.12.2005</i></b>					
Net results for the period 1.7.2005-30.6.2006 after taxes				6,713,851.06	6,713,851.06
Distributed dividends				-2,070,000.00	-2,070,000.00
Result recognized directly in equity				-133,061.06	-133,061.06
Recognition of reserves of 30.6.2005 due to their approval by the ordinary G.M.		0.00	556,506.49	-556,506.49	0.00
Share capital increase	9,315,000.00	-8,820,870.06		-494,129.94	0.00
Share capital decrease	8,625,000.00	0.00	0.00		-8,625,000.00
<b>Balance of Equity as at 30.6.2006</b>	<b>5,865,000.00</b>	<b>7,619,220.91</b>	<b>4,194,325.66</b>	<b>6,218,817.96</b>	<b>23,897,364.53</b>
<b>Balance as at 1.7.2006 according to IAS</b>	<b>5,865,000.00</b>	<b>7,619,220.91</b>	<b>4,194,325.66</b>	<b>6,218,817.96</b>	<b>23,897,364.53</b>
<b><i>Changes in Equity for the period 1.7.2006-30.6.2007</i></b>					
Net results for the period 1.7.2006-30.6.2007 after taxes				8,013,945.09	8,013,945.09
Distributed dividends				-3,450,000.00	-3,450,000.00
Recognition of reserves of 30.6.2006 due to their approval by the ordinary G.M.			571,473.33	-571,473.33	0.00
<b>Balance of Equity as at 30.6.2007</b>	<b>5,865,000.00</b>	<b>7,619,220.91</b>	<b>4,765,798.99</b>	<b>10,211,289.72</b>	<b>28,461,309.62</b>

## **7 Information on the group and its activity**

### **7.1 Brief history**

Electroniki Athinon SA was established in 1989 and in January of 1990 acquired the total assets and liabilities of the following companies: ERGOELECTRIC LTD and PAPAZOGLU. I.-P. STROUTISIS LTD. (according to article 5, par. 4 L.1642/86).

Following the aforementioned acquisition, Electroniki Athinon S.A. positioned itself in the existing two stores of the above companies at 6 & 8 Dragatsaniou Str. in Athens. The development of the Company's activities began at that time and is focused at the beginning of the '90s mainly at expanding the store network in regional markets in the Attica region, while in 1998 the company's expansion began outside of Attica. Thus the operation of new stores took place and as a result the company's store network during 30/06/2006 numbered 49 stores in the Greek market, from which 26 are located in Attica and 23 in the remaining region of Greece. Furthermore, the group also has 2 stores in Cyprus and one in Serbia.

In March 2000, the subsidiary company ELECTRONIKI TRADE SA was established, with ELECTRONIKI ATHINON participating in its share capital by 75%, aiming at representing foreign houses as well as trading electrical items in the Greek market. With the acquisition of the remaining 25% minority by Electroniki Athinon SA, Electroniki TRADE SA was merged through absorption according to L. 2166/1992 by ELECTRONIKI ATHINON SA on 24/10/2003.

In 2002 ELECTRONIKI ATHINON decided to autonomously enter the Cypriot market, aiming at trading electrical items in the Cypriot market and for this purpose established the company ELECTRONIKI ATHINON (CYPRUS) Ltd (100% subsidiary of ELECTRONIKI ATHINON), domiciled in Nicosia Cyprus.

On 3/12/2002 the first store in Nicosia Cyprus opened and on 14/01/2005 the second store of Electroniki Athinon Cyprus Ltd opened in Lemesos.

On 11/05/2007 the first store of Megastores Electronica d.o.o., a subsidiary of the Group in Serbia, opened in Belgrade.

### **7.2 Information on the Group and Company**

The company "ELECTRONIKI ATHINON Societe Anonyme Commercial Company" (hereinafter "Electroniki Athinon S.A." or "the Company") was established with its current legal form on 25.7.1989 (Govt. Gazette 3023/26.07.1989) and is registered in the registry of the Ministry of Development, General Secretariat of Commerce Division of Societe Anonymes and Credits with registration number 19940/06/B/89/54. The Company's domicile is located in Athens, 6 Dragatsaniou Str., while the administrative services are located at 2 Ethnarhou Makariou Str. & Kifisos Ave., Peristeri 12135. The Company's duration according to article 4 of its articles of association, has been set until 31.12.2020 and can be extended with the decision by the General Shareholders' Meeting that will amend the relevant article of the articles of association.

The Company's objective, according to article 2 of the codified articles of association, is:

- The trade of electric, electronic, solar items, audio - visual devices, air conditioners, personal computers and peripherals, general electronic telecommunications as well as related equipment, home appliances of all kinds, as well as their spare parts.
- The provision of mobile telecommunication services, the mediation for the provision of consumers' credit products and services through banks and financial institutions according to the relevant legislation, technical services, and any kind of general services needed to promote every product of associates through any means.

- The purchase of parts of total Electrical items of Computers, air conditioners etc, in order for them to be assembled and transformed into ready-to-sell products for the market.
- The repair and restoration of all devices mentioned above, as well as of others belonging to third parties.

For the achievement of the aforementioned objective, the Company may:

- Participate in any company with a similar or related objective, with any corporate form.
- Cooperate with any physical or legal entity, in any way.
- Establish branches or agencies or offices, any where, even abroad and represent any company, domestic or foreign, with a similar or related objective.

## **8 Basic accounting principles**

### **8.1 Basis for the preparation of the financial statements**

The financial statements of the Group and Company for June 30<sup>th</sup> 2007 that cover the period from July 1<sup>st</sup> 2006 until June 30<sup>th</sup> 2007 have been prepared and are in accordance with the International Financial Reporting Standards (I.F.R.S.) as such have been issued by the International Accounting Standards Board (IASB), as well as their interpretation by the International Financial Reporting Interpretation Committee (IFRIC) of the IASB.

Apart from the above, the financial statements were prepared based on the following substantial assumptions:

- A) The principle of ongoing business activity, as such is satisfied on a long-term basis, and
- B) The principle of accrued income and expenses, apart from the cash flow statements as such is always compiled on a cash flow basis.

### **8.2 Foreign currency conversion**

#### **A) Presentation currency of the financial statements**

The data of the Company's financial statements are valued using the currency of the economic environment in which each company operates (operating currency). The financial statements are presented in euro, which is also the Company's operating currency.

#### **B) Transactions in foreign currency – Valuation of receivables – liabilities in foreign currency**

Transactions in foreign currency are converted to the operating currency using the effective exchange rates during the date of the transactions. Profit and losses from foreign exchange differences that arise from the conversion of monetary items expressed in foreign currency during the period and during the balance sheet date with the existing exchange rates, are registered in the results. Foreign exchange differences from non-monetary items valued at fair value, are considered as part of the fair value and thus are registered in the same manner as the fair value differences.

### **8.3 Tangible assets**

The tangible fixed assets have been presented in the financial statements during the transition date (1/7/04) at historic cost minus depreciations as such are defined with the new accounting policies and estimations (depreciation method – useful economic life).

Subsequent expenses are registered according to the case as an increase of the initial book value of tangible fixed assets when the useful economic life or return increases-lengthens, or as a separate fixed asset given that the recognition criteria are met. The cost of maintenance and repairs is registered in the results during the period such refer to. The depreciations of tangible fixed assets (except of course land-plots which are not depreciated) are calculated for all fixed assets with the straight line method and with a percentage analogous with the estimation for the useful economic life. The respective percentages are presented as follows:

Self-owned Buildings – Building Facilities:	50 years	2%
Facilities in third part property:	100/leasing years	
Vehicles (Trucks & cars):	5 years	20%
Machinery:	10-12 years	10% - 8.33%
Furniture & other equipment	10 years	10%
Computers	4 years	25%
Illuminant Labels (advertising)	4 years	25%
Printers	5 years	20%
Accounting and other software	5 years	20%
Anti-theft security systems	8 years	12.5%
Merchandise stands (shelves)	10 years	10%

The lease agreements where the lessor transfers the right for use of an asset for a predefined time period, without however transferring all the risks and rewards from ownership of the fixed asset, are classified as operating leases. The payments made for operating leases are recognized in the results proportionately, according to the duration of the lease.

The leased buildings and facilities, which during the initial (commencement) stage are reconstructed by the company, are depreciated according to the lease duration of the property, which ranges from 9 to 15 years. Changes and events during the use of fixed assets are handled always according to those stipulated by IAS.

