

PHILIPPOS NAKAS S.A. MUSIC HOUSE
BALANCE SHEET AT 30TH JUNE 2004
23rd FISCAL YEAR (1st JULY 2003 - 30th JUNE 2004)

(AMOUNTS IN EURO)

ASSETS						LIABILITIES	
						Closing period 30.6.2004	Previous period 30.6.2003
Closing period 30.6.2004			Previous period 30.6.2003				
Acquisition cost	Depreciation	Net book value	Acquisition cost	Depreciation	Net book value		
B. FORMATION EXPENSES						A. SHAREHOLDERS' EQUITY	
1. Establishment expenses	3.604,47	1.440,81	2.163,66	0,00	0,00	I. Share capital (6.240.000 shares of 0,60 €)	
4. Other formation expenses	1.196.757,37	953.850,76	242.916,61	1.185.238,93	727.691,10	457.547,83	1. Paid-up capital
	1.200.371,84	955.291,57	245.080,27	1.185.238,93	727.691,10	457.547,83	3.804.000,00
C. FIXED ASSETS						II. Share premium account	
I. Intangible Assets	1.300.061,75	825.360,68	474.701,07	1.225.715,95	576.765,10	648.950,85	13.443.634,20
5. Other intangible assets							13.443.634,20
II. Tangible Assets							
1. Land	1.705.697,47	0,00	1.705.697,47	1.979.268,27	0,00	1.979.268,27	
3. Buildings and technical works	6.965.209,95	2.392.574,77	4.572.635,18	6.927.474,29	2.360.066,17	4.567.408,12	
4. Machine - technical installations and other mechanical equipment	183.294,63	109.244,50	74.050,13	172.365,87	107.020,48	65.345,39	
5. Transportation expenses	481.436,22	212.324,66	269.111,56	379.204,47	172.409,54	206.794,93	
6. Furniture and fixtures	4.003.342,96	3.241.596,04	761.746,92	3.605.536,54	2.701.195,10	904.341,44	
7. Payments on account and tangible assets in course of construction	0,00	0,00	0,00	51.797,26	0,00	51.797,26	
Total Tangible & Intangible Assets (C+CI)	13.338.981,23	5.955.739,97	7.383.241,26	13.115.646,70	5.340.691,29	7.774.955,41	
III. Financial Assets	14.639.042,98	6.781.100,65	7.857.942,33	14.341.362,65	5.817.456,39	8.423.906,26	
1. Participations in affiliated undertakings			353.019,42			743.019,42	
2. Participations in other undertakings			586,94			586,94	
7. Other long-term receivables			183.356,97			153.939,80	
Total Fixed Assets (C+CI+III)			536.963,33			897.546,16	
			8.394.905,66			9.321.452,42	
D. CURRENT ASSETS						B. PROVISIONS FOR LIABILITIES & CHARGES	
I. Inventories							2. Other provisions
1. Merchandise			11.109.740,00			8.632.181,20	7.636,16
5. Payments on account			118.559,02			106.894,78	
			11.228.299,02			8.739.075,98	
II. Receivables							
1. Trade debtors	2.580.641,10		2.364.268,80	2.329.348,78	257.636,62	2.071.712,16	
Less: Provisions	216.372,30						
2. Notes receivable:							
- in portfolio			4.028,40			1.330,00	
3. Notes overdue	28.856,91		0,00	23.217,15		0,00	
Less: Provisions	28.856,91		0,00	23.217,15		0,00	
3a. Cheques receivable			3.759.562,06			2.476.819,29	
3b. Cheques overdue	126.653,23		0,00	94.954,22		0,00	
Less: Provisions	126.653,23		0,00	94.954,22		0,00	
11. Sundry debtors			739.007,30			544.481,46	
11a. Credit cards			2.261.947,37			2.167.409,37	
12. Advances to account for			10.204,95			9.950,98	
			9.159.018,88			7.271.702,26	
III. Marketable securities							
1. Stocks			53.922,00			32.637,00	
4. Own shares			0,00			79.192,20	
			53.922,00			111.829,20	
IV. Cash & cash equivalents							
1. Cash on hand			192.596,23			140.551,24	
3. Current and time deposits			618.227,05			343.526,96	
			810.823,28			484.078,20	
Total current assets (D+DII+DIII+DIV)			21.252.063,16			16.606.685,64	
E. PREPAYMENTS AND ACCRUED INCOME						D. ACCRUALS AND DEFERRED INCOME	
1. Prepaid expenses			38.082,62			19.341,73	1.511,00
							54.310,13
							1.032,66
							55.821,13
							2.327,66
GRAND TOTAL ASSETS (B+C+D+E)			29.930.131,73			26.405.027,62	29.930.131,73
DEBIT MEMO ACCOUNTS						GRAND TOTAL LIABILITIES (A+B+C+D)	
1. Third party asset items			364,78			286,80	1.295,00
2. Guarantees and real securities			471.318,37			338.099,94	1.032,66
			471.683,15			338.386,74	2.327,66

INCOME STATEMENT
 AT 30th JUNE 2004 (1st JULY 2003 - 30th JUNE 2004)

