



Socrates D. Constantinou & Son S.A.
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 1999

In GrD

ASSETS	6 / 30 / 1999	6 / 30 / 1998
B. Establishment expenses	16.721.961	6.510.384
C. FIXED ASSETS		
II. Tangible Assets	1.543.020.324	1.404.745.552
Less: Accumulated Depreciation	841.404.403	740.601.597
	701.615.921	664.143.955
III. Participations & other long term receivables	16.761.226	14.606.419
Total Fixed Assets	718.377.147	678.750.374
D. CURRENT ASSETS		
I. Inventories	2.167.788.797	2.684.435.852
II. Customers	2.002.639.623	2.085.536.462
Other Receivables	2.484.669.987	2.179.941.007
III. Securities	13.500.000	13.500.000
IV. Cash at bank and in hand	299.541.786	79.492.247
Total Current Assets	6.968.140.193	7.042.905.568
E. TRANSIT DEBIT BALANCES	15.700.000	24.307.209
TOTAL ASSETS (C+D+E)	7.718.939.301	7.752.473.535
ASSET MEMO ACCOUNTS	582.778.986	308.222.291

LIABILITIES & EQUITY	6 / 30 / 1999	6 / 30 / 1998
A. SHAREHOLDERS EQUITY		
I. Paid in share capital (5,124,000 shares X 200 GrD per share)	1.024.800.000	512.400.000
II. Share premium account	-	462.000.000
III. Revaluation differences-Investment grants	9.974.422	9.974.422
IV. Reserves	405.755.262	388.232.379
Less: Consolidation differences	532.619.714	532.619.714
V. Prior periods' results	1.134.209.331	1.054.364.480
IX. Minority rights	70.388.728	62.547.073
TOTAL SHAREHOLDERS' EQUITY	2.112.508.029	1.956.898.640
Results 1/1/-06/31/1999	228.705.516	172.232.203
B. PROVISIONS FOR LIABILITIES & EXPENSES	221.179.742	203.711.435
C. LIABILITIES		
I. Long term liabilities	1.402.995.415	-
I. Short term liabilities	3.532.400.366	5.081.407.183
Total Liabilities	4.935.395.781	5.081.407.183
D. TRANSIT CREDIT BALANCES	221.150.233	338.224.074
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY (A+B+C+D)	7.718.939.301	7.752.473.535
E. LIABILITIES MEMO ACCOUNTS	582.778.986	308.222.291

AUDITORS REPORT

To the Shareholders of "SOCRATES D. CONSTANTINOU & SON S.A."

We have conducted the audit on the above Consolidated Financial Statements of "Socrates D. Constantinou and Son S.A." and its subsidiaries from January 1 1999 until June 30 1999 according to the provisions of article 6 of P.D 360/1985 as amended by the article 90 of Law 2533/1997 by applying the standards and requirements accepted by the Institute of Certified Auditors-Accountants and the auditing procedures that we considered pertinent and we didn't realize any inconsistencies or omissions that can significantly affect both the asset structure and the financial position of the group's companies and the results appearing on them. We didn't conduct the audit on VELCON S. AMALCO TRADING OF HOUSEHOLD WARE S.A., VELCON SERVICE Ltd., OMNISHOP S.A., KORMOS O.C., ROTA KENTRO LOGISTICS S.A. that represent in total 4.18% and 10.24% of the consolidated total assets and turnover. From our audit the following arose:

- In order to cover contingencies that might arise from receivables and cheques overdue as well as for doubtful-contested trade and trade debtors amounting to GrD 429 million approximately, the company's management has set up a provision amounting to GrD 205 million approximately which is considered adequate.
- The firm relying on opinion 205/1988 of the plenary session of the Administration Legal Advisors and on article 10 of L. 2065/1992 has set up a provision for members of staff that is entitled to get a pension till the end of the next period. In our opinion the amount of the provision for staff's retirement benefits should concern all the company's employees independently of the fact that they are entitled to get a pension. If the company had formed a provision in accordance with this method the cumulative amount would be GrD 105 million from which GrD 25 million will burden the current fiscal year and GrD 80 million will burden the previous fiscal years.
- The account "Participations in affiliated companies" includes the acquisition cost of the shares of non-listed companies amounting to GrD 1,107,397,395 which according to the latest published balance sheet on June 30, 1999 will have a book value amounting to GrD 577,350,573. The company following the tax legislation (art. 28 par. 5 of P.D 186/1995) and judging that the difference amounting to GrD 530,046,822 stems from intangible assets that have not been evaluated (representation agreements of foreign houses) has evaluated these shares in their acquisition cost and not in their book value as it stated by art. 43 par. 6 of Law 2190/1920. According to the audit we have conducted, we have realised that the above Financial Statements, result from the company's books and records and after taking into consideration our above mentioned remarks, they do not contain any inconsistencies or omissions that can significantly affect both the appearing asset structure and financial position of the group's companies on June 30 1999, and the results for the period ending on that date in conformity with legal requirements and the accounting principles which have been generally applied on a basis consistent with that of the previous fiscal year.

Athens, July 23 1999
The Auditor

Michalis K. Hatzipavlou
A.M. SOEL 12511
DELOITTE & TOUCHE S.A.

**Socrates D. Constantinou & Son S.A.**PROFIT & LOSS STATEMENT
(1/1/1999 - 6/30/1999)

In GrD

PROFIT AND LOSS STATEMENT

6 / 30 / 1999

6 / 30 / 1998

I. Operating results

Sales		3.980.853.281		3.726.946.629
Less: Cost of sales		2.590.573.729		2.499.396.298
Gross Margin		1.390.279.552		1.227.550.331
Plus: Other Operating Income		39.878.831		24.334.855
Total		1.430.158.383		1.251.885.186
LESS: 1. Administrative expenses	316.930.593		228.205.504	
2. Selling expenses	740.608.440		591.684.255	
3. Financial results	118.818.401	1.176.357.434	160.053.350	979.943.109
Total operating results		253.800.949		271.942.077

II. LESS: Extraordinary results

Extraordinary & Non-operating Income-Profits	50.490.343		76.363.053	
Extraordinary & Non-operating Expenses-Losses	74.104.637		161.048.950	
Provisions for extraordinary risks	20.948.126	44.562.420	18.339.026	103.024.923
Operating & extraordinary results (profits)		209.238.529		168.917.154
LESS: Total depreciation of fixed assets	60.645.993		38.747.941	
Less:				
Depreciation included in the operating cost	60.645.993	--	38.747.941	--

NET RESULTS (PROFIT) BEFORE TAXES

		<u>209.238.529</u>		<u>168.917.154</u>
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Plus: Minority rights

		<u>19.466.987</u>		<u>3.315.049</u>
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NET GROUP RESULTS (PROFIT) BEFORE TAXES

		<u>228.705.516</u>		<u>172.232.203</u>
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NOTES:

1. There are no pledges against the fixed assets
2. There are neither disputes pending nor referred to arbitration nor any court judgements or pronouncements of arbitrators that could significantly affect the financial position of the Company.
3. Employed personnel : 168 people.
4. These financial statements are composed on the basis of the same accounting principles which are used to prepare the financial statements at the end of the fiscal year

SALONIKA, July 23 1999

THE PRESIDENT & MANAGING DIRECTOR

D. CONSTANTINOU
I.C. No L 119476

THE VICE PRESIDENT

K. CONSTANTINOU
I.C. No Z 905961

THE FINANCIAL DIRECTOR

G. MAKRIS
I.C. No K. 178403

THE DIRECTOR OF THE ACCOUNTING

DEPARTMENT
T. FYTILIS
I.C. No TH 164486