#### **8.4 Investment property**

Investment property is defined by IAS 40 as property (land or buildings, or part of a building or both) that are owned (by the owner or by the lessee with financial leasing) for the purpose of gaining rents or capital enhancement or both and not for a) their use in the production for provision of goods or services or for administrative purposes, or (b) sale in the content of the ordinary business activity.

#### **8.5 Intangible assets - Goodwill**

Goodwill emerges as the difference between the acquisition cost and fair value of the secondary assets and liabilities during the acquisition of subsidiaries and associates as well as from the merger through acquisition of another economic unit. Goodwill during the acquisition of associate companies is included in the cost of the investment. Goodwill is reviewed annually for impairment and presented at acquisition cost minus impairment losses. This estimation is calculated based on the provisions of IAS 36 "Impairment of Assets". Profit and losses during the sale of subsidiaries or associates are defined taking also into account the relevant goodwill that corresponds to the sold economic unit.

## **8.6 Impairment of assets**

The book values of long-term assets are reviewed for impairment when events or changes have occurred that suggest that the book value may not be recoverable. When the book value of an asset exceeds its recoverable amount, the corresponding impairment loss is registered in the results. The recoverable value is defined as the largest value between the net sales price and the value in use. Net sales value is the plausible revenue from the sale of an asset in the context of an arm's length transaction, in which all parties engage willingly and in full knowledge, after the deduction of every additional direct cost required for the sale of the asset. On the other hand, value in use is the present value of estimated future cash flows expected to occur from the continued use of the asset and from its disposal at the end of its expected useful economic life. For the purposes of defining impairment, the asset items are grouped at the lowest level for which cash flows may be recognized separately.

## **8.7 Financial instruments**

Financial assets and liabilities in the balance sheet include cash & cash equivalents, receivables, participations, investments available for sale, short-term and long-term liabilities. The company does not use financial derivatives for hedging purposes or for speculation. The accounting principles for recognition and valuation of such items are reported in the respective accounting principles presented in this note. Financial instruments are presented as receivables, liabilities or equity items based on the substance and contents of the relevant contracts from which such stem.

Interest, dividends, profit and losses that emerge from financial instruments characterized as receivables or liabilities, are accounted for as income or expenses respectively.

Financial instruments are offset when the company, according to the Law, has the legal right to do so and intends to offset such in order to recover the assets and settle the liability simultaneously.

It is noted that the company has applied IAS 39 "Financial instruments: recognition and valuation" from the transition date to IFRS.

## **8.8 Financial assets available for sale**

The company considers participations in companies on which it does not have significant influence, as financial assets available for sale. Such are included in non-current assets given that the Management does not intend to liquidate financial assets available for sale within 12 months from the Balance Sheet date.

The purchases and sales of investments are recognized during the transaction date, which is also the date the company commits to purchase or sell the item. Investments are initially recognized at fair value plus the directly related to the transaction costs. The costs directly related to the transaction is not added for items that are valued at fair value with changes in the results. Financial assets available for sale are valued acquisition cost. During the sale, or when they are characterized as impaired, the profit or loss is transferred to the results.

The fair values of financial assets that are traded in active markets, are defined by the current ask prices. For non-traded assets, fair values are defined with the use of valuation techniques such as discounted future cash flow analysis and option valuation models.

At each balance sheet date the company assesses whether there are objective indications that lead to the conclusion that financial assets have been impaired. For company shares that have been classified as financial assets available for sale, such an indication consists of a significant or extended decline in the fair value compared to the acquisition cost. If impairment is

established, the accumulated loss in equity, which is the difference between acquisition cost and fair value, is transferred to the results.

## **8.9 Inventories**

Inventories are valued at the lower of acquisition cost and net realizable value. Acquisition cost is determined based on the weighted average cost method. The cost of finished and semi-finished products includes the cost of materials, the direct labor cost and general industrial expenses. Borrowing costs are not included in the acquisition cost of inventories. Net realizable value is the estimated sales price during the normal course of the company's business less any relevant sales expenses. In case of subsequent increase in the net realizable value of inventories that have been impaired, such impairment is offset.

## **8.10 Customers and other trade receivables**

Short-term receivables are initially registered at fair value, which coincides with their nominal value, and are presented at nominal value, after provisions for any possible non-recoverable balances. At each balance sheet date, overdue or doubtful receivables are estimated in order to define the requirement or not of a provision for doubtful receivables. Losses from doubtful receivables are registered when there is objective indication that the company is not in a position to collect all the amounts due based on the contractual terms. The amount of the impairment loss is registered in the results. Specifically for the needs of the IAS first implementation, the impairment loss was registered against the results carried forward of the company.

Part of the trade receivables from customers is transferred to factoring companies without the right of recourse against the Company.

## **8.11 Cash & cash equivalents**

Cash and cash equivalents include cash in hand, site – time deposits and short term, low risk highly liquid investments up to 3 months.

## **8.12 Share capital**

Common shares are classified in equity. Direct costs incurred for the issuance of shares are registered, after deducting the relevant income tax, as a decrease of Share Capital or the Share Premium. Direct costs related to the issuance of shares for the purchase of companies are included in the acquisition cost of the company acquired. The acquisition cost of own shares, reduced by income tax (if there is such a case), is presented as a decrease of the company's equity until such own shares are sold or deleted. Any profit or loss from the sale of own shares, net of any direct to the transaction other costs and income taxes, is presented as a reserve in equity.

### **8.13 Loans**

Loans are recognized initially at fair value, less any direct attributable costs for the realization of the transaction. The fair value of loans, due to the low volatility of the currency and the short-term character of loans, coincides with the nominal value. Following the initial recognition, such are valued at the net book cost with the use of the real interest rate. Loans are classified as short-term liabilities when the company has the obligation to repay such within twelve months from the balance sheet date. Otherwise, loans are classified as long-term liabilities.

### **8.14 Government grants**

Government grants are recognized at fair value when there is reasonable certainty that the grant will be collected and the company will comply with all the relevant terms.

Government grants that cover expenses, are recognized in the income statement within a period that corresponds to the expenses the grants are intended to cover.

Government grants related to the purchase of tangible fixed assets, are included in long-term liabilities and transferred as income to the income statement, with the fixed line method, based on the expected useful economic life of the respective assets.

### **8.15 Income tax (current and deferred)**

The Company's earnings are taxed based on the general provisions on income tax. Deferred income tax is defined with the liability method that emerges from the temporary differences between the book value and the tax base of assets and liabilities.

Deferred tax assets are recognized to the extent that there will be a future tax profit to be set against the temporary difference that creates the deferred tax asset.

The expenses from income tax includes the current income tax that arises based on the Company's profit, as restated in its tax statement, and by deferred income taxes based on the established tax rates. Income tax related to items that have been directly recognized in equity, is recognized directly in equity and not in the income statement. On 30.06.2007, the deferred tax that corresponded to readjustments of fixed assets, was calculated with a 25% tax rate.

### **8.16 Employee benefits**

#### **a) Short-term benefits**

Short-term employee benefits monetary and in kind, are recognized as an expense in the results when they accrue.

#### **b) Post-employment benefits**

Post-employment benefits include defined contribution schemes as well as defined benefits schemes. The accrued cost of defined contribution schemes is booked as an expense in the period it refers to.

The liability that is reported in the balance sheet with respect to defined benefits schemes is the present value of the liability for the defined benefit. The liability for the defined benefits is calculated annually by an independent actuary with the use of the projected unit credit method.

### **c) Benefits for employee termination**

The benefits due to termination of the employment relationship are paid when employees depart before their retirement date. The company books these benefits when it is committed, either when it terminates the employment of existing employees according to a detailed program from which there is no departure possibility, or when it provides such benefits as an incentive for voluntary departure. When such benefits are deemed payable in periods that exceed twelve months from the Balance Sheet date, then they must be discounted.

In the case of employment termination where there is an inability to assess the number of employees that will use such benefits, they are not accounted for but are disclosed as a contingent liability.

