

PHILIPPOS NAKAS S.A. MUSIC HOUSE
4th Consolidated Balance Sheet of 30th June 2004
(1st July 2003 - 30th June 2004)

ASSETS						LIABILITIES					
Closing period 30.06.2004						Previous period 30.06.2003					
	Acquisition cost	Depreciation	Net book value	Acquisition cost	Depreciation	Net book value	Closing period 30.06.2004		Previous period 30.06.2003		
B. FORMATION EXPENSES						A. SHAREHOLDERS' EQUITY					
1. Establishment expenses	3.604,47	1.440,81	2.163,66	0,00	0,00	0,00	I. Share Capital				
4. Other formation expenses	1.196.767,37	953.850,76	242.916,61	1.198.509,55	730.345,24	468.164,31	1. Paid-up		3.804.000,00		
	1.200.371,84	955.291,57	245.080,27	1.198.509,55	730.345,24	468.164,31			3.804.000,00		
C. FIXED ASSETS						II. Share premium account					
I. Intangible Assets						IV. Reserves					
5. Other 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		13.443.634,20		
	1.300.061,75	825.360,68	474.701,07	1.225.715,95	576.765,10	648.950,85					
II. Tangible Assets						V. Results carried forward					
1. Land	1.705.697,47	0,00	1.705.697,47	1.979.268,27	0,00	1.979.268,27	Profit carried forward		34.359,09		
3. Buildings & technical works	7.045.368,66	2.414.033,07	4.631.335,59	7.050.570,21	2.371.607,57	4.678.962,64			10.113,06		
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	507.455,14	238.343,54	269.111,60	405.007,29	192.246,84	212.760,45					
6. Furniture & fixtures	4.188.219,81	3.358.443,85	829.775,96	3.829.636,40	2.789.020,74	1.040.615,66					
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 (C1+CII)	13.630.035,71	6.120.064,96	7.509.970,75	13.488.645,30	5.459.895,63	8.028.749,67					
	14.930.097,46	6.945.425,64	7.984.671,82	14.714.361,25	6.036.660,73	8.677.700,52					
III. Financial Assets						VII Consolidation adjustments					
2. Participation in other undertakings			586,94			586,94	1. Consolidation differences		3.562,99		
7. Other long-term receivables			183.356,97			158.429,77	2. Minority rights		77.423,30		
			183.943,91			159.016,71	- In equity capital		12.218,57		
Total fixed assets (C1+CII+CIII)			8.168.615,73			8.836.717,23	- In profit and loss results		78.403,27		
									70.921,09		
D. CURRENT ASSETS						B. PROVISIONS FOR LIABILITIES AND CHARGES					
I. Inventories						2. Other provisions					
1. Merchandise			11.729.654,90			9.318.448,40	7.636,16		12.108,63		
5. Payments on account			118.559,02			106.894,78					
			11.848.213,92			9.425.343,18					
II. Receivables						C. LIABILITIES					
1. Trade debtors		2.022.450,64			2.021.475,07		II. Current liabilities				
Less: Provisions		216.372,30	1.806.078,34		257.636,62	1.763.838,45	1. Suppliers		2.962.690,32		
2. Notes receivable							2. Notes payable		263.806,22		
- in portfolio			4.028,40			1.670,50	2a. Cheques payable		487.506,96		
3. Notes overdue		28.856,91			23.217,15		3. Banks - accounts of short-term liabilities		2.851.218,83		
Less: Provisions		28.856,91	0,00		23.217,15	0,00	4. Advances from trade-debtors		484.362,50		
3a. Cheques receivable			3.759.562,06			2.452.153,69	5. Taxes - duties		1.633.180,34		
3b. Cheques overdue		126.653,23			94.954,22		6. Social security		144.286,81		
Less: Provisions		126.653,23	0,00		94.954,22	0,00	10. Dividends		1.863.468,75		
11. Sundry debtors			656.569,60			564.141,86	11. Sundry creditors		879.210,35		
11a. Credit cards			2.281.947,37			2.167.409,37	Total liabilities (CII)		11.569.731,08		
12. Advances in account for			10.204,95			9.950,98					
			8.518.390,72			6.959.164,85					
III. Marketable securities						D. ACCRUALS AND DEFERRED INCOME					
1. Stocks			53.922,00			32.637,00	1. Deferred income		1.511,00		
4. Own shares			0,00			79.192,20	2. Accrued expenses		54.310,13		
			53.922,00			111.829,20			55.821,13		
IV. Cash & cash equivalents						GRAND TOTAL LIABILITIES (A+B+C+D)					
1. Cash on hand			508.030,90			147.146,70	29.999.157,17		26.310.341,95		
3. Current and time deposits			618.821,01			342.464,21					
			1.126.851,91			489.610,91					
Total current assets (D1+DII+DIII+DIV)			21.547.378,55			16.985.948,14					
E. PREPAYMENTS AND ACCRUED INCOME						GRAND TOTAL ASSETS (B+C+D+E)					
1. Prepaid expenses			38.082,62			19.512,27	29.999.157,17		26.310.341,95		
			38.082,62			19.512,27					
DEBIT MEMO ACCOUNTS						CREDIT MEMO ACCOUNTS					
1. Third party asset items			364,78			286,80	1. Beneficiaries of asset items		364,78		
2. Guarantees and real securities			471.318,37			338.386,74	2. Guarantees and real securities		471.318,37		
			471.683,15			338.673,54			471.683,15		

