BALANCE SHEET AS OF 30TH JUNE 2003 22nd FISCAL YEAR ( 1ST JULY 2002 - 30TH JUNE  $\,$  2003 )

(AMOUNTS IN EURO) **ASSETS** LIABILITIES

ASSETS	YE	AR ENDED 30.06.	03	YE	AR ENDED 30.06.	02			LIABILITIES
	Acquisition cost	Depreciation	Net Book Value	Acquisition cost	Depreciation	Net Book Value		YEAR ENDED 30.06.03	YEAR ENDED 30.06.02
B. FORMATION EXPENSES 4. Other formation expenses	1.185.238,93	727.691,10	457.547,83	1.168.082,91	488.292,81	679.790,10	A. SHAREHOLDERS' EQUITY  I. Share capital  1. Paid-up capital  (6.340.000 sharesof € 0,6 each)	3.804.000,00	3.804.000,00
C. FIXED ASSETS  I Intangible Assets 5. Other intangible assets	1.225.715,95	576.765,10	648.950,85	1.225.715,95	331.621,90	894.094,05	II. Share premium account	13.443.634,20	13.443.634,20
•	1.223.7 13,33	370.703,10	040.930,03	1.223.713,93	331.021,90	094.094,03	ii. Share premium account	13.443.034,20	13.443.034,20
<ul><li>II Tangible Assets</li><li>1. Land</li><li>3. Buildings &amp; technical works</li><li>4. Machine - technical installations</li></ul>	1.979.268,27 6.927.474,29	2.360.066,17	1.979.268,27 4.567.408,12	1.979.268,27 4.407.183,12	2.147.119,13	1.979.268,27 2.260.063,99	Reserves     Legal reserve     Less: Loss on sales or value decline	702.918,56	646.918,56
<ul><li>and other mechanical equipment</li><li>5. Transportation equipment</li><li>6. Furniture and fixtures</li><li>7.</li></ul>	172.365,87 379.204,47 3.605.536,54	107.020,48 172.409,54 2.701.195,10	65.345,39 206.794,93 904.341,44	108.867,45 347.550,55 3.058.135,38	107.844,99 213.087,60 2.195.199,43	1.022,46 134.462,95 862.935,95	of participation and securities for offsetting 5. Tax-free reserves under	25.821,55	21.646,30
Payments on account and tangible assets in course of construction TOTAL TANGIBLE & INTANGIBLE ASSETS	51.797,26 13.115.646,70	5.340.691,29	51.797,26 7.774.955,41	373.789,40 10.274.794,17	4.663.251,15	373.789,40 5.611.543,02	special laws 6. Reserves for own shares	236.666,33 	232.426,58 79.192,20
Participations in affiliated undertakings     Participations in other undertakings     Other long-term receivables	6		353.019,42 390.586,94 153.939,80			484.827,38 586,94 147.610,38	V. Results carried forward  Profit carried forward	<u>241.822,92</u>	<u>459.540,81</u>
TOTAL FIXED ASSETS			897.546,16 9.321.452,42			633.024,70 7.138.661,77	Total capital and reserves	18.482.412,66	18.644.066,05
D. CURRENT ASSETS I. Inventories									
Merchandise     Payments on account			8.632.181,20 106.894,78 8.739.075,98			9.046.818,55 <u>121.649,85</u> 9.168.468,40	B. PROVISIONS FOR LIABILITIES & CHARGES 2. Other provisions	6.630,51	22.694,54
Receivables     Trade debtors     Less: Provisions     Notes receivable		2.329.348,78 257.636,62	2.071.712,16		1.850.802,54 <u>44.381,01</u>	1.806.421,53	C. LIABILITIES		
<ul><li>in portfolio</li><li>Notes overdue</li></ul>		23.217,15	1.330,00		29.013,45	0,00	Current Liabilities     Suppliers	1.691.440,26	1.512.609,05
Less: Provisions 3α. Cheques receivable		<u>23.217,15</u>	0,00		<u>29.013,45</u>	0,00	<ul><li>2. Notes payable in foreign currency</li><li>2a. Cheques payable</li></ul>	268.507,80 673.792,88	360.903,99 334.068,60
- in portfolio  3b. Cheques overdue		94.954,22	2.476.818,29		228.139,11	2.494.877,78	Banks - accounts of short-term liabilities     Advances from trade-debtors	1.313.848,35 352.200,71	719.181,42 339.074,94
Less: Provisions  11. Sundry debtors		94.954,22	0,00 544.481,46		228.139,11 228.139,11	0,00 396.411,04	5. Taxes - duties 6. Social Security	1.260.416,76 138.896,30	782.042,97 129.545,35
11a Credit cards 12. Advances to account for			2.167.409,37			2.176.249,84 6.631,73	Dividends     Sundry creditors	1.100.336,72 1.114.217,01	912.017,92 645.737,49
			7.271.702,26			6.880.591,92	Total Liabilities	7.913.656,79	5.735.181,73
III. Marketable securities 1. Stocks 4. Own shares			32.637,00 <u>79.192,20</u> 111.829,20			32.572,50 <u>79.192,20</u> 111.764,70		<u></u>	<u> </u>
I V. Cash and cash equivalents  1. Cash on hand			140.551,24			146.888,67			
Current and time deposits  TOTAL CURRENT ASSETS			343.526.96 484.078,20 16.606.685,64			263.403.65 410.292,32 16.571.117,34			
			10.000.003,04			10.57 1.117,54	D. ACCOUNT O AND DEFENDED INCOME		
PREPAYMENTS AND ACCRUED INCOME     1. Prepaid expenses			<u>19.341,73</u>			35.896,96	D. ACCRUALS AND DEFERRED INCOME  1. Deferred income  2. Accrued expenses	1.295,00 <u>1.032,66</u>	466,30 23.057,55
GRAND TOTAL ASSETS			26.405.027,62			24.425.466,17	GRAND TOTAL LIABILITIES	26.405.027,62	24.425.466,17
DEBIT MEMO ACCOUNTS  1. Third party asset items 2. Guarantees and real securities			286,80 338.099,94 338.386,74			410,44 433.101,22 433.511,66	CREDIT MEMO ACCOUNTS  1. Beneficiaries of asset items 2. Guarantees and real securities	286,80 338,099,94 338,386,74	410,44 433.101,22 433.511,66
INCOME STATEMENT AT 30TH JUNE 2003 (1ST JULY 2002 - 30TH JUNE 2003)									
I. Operating Results	YEAR EN	IDED 01.07.02-30	06.03	YEAR E	ENDED 01.07.01-3	0.06.02	APPROPRIA	ATION ACCOUNT	
Net turnover (sales)  LESS: Cost of sales  Gross operating results (profit)			27.313.795,10 17.215.867,11 10.097.927,99			27.161.485,16 18.521.230,71 8.640.254,45		YEAR ENDED 01.07.02-30.06.03	YEAR ENDED 01.07.01-30.06.02
PLUS: Other operating income Total			100.898,26 10.198.826,25				Net results (profit) (+) Profit brought forward	2.061.231,82 459.540,81	1.472.172,64 600.204,18
LESS: 1. Administrative expenses 3. Distribution costs. Sub-Total		1.002.184,51 <u>6.700.186,13</u>	7.702.370,64 2.496.455,61		787.590,42 6.197.719,59	6.985.310,01 1.798.543,59	(-) Prior years' taxes  Total	<u>173.283.00</u> 2.347.489,63 773.945,86	0,00 2.072.376,82
PLUS (or LESS): 4. Credit interest & similar income Less:		9.288,33			13.349,02		Other taxes not charged to the operating cost.  Profit for appropriation	7.920,85 781.866,71 1.565.622.92	<u>530.236,01</u> 1.542.140,81
3. Debit interests and similar charges  II. Total Operating Results (profit)		161.608,08	<u>-152.319.75</u> 2.344.135,86		<u>180.068,16</u>	<u>-166.719.14</u> 1.631.824,45	Appropriated as under:		
LESS: Extraordinary results 1.Extraordinary & non-operating inc. 2.Extraordinary gain	128.443,38 12.329,41	140.772,79		120.468,43 <u>1.521,99</u>	121.990,42		Legal reserve     First dividend     Directors (staff)     Profit carried forward	56.000,00 1.077.800,00 190.000,00 241.822,92	50.000,00 887.600,00 145.000,00 <u>459.540,81</u>
Less: 1.Extraordinary & non-operating exp. 2. Extraordinary losses	311.837,59 11.501,67			223.289,37 296,13				<u>1.565.622,92</u>	1.542.140,81
3.Prior years' expenses     4.Provisions for extraordinary liabilities	337,57 100.000,00	423.676,83	-282.904,04	56,73 58.000,00	281.642,23	-159.651,81			