## **8.17 Provisions and contingent liabilities**

Provisions are recognized when there are present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated. Provisions are reviewed during each balance sheet date so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation. As regards to provisions with expected long-term settlement, a case where the effect from the time value of money is significant, the relevant amounts are calculated discounting the expected future cash flows with a rate before taxes that reflects the market's current expectations for the time value of money, and when necessary, the risks related specifically to the liability. Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability that there will be an outflow of resources that embody economic benefits is very small. Contingent claims are not recognized in the financial statements but are disclosed provided that the inflow of economic benefits is probable.

## **8.18 Recognition of income**

Income includes the fair value of goods and services sold, net of taxes, discounts and returns. The recognition of revenue is as follows:

### **a) Sale of goods**

Sales of goods are recognized when the company transfers goods to customers, the goods are accepted by them and the collection of the resulting claim is reasonably assured.

### **b) Provision of services**

Income from the provision of services is accounted for based on the stage of completion of the service rendered in relation to the total estimated cost of services to be rendered.

### **c) Income Interest**

Interest income is recognized on a time proportion basis using the real interest rate.

#### **d) Dividends**

Dividends are accounted for as revenue when the right to receive payment is established, namely when such are approved by the General Meeting, which is the relevant body which grants such.

The company is not involved in managing sold goods, nor does it maintain their real monitoring.

The economic benefits from transactions will lead to inflows for the company as future cash flows are ensured and secured.

For the total (almost) sales, the transfer to the buyer of all the risks and economic benefits of ownership, coincides with the transfer of the legal ownership cycle and the ownership as retail sales.

### **8.19 Recognition of expenses**

When there is a decrease in the future economic benefits related to a decrease of assets or an increase of liabilities, which can be reliably valued.

Expenses are recognized in the period's results when such have accrued.

The payments of rents in the context of leases mainly of stores owned by third-parties, are transferred to the results or expenses during the time of the lease.

Interest expenses are registered only for the portion that such are accrued.

### **8.20 Operating leases**

The lease agreements where the lessor maintains all the risks and rewards from ownership of the fixed asset, are classified as operating leases. The payments made for operating leases are recognized as an expense in the results, on a fixed basis during the lease.

### **8.21 Financial leases**

Leases of tangible fixed assets with which the company essentially has all the risks and benefits related with ownership, are classified as financial leases. These leases are capitalized at the inception of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and the finance charge so that a fixed interest rate on the remaining financial liability is achieved. The relevant liabilities from payable leases, net of finance charges, are included in long-term liabilities. Interest is recognized in the income statement during the term of the lease, in order to achieve a fixed interest rate on the remaining liability at each balance sheet date. Tangible fixed assets acquired through financial leases become ownership of the Company following the maturity of the lease period.

### **8.22 Earnings / (loss) per share – Dividend distribution**

The basic earnings / (loss) per share is calculated dividing the profit or loss corresponding to the Company's shareholders with the weighted average number of common shares outstanding during the period.

The distribution of dividends to Company shareholders is registered as a liability in the consolidated financial statements when the distribution is approved by the General Meeting of shareholders.

### **8.23 Financial risk management**

The Group is exposed to quite a number of financial risks, such as market risk, credit risk, liquidity risk and cash flow risk. The Financial Management division is responsible for managing the aforementioned risks.

The management of business risks is of vital importance. In order to locate and evaluate the risks, we have implemented a business risk management system, with the participation of directors and personnel from all departments, so as to achieve minimization and even removal of risk in their work.

The Management deals not only with threats but also with opportunities for the present and future influx of benefits.

#### **Market risk**

Market risk includes the following three categories of risk:

##### **A) Foreign Exchange Risk:**

Due to the existence of a common currency and the group's main focus of activity within the Eurozone, this risk is considered negligible.

##### **B) Fair value interest rate risk:**

The group does not dispose of financial instruments exposed to risk by any interest rate changes since there is no long-term bank debt. The limited short term bank debt pertains to the prepayment of business receivables whose solvency is established.

##### **C) Price risk:**

The group is exposed to this risk due to the tendency for price drops with some merchandise and inventories and especially those that are state of the art. In order to face the risk of the devaluation of its inventory, the group implements a rational administration and management of its inventory that aims to the avoidance of holding on to a large volume of inventories. At the same time, the company has signed bilateral agreements almost with the total of its suppliers for Price Protection in cases that the current value of merchandise is lower than their purchase price and there exist quantities of these products in stock. In the cases above, the suppliers issue respective and equal value credit notes.

#### **Credit risk**

The means of payment – settlement are: in cash, with as few checks as possible, but mainly with credit cards and a few sales with bank certified prepaid client receivables.

The procedure of tracking the settlement and approval of the sale (delivering merchandise) is completely computerized, and before credit is granted, the client's solvency has been assured by the credit maintenance policy division and the client solvency department.

**Liquidity risk**

The positive and quite high working capital, the alternative and sufficient cash sources, through factoring by financial institutions, effectively remove the group's liquidity risk. At the same time and due to positive cash flows, it is the company's choice to take advantage of the large discounts offered by suppliers for immediate payments year-round, so that it is rendered competitive and with significant profit margins.

**Cash flow risk**

The group's cash flows are not substantially affected by interest rate changes.

## 8.24 New standards and interpretations

The International Accounting Standards Board and the Interpretations Committee have issued a series of new accounting standards and interpretations, whose application is mandatory for accounting periods beginning from January 1st 2006 and onwards (unless stated otherwise). The Company's assessment regarding the effect of the aforementioned new standards and interpretations is as follows:

**IFRS 7, Financial assets: Disclosures and supplementary adjustment to IAS 1, Presentation of Financial Statements – Capital Disclosures** (applied for annual financial periods beginning on or after January 1st 2007).

IFRS 7 inserts further disclosures of financial assets aiming to improve the offered information from financial assets. It demands the disclosure of quantitative and qualitative information regarding the exposure to risk arising from financial assets. Specifically, it predefines minimum required disclosures regarding credit risk, liquidity risk and market risk (it imposes sensitivity analysis regarding market risk). IFRS 7 replaces IAS 30 (Disclosures in Financial Statements of Banks and Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosures and Presentation). It is applied for all companies that compile financial statements according to IFRS. The relevant adjustment of IAS 1 regards disclosures relating to the amount of a company's capital as well as the way such capital is managed. There will be no effect on the Balance Sheet and the results, given that the aforementioned changes are limited to disclosure issues.

**IFRS 8, Operating Sectors** (applied for annual periods starting on or after January, 1 2009).

IFRS 8 replaces IAS 14 "Financial Information by segment" and adopts a managing approach regarding the information by activity sectors. The given information must be the one the management uses internally to evaluate the performance of operating sectors and the distribution of resources in these sectors. This information may differ from that presented in the balance sheet and the income statement and the companies must provide explanatory notes and reconciliations regarding such differences. Does not apply to the company.

**IFRIC 7, Implementation of restatement method of IAS 29 – Financial statements in hyperinflationary economies** (applied for annual accounting periods beginning on or after March 1st 2006).

IFRIC 7 requires that during the period which a company establishes the existence of hyperinflation in the economy of its operational currency, without hyperinflation in the previous period, it must apply the requirements of IAS 29 as it was always a hyperinflationary economy. IFRIC 7 does not apply to the Company.

**IFRIC 8, Scope of IFRS 2** (applied for annual accounting periods beginning on or after May 1st 2006).

IFRIC 8 specifies that IFRS 2 Benefits depending on the value of shares is applied in transactions where a company grants participating titles or undertakes the obligation to transfer cash or other assets (based on the price of its shares), when the defined exchange price received appears less than the fair value of participating titles granted or liabilities undertaken. IFRIC 8 does not apply to the Company.

**IFRIC 9, Re-evaluation of embedded derivatives** (applied for annual accounting periods beginning on or after June 1st 2006).

IFRIC 9 prohibits a subsequent re-evaluation of an embedded derivative initially present in a main derivative contract when such is contracted, unless there is a substantial change in the contract's terms. IFRIC 9 does not apply to the Company.

**IFRIC 10, Interim Financial Statements and Impairment** (applied for annual accounting periods beginning on or after November 1st 2006).

IFRIC 10 may affect the financial statements in the case where an impairment loss is recognized in an interim period as regards to goodwill or investments in participating titles available for sale or non-listed participated titles kept at cost, as such an impairment cannot be offset in subsequent interim or annual financial statements. IFRIC 10 does not apply to the Company.

**IFRIC 11, IFRS 2 – Transactions with Own Shares and between companies of the same Group** (applied for annual accounting periods beginning on or after March 1st 2007).