INCOME STATEMENT						
AT 30TH JUNE 2004 (1ST JULY 2003 - 30TH JUNE 2004)						
	Closing period 30.6.2004			Previous period 30.6.2003		
I. Operating results						
Net turnover (Sales)			30.341.011,88			27.819.245,35
Less: Cost of sales			19.039.994,83			17.450.164,05
Gross operating results (profit)			11.301.017,05			10.369.081,30
Plus: Other operating income			301.617,14			98.359,80
Total			11.602.634,19			10.467.441,10
LESS:						
1. Administrative expenses		1.138.248,97			1.055.104,04	
3. Distribution cost		7.947.601,46	9.085.850,43		7.165.499,58	8.220.603,62
Sub-total operating results (profit)			2.516.783,76			2.246.837,48
PLUS:						
4. Credit interest & similar income		11.079,06			9.380,35	
Minus:						
3. Debit interest & similar expenses		197.546,30	(186.467,24)		169.913,22	(160.532,87)
Total operating results (profit)			2.330.316,52			2.086.304,61
II. PLUS: 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	906.889,22		0,00	140.772,79
Less:						
1. Extraordinary & non-operating expenses		47.248,91			311.911,18	
2. Extraordinary loss		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	100.000,00	423.750,42
Operating and extraordinary results (profit)			3.172.804,00			1.803.326,98
LESS: Total depreciation of fixed assets		1.512.051,06			1.383.335,73	
Less: Charged to the operating cost		1.512.051,06	0,00		1.383.335,73	0,00
Total net consolidated results (profit) before taxes			3.172.804,00			1.803.326,98
LESS: Other taxes not charged to the operating cost		10.124,29			7.920,85	
Other taxes		0,00	10.124,29		173.283,00	181.203,85
Total net consolidated results (profit)			3.162.679,71			1.622.123,13
Minority rights			12.218,57			(10.065,20)
Total net consolidated results (profit)			3.150.461,14			1.632.188,33

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	STELIOS D. VASILAKIS	

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

We have audited according to the provisions of art. 108 of c.L. 2190/1920 the 4th Consolidated Financial Statements, the Statement of Cash Flows as well as the related Notes on the Accounts of "PH. NAKAS, MUSIC HOUSE S.A." and its subsidiary undertaking "NAKAS MUSIC CYPRUS LTD" for the year ended June 30, 2004. Our examination, included such auditing procedures as we considered necessary in the circumstances for the purpose of our audit, which are in conformity with the standards of auditing followed by the Institute of Certified Auditors Accountants in Greece and lastly we verified that the Directors' Consolidated Report is consistent with the related Consolidated Financial Statements. We have not extended our audit to the examination of the Financial Statements of the Company "NAKAS MUSIC CYPRUS LTD", which is included in the consolidation and represents 4,18% and 3,74% of consolidated total assets and turnover respectively. Those Financial Statements of the subsidiary have not been audited by other recognized Certified Auditors Accountants. As a result of our audit it is noted that the companies, 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 companies of the group provided such a provision for the total of their staff, 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. In our opinion, after taking into consideration our foregoing note, as well as the notes of the Consolidated Balance Sheet, the above Consolidated Financial Statements, have been prepared according to the provisions of c.L. 2190/1920 and in conformity with legal requirements and generally accepted accounting principles applied by the parent company on a basis consistent with that of the preceding year, give, a true and fair view of the assets, liabilities and financial position, the results of operations and the Cash Flows of all the companies which are included in the consolidation, as at 30 June 2004.

Athens, 26 November, 2004
The Certified Public Accountant – Auditor

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