Closing period 1.7.2003-30.6.2004		Previous period 1.7.2002-30.6.2003	
I. Operating results			
Net turnover (sales)	29.823.512,00		27.313.795,10
Less: Cost of sales	18.899.995,36		17.215.867,11
Gross operating results (profit)	10.923.516,64		10.097.927,99
Plus: 1. Other operating income	302.793,02		100.898,26
Total	11.226.309,66		10.198.826,25
LESS: 1. Administrative expenses	1.138.248,97	1.002.184,51	
3. Distribution costs	7.817.569,43	8.755.818,40	7.702.370,64
Sub-total results (profit)	2.470.491,26		2.496.455,61
PLUS (or less):			
4. Credit interest and similar income	11.079,06	9.288,33	
Less:			
3. Debit interests and similar charges	186.771,58	-175.692,52	161.608,08
Total operating results (profit)	2.294.798,74		2.344.135,86
II. PLUS (or LESS): Extraordinary results			
1. Extraordinary & non-operating income	73.365,01	128.443,38	
2. Extraordinary profit	828.019,97	12.329,41	
3. Income from previous period	5.504,24	0,00	140.772,79
Less:			
1. Extraordinary & non-operating expenses	47.248,91	311.837,59	
2. Extraordinary losses	0,00	11.501,67	
3. Prior years' expenses	17.152,83	337,57	
4. Provisions for extraordinary liabilities	0,00	64.401,74	842.487,48
Operating & extraordinary results (profit)	3.137.286,22		423.676,83
LESS: Total depreciation of fixed assets	1.482.695,98	1.331.098,83	2.061.231,82
Less: Charged to the operating cost	0,00	0,00	0,00
NET RESULTS (Profit) before taxes	1.654.590,24	1.002.577,95	2.061.231,82

APPROPRIATION ACCOUNT

Closing period results 1.7.2003-30.6.2004		Previous period results 1.7.2002-30.6.2003	
Net results (profit)	3.137.286,22		2.061.231,82
(+) Prior years' results (profit)	241.822,92		459.540,81
(-) Prior years' taxes	0,00		173.283,00
(+) Reserves for distribution	79.192,20		0,00
(-) Loss from merge of company	104.534,13		0,00
Total	3.353.767,21		2.347.489,63
LESS: 1. Income tax	1.133.858,64	773.945,86	
2. Other taxes not charged to the operating cost	10.124,29	1.143.982,93	7.920,85
Profit for appropriation	2.209.784,28		781.866,71
Appropriated as under:			1.565.622,92
1. Legal reserve	115.000,00		56.000,00
2. First dividend	1.838.600,00		1.077.800,00
7. Directors (staff)	190.000,00		190.000,00
8. Profit carried forward	66.184,28		241.822,92
	2.209.784,28		1.565.622,92
Peania, 29 October 2004			
The President of B.o.D		The Vice-President of B.o.D	The Financial Manager
KONSTANTINOS PH. NAKAS	GEORGE PH. NAKAS	STYLIANOS D. VASILAKIS	

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

We have audited the above Financial Statements as well as the related Notes on the Accounts of "PH. NAKAS, MUSIC HOUSE S.A." for the year ended June 30, 2004. We conducted our audit, within the scope of which we obtained also 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 International Standards on Auditing and accordingly included such tests of the accounting records and such other auditing procedures as we considered appropriate. We have examined the books of account and records kept by the Company and we obtained all the information and explanations we needed for the purpose of our audit. The Company has applied properly the 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 par. 1, art. 43a L. 2190/1920 (Companies' Act of Greece), while the Statement of Cash Flows has been compiled based on the Financial Statements and the books and records of 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 have, this, would have accumulatively amounted at 30.6.2004 to approx. € 506.000,00 out of which approx. € 81.000,00 would be charged to the present year. 2) In the Assets item C.III.1 "Participating interests in affiliated undertakings" € 353.019,42 is disclosed the acquisition cost of company shares of a LTD company with registered office abroad and audited by a Licensed Accountant - Auditor. The intrinsic book value of the above company shares according to the last legally drawn-up balance sheet at 30.6.2004 amounted to € 360.277,31. 3) In the Assets item C.III.2 "Participating interests in other undertakings" € 586,94 is disclosed the acquisition cost of company shares of a company, which is not audited by a Certified Auditor Accountant. The intrinsic book value of the above company shares, according to the last legally drawn up Balance Sheet at 31.12.2002 was negative. Had the company valued the above participation according to the provisions of c.l. 2190/1920 the results for the year would be reduced by € 586,94 and the Shareholders' Equity equally reduced. In our opinion, the above Financial Statements, which are in agreement with the books and records of the Company, together with the Notes on the Accounts and the Statement of Cash Flows, after taking into consideration our foregoing notes as well as the company's notes, give a true and fair view of the Company's assets, liabilities and financial position as at June 30, 2004 and of the results of its operations for the year ended on that date, as well as the Cash Flows from the company's activities for this year, in conformity with legal requirements and generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Athens, 26 November 2004
 The Certified Public Accountant - Auditor

Ioannis Ath. Kostarelis
 SOEL Reg. No. 13691
 SOL S.A. - Certified Auditors Accountants