The Interpretation requires that transactions which provide to an employee rights on participating titles to be treated for accounting purposes as fees that are defined by the value of the share and settled with participating titles, even in the case where the company chooses or has the obligation to purchase such titles by third parties or if the company's shareholders provide the participating titles. The Interpretation is also extended to the way subsidiaries treat, in their individual financial statements, plans where their employees receive rights on participating titles of the parent company. IFRIC 11 does not apply to the company.

**IFRIC 12, Concession Agreements** (applied for annual accounting periods beginning on or after January 1st 2008).

IFRIC 12 handles the accounting presentation of infrastructure for the provision of utility services, from the perspective of the concession manager, having received the relevant concession by the State. IFRIC 12 does not apply to the company.

## 9 Financial information by segment

A business segment is defined as a group of assets and activities that provide goods and services, which are subject to different risks and returns than other business segments. A geographical segment is defined as a geographical region in which goods and services are provided and which is subject to different risks and returns than other regions. Defining domestic and foreign sales as different segments, for the Group such amounted to 168 million euro and 13 million euro respectively for the period 30.06.2007, while for the period ending on 30.06.2006 domestic and foreign sales amounted to 143 and 2 million euro respectively. For the company, domestic and foreign sales amount to 168 and 10 million euro respectively for 30.06.2007 while for 30.06.2006 to 142 and 2 million euro respectively. The Group's basic activity is the retail sale of electric household products, the sale of air conditioners, computers and computer peripherals as well as the sale of mobile phones and their peripherals etc. The Group operates through the sale network it has developed in Greece, Cyprus and Serbia.

The analysis of sales per business activity is as follows:

<b>Analysis of sales per activity</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.7.06-30.6.07</b>	<b>1.7.05-30.6.06</b>	<b>1.7.06-30.6.07</b>	<b>1.7.05-30.6.06</b>
White Appliances	60,580,373.78	51,924,208.74	59,709,367.61	51,637,799.47
Small Appliances	16,691,546.91	13,399,527.00	16,451,560.93	13,320,424.47
Audio & visual appliances	70,344,925.94	55,595,389.95	69,333,528.01	54,908,022.04
Mobile Telephones	2,233,335.16	1,787,303.37	2,201,224.95	1,699,885.91
Telephones - Fax machines	979,242.85	923,582.93	965,163.59	920,842.55
Air-Conditioning	12,650,374.14	7,539,437.20	12,468,490.91	7,412,252.05
Computers	12,660,272.84	10,494,144.15	12,478,247.29	10,203,401.06
Other items	2,231.16	2,201.09	2,199.08	1,494.30
Income related to sales	5,095,861.75	3,876,664.82	5,022,595.00	3,781,214.82
<b>Total</b>	<b>181,238,164.52</b>	<b>145,542,459.25</b>	<b>178,632,377.37</b>	<b>143,885,336.67</b>

## 10 Analysis of balance sheet accounts

### 10.1 Tangible assets

Fixed assets have been presented in the financial statements during the transition date (1/7/04) at historic cost minus depreciations as such were calculated based on the new accounting policies and estimations (depreciation method – duration of economic life).

The Group's tangible assets for the 2006 and 2007 financial periods are analyzed as follows:

	Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction	Total
<b>Acquisition value as at 1.7.2005</b>	<b>1,574,221.15</b>	<b>14,270,705.99</b>	<b>264,481.71</b>	<b>531,356.10</b>	<b>4,283,699.84</b>	<b>679,426.91</b>	<b>21,603,891.70</b>
Additions for the period	0.00	1,339,930.33	11,000.00	42,732.09	699,804.83	1,876,196.82	3,969,664.07
Reductions for the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Acquisition value as at 30.6.2006</b>	<b>1,574,221.15</b>	<b>15,610,636.32</b>	<b>275,481.71</b>	<b>574,088.19</b>	<b>4,983,504.67</b>	<b>2,555,623.73</b>	<b>25,573,555.77</b>
<b>Accumulated depreciations as at 1.7.2005</b>	<b>0.00</b>	<b>4,868,422.06</b>	<b>243,612.59</b>	<b>240,254.28</b>	<b>2,343,736.27</b>	<b>0.00</b>	<b>7,696,025.20</b>
Depreciations for the period	0.00	1,284,464.44	8,027.65	103,182.38	487,494.36	0.00	1,883,168.83
Reductions for the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Accumulated depreciations as at 30.6.2006</b>	<b>0.00</b>	<b>6,152,886.50</b>	<b>251,640.24</b>	<b>343,436.66</b>	<b>2,831,230.63</b>	<b>0.00</b>	<b>9,579,194.03</b>
<b>Net book value as at 30.6.2006</b>	<b>1,574,221.15</b>	<b>9,457,749.82</b>	<b>23,841.47</b>	<b>230,651.53</b>	<b>2,152,274.04</b>	<b>2,555,623.73</b>	<b>15,994,361.74</b>
<b>Acquisition value as at 1.7.2006</b>	<b>1,574,221.15</b>	<b>15,610,636.32</b>	<b>275,481.71</b>	<b>574,088.19</b>	<b>4,983,504.67</b>	<b>2,555,623.73</b>	<b>25,573,555.77</b>
Additions for the period	1,882,407.15	8,222,304.23	18,198.00	112,056.71	1,339,095.25	0.00	11,574,061.34
Reductions for the period	0.00	0.00	0.00	-70,765.03	0.00	-2,555,623.73	-2,626,388.76
<b>Acquisition value as at 30.6.2007</b>	<b>3,456,628.30</b>	<b>23,832,940.55</b>	<b>293,679.71</b>	<b>615,379.87</b>	<b>6,322,599.92</b>	<b>0.00</b>	<b>34,521,228.35</b>
<b>Accumulated depreciations as at 1.7.2006</b>	<b>0.00</b>	<b>6,152,886.49</b>	<b>251,640.24</b>	<b>343,436.66</b>	<b>2,831,230.63</b>	<b>0.00</b>	<b>9,579,194.02</b>
Depreciations for the period	0.00	1,460,132.70	8,191.88	104,794.26	537,155.81	0.00	2,110,274.64
Reductions for the period	0.00	0.00	0.00	-47,834.59	0.00	0.00	-47,834.59
<b>Accumulated depreciations as at 30.6.2007</b>	<b>0.00</b>	<b>7,613,019.19</b>	<b>259,832.12</b>	<b>400,396.32</b>	<b>3,368,386.44</b>	<b>0.00</b>	<b>11,641,634.07</b>
<b>Net book value as at 30.6.2007</b>	<b>3,456,628.30</b>	<b>16,219,921.35</b>	<b>33,847.59</b>	<b>214,983.55</b>	<b>2,954,213.49</b>	<b>0.00</b>	<b>22,879,594.28</b>

The Company's tangible assets for the 2006 and 2007 financial periods are analyzed as follows:

	Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction	Total
<b>Acquisition value as at 1.7.2005</b>	<b>1,574,221.15</b>	<b>13,845,294.94</b>	<b>264,481.71</b>	<b>501,620.33</b>	<b>4,098,446.61</b>	<b>679,426.91</b>	<b>20,963,491.65</b>
Additions for the period	0.00	1,336,991.20	11,000.00	42,732.09	698,725.00	1,876,196.82	<b>3,965,645.11</b>
Reductions for the period	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>Acquisition value as at 30.6.2006</b>	<b>1,574,221.15</b>	<b>15,182,286.14</b>	<b>275,481.71</b>	<b>544,352.42</b>	<b>4,797,171.61</b>	<b>2,555,623.73</b>	<b>24,929,136.76</b>
<b>Accumulated depreciations as at 1.7.2005</b>	<b>0.00</b>	<b>4,765,969.08</b>	<b>243,612.59</b>	<b>235,729.06</b>	<b>2,306,122.36</b>	<b>0.00</b>	<b>7,551,433.09</b>
Depreciations for the period	0.00	1,268,675.17	8,027.65	100,052.98	468,337.67	0.00	<b>1,845,093.47</b>
Reductions for the period	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>Accumulated depreciations as at 30.6.2006</b>	<b>0.00</b>	<b>6,034,644.25</b>	<b>251,640.24</b>	<b>335,782.04</b>	<b>2,774,460.03</b>	<b>0.00</b>	<b>9,396,526.56</b>
<b>Net book value as at 30.6.2006</b>	<b>1,574,221.15</b>	<b>9,147,641.89</b>	<b>23,841.47</b>	<b>208,570.38</b>	<b>2,022,711.58</b>	<b>2,555,623.73</b>	<b>15,532,610.20</b>
<b>Acquisition value as at 1.7.2006</b>	<b>1,574,221.15</b>	<b>15,182,286.14</b>	<b>275,481.71</b>	<b>544,352.42</b>	<b>4,797,171.61</b>	<b>2,555,623.73</b>	<b>24,929,136.76</b>
Additions for the period	1,882,407.15	8,220,459.10	18,198.00	112,056.71	1,097,367.18	0.00	<b>11,330,488.14</b>
Reductions for the period	0.00	0.00	0.00	-57,016.92	0.00	-2,555,623.73	<b>-2,612,640.65</b>
<b>Acquisition value as at 30.6.2007</b>	<b>3,456,628.30</b>	<b>23,402,745.24</b>	<b>293,679.71</b>	<b>599,392.21</b>	<b>5,894,538.79</b>	<b>0.00</b>	<b>33,646,984.25</b>
<b>Accumulated depreciations as at 1.7.2006</b>	<b>0.00</b>	<b>6,034,644.25</b>	<b>251,640.24</b>	<b>335,782.04</b>	<b>2,774,460.03</b>	<b>0.00</b>	<b>9,396,526.56</b>
Depreciations for the period	0.00	1,417,112.31	8,191.88	101,597.41	509,559.04	0.00	<b>2,036,460.64</b>
Reductions for the period	0.00	0.00	0.00	-47,834.59	0.00	0.00	<b>-47,834.59</b>
<b>Accumulated depreciations as at 30.6.2007</b>	<b>0.00</b>	<b>7,451,756.56</b>	<b>259,832.12</b>	<b>389,544.86</b>	<b>3,284,019.07</b>	<b>0.00</b>	<b>11,385,152.61</b>
<b>Net book value as at 30.6.2007</b>	<b>3,456,628.30</b>	<b>15,950,988.68</b>	<b>33,847.59</b>	<b>209,847.35</b>	<b>2,610,519.72</b>	<b>0.00</b>	<b>22,261,831.64</b>

## 10.2 Intangible assets

Intangible assets refer to accounting software and software licenses.

	GROUP	COMPANY
	Accounting software	Accounting software
<b>Acquisition value as at 1.7.2005</b>	<b>584,992.57</b>	<b>584,992.57</b>
Additions for the period	75,000.00	75,000.00
Reductions for the period	0.00	0.00
<b>Acquisition value as at 30.6.2006</b>	<b>659,992.57</b>	<b>659,992.57</b>
<b>Accumulated depreciations as at 1.7.2005</b>	<b>440,644.27</b>	<b>440,644.27</b>
Depreciations for the period	135,224.11	135,224.11
Reductions for the period	0.00	0.00
<b>Accumulated depreciations as at 30.6.2006</b>	<b>575,868.38</b>	<b>575,868.38</b>
<b>Net book value as at 30.6.2006</b>	<b>84,124.19</b>	<b>84,124.19</b>
<b>Acquisition value as at 1.7.2006</b>	<b>659,992.57</b>	<b>659,992.57</b>
Additions for the period	54,753.28	14,161.30
Reductions for the period	-32,500.00	-32,500.00
<b>Acquisition value as at 30.6.2007</b>	<b>682,245.85</b>	<b>641,653.87</b>
<b>Accumulated depreciations as at 1.7.2006</b>	<b>575,868.38</b>	<b>575,868.38</b>
Depreciations for the period	32,496.62	31,132.86
Reductions for the period	0.00	0.00
<b>Accumulated depreciations as at 30.6.2007</b>	<b>608,364.99</b>	<b>607,001.24</b>
<b>Net book value as at 30.6.2007</b>	<b>73,880.86</b>	<b>34,652.63</b>

## 10.3 Investments in subsidiaries

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Investment in the share capital of the 100% subsidiary "MEGASTORES ELECTRONICA Doo"	0.00	0.00	500.00	500.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>500.00</b>	<b>500.00</b>

Company Name	Domicile	Listed/ Non-listed	Participation percentage	Investment	Consolidation
ELECTRONIKI ATHINON CYPRUS Ltd	Cyprus	Non-listed	100.00%	175,000.00	Full
Minus: impairment of value during the I.A.S. transition date (30.6.2004)				-175,000.00	
MEGASTORES ELECTRONICA Doo	Serbia	Non-listed	100.00%	500.00	Full
<b>Total investment amount</b>				<b>500.00</b>	

#### 10.4 Deferred tax assets

	Group		Company	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Deferred tax asset from fixed assets	447,560.28	921,616.35	396,243.68	921,616.35
Deferred tax asset from inventories	99,353.43	0.00	75,000.00	0.00
Deferred tax asset / (liability) from receivables and cash equivalents	-21,193.27	87,000.00	-21,193.27	87,000.00
Deferred tax asset from provisions	262,456.86	267,868.20	262,456.86	267,868.20
<b>Total deferred tax assets</b>	<b>788,177.31</b>	<b>1,276,484.55</b>	<b>712,507.28</b>	<b>1,276,484.55</b>

#### 10.5 Other long-term receivables

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Given guarantees of professional building leases	365,203.47	322,517.47	365,203.47	322,517.47
Given guarantees towards PPC	29,127.02	28,685.48	29,127.02	28,685.48
Given guarantees towards OTE	211.30	211.30	211.30	211.30
Given guarantees towards EYDAP	471.37	471.37	471.37	471.37
Given guarantees of vehicle leases	0.00	0.00		
Other given guarantees	591.81	591.81	591.81	591.81
<b>Total given guarantees</b>	<b>395,604.97</b>	<b>352,477.43</b>	<b>395,604.97</b>	<b>352,477.43</b>
Long-term trade receivables from credit cards	5,457,985.00	3,037,366.80	5,457,985.00	3,037,366.80
<b>Grand total</b>	<b>5,853,589.97</b>	<b>3,389,844.23</b>	<b>5,853,589.97</b>	<b>3,389,844.23</b>

#### 10.6 Inventories

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Audio & visual appliances	13,524,390.09	12,955,827.33	12,455,628.97	12,505,164.36
White Appliances	10,177,415.79	8,523,930.70	9,354,903.28	8,204,394.50
Air-Conditioning	901,185.80	1,994,278.52	828,354.29	1,819,342.03
Small Appliances	2,758,087.90	3,199,275.99	2,535,186.35	3,134,175.04
Computers	3,824,775.21	2,639,905.26	3,515,666.74	2,509,716.27
Mobile Telephones	405,240.73	447,797.27	372,490.22	409,480.03
Telephones - Fax machines	256,023.01	222,018.64	235,331.89	220,147.57
Other items	143,314.87	30,638.72	131,732.53	30,638.72
<b>Minus: provision for impairment of inventories</b>	<b>-300,000.00</b>	<b>0.00</b>	<b>-300,000.00</b>	<b>0.00</b>
<b>Total</b>	<b>31,690,433.41</b>	<b>30,013,672.43</b>	<b>29,129,294.27</b>	<b>28,833,058.52</b>

## 10.7 Customers and other trade receivables

The company has adopted and applied reliable criteria for the granting of credits to its customers, which are based on reliable financial information.

Merchandise are not delivered unless the transaction has been settled and the receivable ensured (with credit cards or other means). The minimum free receivables, which are almost 2%, are approved by the credit department.

Credit risk from customers is insured and also almost nil, given that that collection is insured and the settled liabilities of customers are regularly paid.

At each accounting period, any overdue and doubtful receivables are transferred to the results or equity accounts, according to the case.