Athens, 31st October 2003

1.472.172,64

1.472.172,64

0,00

## AUDITOR'S REPORT To the Shareholders of "PH. NAKAS, MUSIC HOUSE S.A."

1.123.172,41

1.123.172,41

Less: charged to the operating

**NET RESULTS (PROFIT) BEFORE TAXES** 

Operating & extraordinary results (profit)

LESS: Total depreciation of fixed assets

cost

1.331.098,83

1.331.098,83

2.061.231,82

2.061.231,82

0,00

We have audited the above Financial Statements as well as the related Notes on the Accounts and the Statement of Cash Flows of "PH. NAKAS, MUSIC HOUSE S.A." for the year ended June 30, 2003. We conducted our audit, within the scope of which we obtained allso a full accounting report of the Company's Branch operations, in accordance with the provisions of art. 37 of the Companies' Act of Greece (c.L. 2190/1920) and also in conformity with the standards of auditing followed by the Institute of Certified Auditors-Accountants in Greece, which comply with the Institute of Certified Auditors-Accountants in Greece, which comply with the Information seeded for the purpose of our audit. The Company has applied properly the Hellenic General Accounting Plan. No change in the inventory valuation method has been made, as compared with that of the previous year. We have verified that the Board of Directors' Report to the Annual General Meeting of Shareholders is consistent with the related Financial Statements. The Notes on the Accounts include the information required by the part 1, art. 43 a. L. 2190/1920 (Companies' Act of Greece), while the Statement of Cash Flows has been prepared based on the Financial Statements and the books and records maintained by the Company. As a result of our audit it is noted that: 1) The company, based on opinion No. 205/1988 of the Administration Legal Advisors Plenary Session and article 10 of L. 2065/1992 did not set up a provision for staff retirement benefits. Had the company provided such a reserve for all of its personnel, irrespective of when it is eligible to retire, as in our view it should be this, would have cumulatively amounted at 30.6.2003 to approx. EURO 29.000,00 should burden the present year. 2) In the Assets item "Participations and long-term receivables" is included also acquisition cost of: a) Company shares of a LTD company with eligible to retire, as in our view it should be this, would have cumulatively amounted at 30.6.2003 amounted to EURO 32.58,78, b) shares of a l