The receivables from customers and other trade receivables are analyzed as follows:

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Customers	2,450,095.64	1,698,424.40	4,821,951.61	3,976,693.24
Checks receivable postdated	388,818.49	475,893.43	388,818.49	475,893.43
Short-term trade receivables from credit cards	6,176,246.27	6,074,733.61	6,176,246.27	6,074,733.61
<b>Minus:</b> write-off of trade receivables from credit cards	-500,000.00	0.00	-500,000.00	0.00
<b>Minus:</b> provisions for doubtful receivables	-50,000.00	0.00	-50,000.00	0.00
<b>Total</b>	<b>8,465,160.40</b>	<b>8,249,051.44</b>	<b>10,837,016.37</b>	<b>10,527,320.28</b>

## 10.8 Other receivables

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Merchandise orders	422,256.39	0.00	422,256.39	0.00
Short-term receivables against affiliates	803,199.00	237,914.00	803,199.00	237,914.00
Prepaid and withheld taxes from the Greek State	2,132,250.84	1,152,116.18	2,132,250.84	1,152,116.18
Other receivables from the Greek State	25,400.00	4,000.00	25,400.00	4,000.00
Debit balances from suppliers	401,260.88	446,746.26	645,078.43	590,508.43
Debit balances from employee payroll payable	3,275.85	0.00	3,275.85	0.00
Debit balances of beneficiary remuneration	3,722.54	0.00	3,722.54	0.00
Accrued income	0.00	4,412.55	0.00	4,412.55
Deferred expenses	58,694.06	31.66	58,694.06	31.66
<b>Total</b>	<b>3,850,059.56</b>	<b>1,845,220.65</b>	<b>4,093,877.11</b>	<b>1,988,982.82</b>

## 10.9 Financial assets valued at fair value through the results

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Investments in shares of companies listed on the Athens Exchange	583,031.50	331,302.40	583,031.50	331,302.40
Investments in mutual funds	1,087,561.59	1,069,751.56	1,087,561.59	1,069,751.56
<b>Total</b>	<b>1,670,593.09</b>	<b>1,401,053.96</b>	<b>1,670,593.09</b>	<b>1,401,053.96</b>

## 10.10 Cash & cash equivalents

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Cash in hand	633,811.79	339,682.82	623,286.79	331,157.82
Site deposits	17,630,189.48	11,356,033.44	16,611,275.21	10,941,457.76
Time deposits	5,222,636.69	5,158,969.15	5,222,636.69	5,158,969.15
<b>Total</b>	<b>23,486,637.96</b>	<b>16,854,685.41</b>	<b>22,457,198.69</b>	<b>16,431,584.73</b>

## 10.11 Share capital

The company's share capital as at 30.6.2007 and as at 30.6.2006 amounted to € 5,865,000.00 and is divided into 17,250,000 common registered shares with a nominal value of € 0.34 each.

## 10.12 Share premium

The paid share premium account amounting to € 7,619,220.91 as at 30/6/2007 and as at 30/6/2006, arises from the company's share capital increase during its listing on the Athens Exchange.

## 10.13 Other reserves

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Ordinary reserve	2,216,584.53	2,014,126.20	2,216,584.53	2,014,126.20
Extraordinary reserve	122,083.64	122,083.64	122,083.64	122,083.64
Tax-exempt reserves	1,517,378.55	1,213,764.15	1,517,378.55	1,213,764.15
Reserves from tax-exempt income	628,990.48	628,990.48	628,990.48	628,990.48

Reserves from income taxed by special means	215,361.19	215,361.19	215,361.19	215,361.19
Reserves for restoration of assets	65,400.60	0.00	65,400.60	0.00
<b>Total</b>	<b>4,765,798.99</b>	<b>4,194,325.66</b>	<b>4,765,798.99</b>	<b>4,194,325.66</b>

#### 10.14 Results carried forward

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Accumulated profit	8,663,309.72	5,478,701.36	10,211,289.72	6,218,817.96
<b>Total</b>	<b>8,663,309.72</b>	<b>5,478,701.36</b>	<b>10,211,289.72</b>	<b>6,218,817.96</b>

#### 10.15 Liabilities for staff retirement indemnities

The accounts presented in the following tables are calculated based on the economic and actuarial assumptions and are defined using the actuarial method of valuation for estimated liability units.

The “discounted unit credit method” was used with the yield of an investment grade bond as the discount rate.

According to this method, benefits that correspond to the completed service during the valuation date, are handled separately from the expected benefits each year following the valuation date.

For the calculations, the retirement indemnity amounts stipulated by laws 2112/1920 and 3198/1955 are taken into account, as well as data regarding employees and workers that were active during 30/6/2005 , 30/6/2006 as well as 30/06/07.

In our calculations, the frequency of voluntary termination of employment was seriously taken into account (according to historical realized data) and it was also required to estimate both the discount rate as well as the future wage increases in the context of the shaped economic environment.

Liabilities as at 30/6/07 are as follows:

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Liabilities for staff retirement indemnities of the parent company	674,934.00	548,790.00	674,934.00	548,790.00
Liabilities for staff retirement indemnities of the subsidiaries	35,822.00	0.00	0.00	0.00
<b>Total</b>	<b>710,756.00</b>	<b>548,790.00</b>	<b>674,934.00</b>	<b>548,790.00</b>

	GROUP	COMPANY
<b>Balance of liability as at 1.7.2005</b>	<b>513,618.00</b>	<b>513,618.00</b>
Cost of current employment for the period 1.7.05-30.06.06	35,172.00	35,172.00
<b>Balance of liability as at 30.6.2006</b>	<b>548,790.00</b>	<b>548,790.00</b>
<b>Balance of liability as at 1.7.2006</b>	<b>548,790.00</b>	<b>548,790.00</b>
Cost of current employment for the period 1.7.06-30.06.07	161,966.00	126,144.00
<b>Balance of liability as at 30.6.2007</b>	<b>710,756.00</b>	<b>674,934.00</b>

The used actuarial assumptions for the period under examination are:

	30/6/07	30/6/06
Discount rate	3.9%	3.8%
Inflation	4%	4%
Increase of wages	2.9%	3.4%

#### 10.16 Suppliers and other liabilities

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Suppliers	49,328,433.14	39,281,351.88	46,131,657.95	38,900,963.62
Sundry creditors	0.00	54,487.70	0.00	54,487.70
Notes payable	649,817.21	3,497.00	649,817.21	3,497.00
Checks payable postdated	4,617,014.48	5,522,552.09	4,617,014.48	5,522,552.09
Customer prepayments	7,124,686.03	5,031,389.03	7,124,686.03	5,031,389.03
<b>Total</b>	<b>61,719,950.86</b>	<b>49,893,277.70</b>	<b>58,523,175.67</b>	<b>49,512,889.44</b>

#### 10.17 Current tax liabilities

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Value added tax	1,120,912.26	369,873.73	1,117,842.19	366,757.21
Employee remuneration taxes	18,900.94	14,242.29	18,900.94	14,242.29
Third party remuneration taxes	22,309.58	17,669.15	22,309.58	17,669.15
Income tax	4,249,337.03	2,213,522.58	4,249,337.03	2,213,522.58
Taxes of previous periods	3,150.47	77,716.93	3,150.47	77,716.93
Provisions for differences of previous periods' tax audits	600,000.00	300,000.00	600,000.00	300,000.00
Other taxes and dues	6,005.36	13,679.91	6,005.36	13,679.91
<b>Total</b>	<b>6,020,615.64</b>	<b>3,006,704.59</b>	<b>6,017,545.57</b>	<b>3,003,588.07</b>

## 10.18 Short-term loans

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Short-term loan liabilities of parent company from factoring with right to recourse	589,578.73	711,525.63	589,578.73	711,525.63
<b>Total</b>	<b>589,578.73</b>	<b>711,525.63</b>	<b>589,578.73</b>	<b>711,525.63</b>

## 10.19 Other short-term liabilities

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Employee remuneration payable	433,028.70	126,292.29	433,028.70	126,292.29
Dividends payable	87,403.33	257,591.01	87,403.33	257,591.01
Beneficiaries of remuneration	39,802.35	56,172.58	39,802.35	56,172.58
Shareholders - value of shares to be distributed	6,338.00	6,338.00	6,338.00	6,338.00
Sundry creditors	394,919.22	0.00	396,747.49	0.00
Social security funds & other contributions	323,983.43	247,115.70	323,983.43	249,515.70
Accrued expenses	90,409.71	55,496.23	90,409.71	55,496.23
Discounts on purchases of the period that refer to the next period	1,304,304.45	1,040,000.00	1,304,304.45	1,040,000.00
<b>Total</b>	<b>2,680,189.19</b>	<b>1,789,005.81</b>	<b>2,682,017.46</b>	<b>1,791,405.81</b>

According to the bilateral agreements (Electroniki Athinon SA – Suppliers), it has been agreed that credit purchase discounts are issued by suppliers due to the amounts of purchases for each financial period – calendar year. The financial period of Electroniki Athinon (01/07/χ – 30/06/χ+1 for each year) does not coincide with that of suppliers and apart from this difference, purchase discounts take place during the period 1/1/χ – 31/12/χχ with settlement at the end of each year. From the accounting reconciliations and calculations, it resulted that during the period 1/1/07-30/06/07 additional purchase discounts had been issued by suppliers for the amount of 1,304,304.45 euro, and such appear in the financial statements in other liabilities, as purchases under settlement, and respectively burdened the cost of sales. For the definition of “purchases under settlement”, we applied the most accurate estimation criteria and bases as possible in order to estimate, recognize and register the amounts of discounts due to turnover of purchases from suppliers. The “provision” of purchases under settlement reflects the most accurate estimation as possible of the amounts of discounts that will be required to be offset during the next calendar period (1/07/07-31/12/07) in order for a reasonable allocation also for the period 1/1/07-30/06/07. The amount of 1,304,304.45 euro is real because apart from the principle of conservatism it also reflects the principle of equal-timing of income – expense, which in this case concerns the cost of sales, thus reinforcing this way the comparability of financial statements.

## 11 Analysis of income statement accounts

### 11.1 Sales

	GROUP		COMPANY	
	1.7.06-30.6.07	1.7.05-30.6.06	1.7.06-30.6.07	1.7.05-30.6.06
Provision of services	4,747,961.13	3,705,686.82	4,747,961.13	3,705,686.82
Sales of merchandise	176,490,203.39	141,836,772.43	173,884,416.24	140,179,649.85
<b>Total</b>	<b>181,238,164.52</b>	<b>145,542,459.25</b>	<b>178,632,377.37</b>	<b>143,885,336.67</b>

### 11.2 Cost of sales

	GROUP		COMPANY	
	1.7.06-30.6.07	1.7.05-30.6.06	1.7.06-30.6.07	1.7.05-30.6.06
Cost of merchandise sales	135,127,846.74	108,696,270.36	133,107,697.50	107,496,038.21
Destructions of merchandise	11,724.16	53,815.57	11,724.16	53,815.57
Minus: implied income from self-use of inventory	-87,995.37	-145,171.81	-87,995.37	-145,171.81
Plus: provisions for impairment of inventory	200,000.00	0.00	200,000.00	0.00
<b>Total</b>	<b>135,251,575.53</b>	<b>108,604,914.12</b>	<b>133,231,426.29</b>	<b>107,404,681.97</b>

### 11.3 Other operating income

	GROUP		COMPANY	
	1.7.06-30.6.07	1.7.05-30.6.06	1.7.06-30.6.07	1.7.05-30.6.06
Special grants - subsidies	32,003.93	0.00	32,003.93	0.00
Commissions - agencies	226,764.78	0.00	226,764.78	0.00
Other income from related activities	103,473.28	0.00	100,370.66	0.00
Commissions from insurance premiums of sales with loans	151,179.91	37,640.34	151,179.91	37,640.34
Profit from sale of fixed assets	10,202.23	0.00	10,202.23	
Other extraordinary & non-operating income	6,379.76	12,567.95	6,379.76	12,567.95
Income brought forward	17,702.59	22,711.00	17,702.59	22,711.00
Income from unused provisions of previous periods	0.00	1,061.00	0.00	1,061.00
<b>Total</b>	<b>547,706.48</b>	<b>73,980.29</b>	<b>544,603.86</b>	<b>73,980.29</b>

#### 11.4 Administrative expenses

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Employee remuneration and expenses	2,230,249.28	1,793,690.64	2,000,903.73	1,558,600.20
Third party remuneration and expenses	116,450.21	203,954.60	95,807.75	192,888.51
Third party benefits	1,560,637.94	1,241,706.27	1,309,255.37	985,909.75
Taxes and dues	77,123.73	63,571.35	76,972.97	61,430.48
Sundry Expenses	1,917,176.41	1,557,270.01	1,639,692.97	1,399,260.79
Depreciations of Fixed Assets	443,252.74	403,401.81	374,234.42	336,653.99
Provisions for staff indemnities	22,832.06	5,979.24	22,832.06	5,979.24
<b>TOTAL</b>	<b>6,367,722.39</b>	<b>5,269,573.93</b>	<b>5,519,699.28</b>	<b>4,540,722.96</b>

#### 11.5 Distribution expenses

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Employee remuneration and expenses	9,363,498.02	7,609,636.29	9,053,813.01	7,609,636.29
Third party remuneration and expenses	481,236.57	973,652.40	433,516.85	941,749.79
Third party benefits	5,951,400.35	4,813,559.35	5,924,199.74	4,813,559.35
Taxes and dues	348,292.05	299,925.30	348,292.05	299,925.30
Sundry Expenses	6,839,541.01	7,100,584.15	6,559,743.78	6,831,685.02
Depreciations of Fixed Assets	1,693,359.08	1,643,663.59	1,693,359.08	1,643,663.59
Provisions for staff indemnities	103,311.94	29,192.76	103,311.94	29,192.76
Provisions for doubtful receivables	50,000.00	0.00	50,000.00	0.00
Write-off of doubtful receivables	500,000.00	0.00	500,000.00	0.00
Write-off of doubtful receivables (checks receivable)	82,611.89	0.00	82,611.89	0.00
<b>Total</b>	<b>25,413,250.91</b>	<b>22,470,213.84</b>	<b>24,748,848.33</b>	<b>22,169,412.10</b>

#### 11.6 Other expenses

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Tax fines and surcharges	4,275.97	2,075.17	4,275.97	2,075.17
Theft - fraud	60,832.24	20,559.60	60,832.24	20,559.60
Foreign exchange differences	0.00	29,154.39	0.00	29,154.39
Other fines	46,977.80	14,071.34	46,977.80	14,071.34
Other expenses	13,217.85	21,227.28	13,217.85	21,227.28
Expenses for demolition of buildings in third party property	0.00	74,200.00	0.00	74,200.00
<b>Total</b>	<b>125,303.86</b>	<b>161,287.78</b>	<b>125,303.86</b>	<b>161,287.78</b>

## 11.7 Financial income

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Income from securities (dividends)	21,999.00	5,245.00	21,999.00	5,245.00
Interest income	308,959.23	252,048.10	225,171.30	246,780.51
Profit from sale of securities	103,953.52	232,472.22	103,953.52	232,472.22
Profit from valuation of securities	381,001.50	371,535.53	381,001.50	371,535.53
<b>Total</b>	<b>815,913.25</b>	<b>861,300.85</b>	<b>732,125.32</b>	<b>856,033.26</b>

## 11.8 Financial expenses

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Discount interest and bank expenses	3,570,514.96	2,110,155.31	3,570,514.96	2,110,155.31
Interest and discount expenses of receivables through factoring	229,098.25	214,979.89	229,098.25	214,979.89
Fees of letters of guarantee	10,120.20	14,993.52	10,120.20	14,993.52
Interest and expenses of other short-term bank liabilities	141,632.85	42,410.79	99,120.50	13,181.56
<b>Total</b>	<b>3,951,366.26</b>	<b>2,382,539.51</b>	<b>3,908,853.91</b>	<b>2,353,310.28</b>

## 11.9 Income tax

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Income tax of taxable profit	3,294,552.52	1,490,039.17	3,294,552.52	1,490,039.17
Provision for differences of previous periods' tax audit	300,000.00	300,000.00	300,000.00	300,000.00
Deferred tax expense or (income)	514,431.10	-306,445.70	588,977.27	-317,955.10
<b>Total</b>	<b>4,108,983.62</b>	<b>1,483,593.47</b>	<b>4,183,529.79</b>	<b>1,472,084.07</b>

### 11.10 Earnings after taxes per share

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Earnings corresponding to shareholders of the parent	7,383,581.69	6,105,617.74	8,191,445.09	6,713,851.06
Weighted average number of shares	17,250,000	17,250,000	17,250,000	17,250,000
Basic earnings per share (Euro per share)	0.428	0.354	0.475	0.389

### 12 Number of employed staff and payroll cost

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Employees	685	556	629	538
Workers – technical staff	0	0	0	0
<b>Total</b>	<b>685</b>	<b>556</b>	<b>629</b>	<b>538</b>

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Wages and day-wages	8,691,599.72	7,347,740.59	8,462,254.17	7,112,650.16
Employer contributions	2,326,012.33	1,976,257.76	2,326,012.33	1,976,257.76
Related employee benefits and expenses	17,651.55	27,936.27	17,651.55	27,936.27
Indemnity from termination of employment	248,798.69	51,392.30	248,798.69	51,392.30
Provisions for staff indemnities				
<b>Total</b>	<b>11,284,062.29</b>	<b>9,403,326.92</b>	<b>11,054,716.74</b>	<b>9,168,236.49</b>

### 13 Dividends

The Company's Board of Directors' proposal towards the Annual Ordinary General Shareholders' Meeting, is the dividend distribution, from the earnings of the period 2006/2007, of a total 3,622,500 euro, which corresponds to 0.21 euro per share (17,250,000 registered shares) compared to 0.20 euro per share for the period 2005/2006. As regards to the payment procedure for the dividend, such will be implemented through a financial institution within the time period stipulated by law from the relevant approval by the Ordinary General Shareholders' Meeting.

### 14 Existing collateral assets

No collateral has been written on Fixed assets or property of the Company or its subsidiaries.

## 15 Litigious or under arbitration differences

There are no litigious or under arbitration differences, or decisions by judicial or arbitration bodies that may have a significant effect on the financial status or operation of the group and company.

## 16 Tax un-audited fiscal years

The parent company has not been tax audited for the three last financial periods, namely for the period 1.7.2004 – 30.6.2007.

The subsidiary company “ELECTRONIKI ATHINON CYPRUS Ltd” has not been tax audited since its establishment, namely for periods closing during 30.6.2002 up to 30.6.2007 included.

The subsidiary company “MEGASTORES ELECTRONICA Doo” has not been tax audited since its establishment, namely for the period closing on 30.6.2007.

During the closing period of 2007, in the books of the parent company, a relevant provision was created against results after taxes amounting to € 300,000.00, apart from the equal provision of € 300,000.00 that had been created during 30.6.2006 against the results after taxes of the previous period. Therefore, the cumulated amount of the provision for differences from previous periods’ tax audits as at 30.6.2007 amounts to € 600,000.00, compared to € 300,000.00 as at 30.6.2006.

## 17 Other contingent liabilities and contingent receivables

Due to the difference between the company’s financial period and the calendar year, during the present period (1/07/06 – 30/06/07) there is a legal liability for payment of the 2007 Christmas Bonus to employees, according to the legislative working regulations, for the accrued period from 1/05/06 – 30/06/07 during the period. This documented liability does not differ substantially from the respective charge registered on 31/12/06, which concerned the period 1/05/06 – 30/06/06, and for this reason the liability was not imputed.

Other commitments concern bank letter of guarantees for prepayments of rents and fixed guarantees for leased property amounting to 1,786,073.96 euro for 30/06/2007 and 278,346.51 euro for 30/06/2006.

## 18 Transactions with affiliated parties

The amounts of intra-company sales towards affiliated parties (according to the definition of IAS 24) for the periods 2007 and 2006 are as follows:

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06
Sales of merchandise towards ”ELECTRONIKI ATHINON CYPRUS Ltd”	0.00	0.00	891,493.34	848,893.71
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>891,493.34</b>	<b>848,893.71</b>

The amounts of intra-company purchases from affiliated parties (according to the definition of IAS 24) for the periods 2007 and 2006 are as follows:

	GROUP		COMPANY	
	1.7.06- 30.6.07	1.7.05- 30.6.06	1.7.06- 30.6.07	1.7.05- 30.6.06

	30.6.07	30.6.06	30.6.07	30.6.06
Purchases of merchandise from "ELECTRONIKI ATHINON CYPRUS Ltd"	0.00	0.00	0.00	11,396.47
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>11,396.47</b>

The amounts of intra-company receivables from affiliated parties (according to the definition of IAS 24) as at 30.6.2007 and 30.6.2006 are as follows:

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Receivables from "ELECTRONIKI ATHINON CYPRUS Ltd"	0.00	0.00	2,419,853.91	2,346,158.89
Receivables from "MEGASTORES ELECTRONICA Doo"	0.00	0.00	803,199.00	210,600.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>3,223,052.91</b>	<b>2,556,758.89</b>

The amounts of intra-company liabilities towards affiliated parties (according to the definition of IAS 24) as at 30.6.2007 and 30.6.2006 are as follows:

	GROUP		COMPANY	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Liabilities towards "ELECTRONIKI ATHINON CYPRUS Ltd"	0.00	0.00	0.00	9,746.47
Liabilities towards "MEGASTORES ELECTRONICA Doo"	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9,746.47</b>

**The members of the Board of Directors are the following:**

- 1) Stroutsis Ioannis of Panagiotis, Chairman and Chief Executive Officer.
- 2) Stroutsi Paraskevi-LyMBEROpoulou of Panagiotis, Vice-Chairman.
- 3) Xanthopoulos Charalambos of Michael, member.
- 4) Roukoutakis Georgios of Ioannis, independent non-executive member.
- 5) Anagnostopoulos Lambros of Georgios, independent non-executive member.

The transactions and remuneration of senior executives and members of the management during the periods 1.7.06 – 30.6.07 and 1.7.05 – 30.6.06 are analyzed as follows:

	GROUP		COMPANY	
	1.7.06-30.6.07	1.7.05-30.6.06	1.7.06-30.6.07	1.7.05-30.6.06
Remuneration of senior executives	521,112.96	0.00	521,122.96	0.00
BoD remuneration	70,432.88	70,432.88	70,432.88	70,432.88
Payment of rents to a BoD member	201,331.95	23,195.95	201,331.95	23,195.95
<b>Total</b>	<b>792,877.79</b>	<b>93,628.83</b>	<b>792,887.79</b>	<b>93,628.83</b>

During 30.6.2007 and 30.6.2006, the following liabilities towards senior executives and members of management were present, while there were no relevant receivables.

	GROUP		COMPANY	
	1.7.06-30.6.07	1.7.05-30.6.06	1.7.06-30.6.07	1.7.05-30.6.06

Liabilities towards senior executives	0.00	0.00	0.00	0.00
Liabilities towards BoD members	70,432.88	70,432.88	70,432.88	70,432.88
Liabilities towards BoD member from payment of rents	201,331.95	13,519.95	201,331.95	13,519.95
<b>Total</b>	<b>271,764.83</b>	<b>83,952.83</b>	<b>271,764.83</b>	<b>83,952.83</b>

## 19 Internal employment – operation regulation

The company has an internal operation regulation for the company and group, which following the initial approval by the company's BoD, is supplemented, amended and enhanced regularly. The compliance to the internal operation regulation is audited and monitored by the internal audit department.

The company has an internal employment regulation, which has been approved by the ministry of Employment and Social protection.

## 20 Events after the balance sheet date

In August 2007, we were informed by the competition committee regarding the decision that approved the acquisition of the company SARAFIDIS S.A. TRADE OF ELECTRICAL APPLIANCES by ELECTRONIKI ATHINON SOCIETE ANONYME COMMERCIAL COMPANY. Therefore, in a reasonable time period, the process will commence for the acquisition of 51%, at the first stage, and within a three-year period of the total share capital of SARAFIDIS S.A.

## 21 Restatement of financial statements for the period 1.7.2005 – 30.6.2006

The company restated the annual and interim financial statements of previous periods, according to the provisions of IAS 8 "Accounting Principles, Changes in Accounting Policies and Errors".

The restated financial statements are included in the re-published quarterly financial statements for the period 1/7/2006 – 30/9/2006, which have been posted on the company's website ([www.electroniki.gr](http://www.electroniki.gr)).

The effects on the basic fundamentals of the balance sheets as at 30.6.2006 and 30.6.2005 as well as the income statement for the period 1.7.2005 – 30.06.2006 are as follows:

- Consolidated turnover for the period 1.07-30.06.2006 decreased by € 193,770.75 and the (company) turnover for the same period decreased by € 75,528.00
- Results after taxes and minority interest (consolidated) and results after taxes (company) for the period 1.07-30.06.2006 increased by € 734,666.03 and € 872,318.72 respectively.
- Consolidated equity corresponding to shareholders as at 30.6.2006 increased by € 180,122.00. Moreover, (company) equity as at 30.6.2006 increased by € 158,938.00.